LION FINANCE GROUP

# Directors' Remuneration Policy - Lion Finance Group PLC

This Remuneration Policy took effect on 16 June 2025 when approved at AGM and has become formally effective for three years following that date.

The Remuneration Committee believes the Directors' Remuneration Policy (the 'Policy') is in the best interests of the Group. It is consistent with the applicable regulatory requirements of the NBG and has very strong alignment with the interests of shareholders.

The renewed Policy retains the same basic structure as the 2022 policy. The structure dictates that a high proportion of the salary, and all performance-related pay, is in deferred shares (no cash bonus). This creates strong medium- to long-term alignment with shareholders. Nil-cost options are allocated at the time of grant, rather than vesting, which ensures maximum alignment with shareholders. Performance-related deferred shares are subject to an extensive malus and clawback regime.

In line with the normal three-year cycle for UK-listed companies, the Company sought approval for this new Policy at the 2025 AGM. In addition, the CEO's three-year contract was renewed on 1 January 2025 but was conditional upon shareholder approval of the new Policy.

It is a provision of this Policy that the Group will honour all pre-existing obligations and commitments that were entered into prior to this Policy taking effect. The terms of those pre-existing obligations and commitments may differ from the terms of the Policy and may include (without limitation) obligations and commitments under service agreements (as detailed in the information below), deferred share remuneration schemes, pensions and benefits. The service contract of the Group's sole Executive Director and CEO, Archil Gachechiladze, incorporates the terms of the Policy. To comply with the NBG requirements, his contract was valid for three years from 1 January 2022 as stated in the 2022 Policy, and so accordingly under this Policy, the Policy changes are effective from 1 January 2025, with additional salary for 2025 awarded after the Policy was approved by shareholders. Discretionary deferred remuneration awarded for 2024 was governed by the 2022 Policy.

The Remuneration Committee retains its discretion under the Policy to make minor amendments to the Policy (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining prior shareholder approval.

For the avoidance of doubt, all references to Executive Directors refer to the Executive Directors of Lion Finance Group PLC, covering the present Executive Director Archil Gachechiladze and any future Executive Directors of Lion Finance Group PLC while this Policy is in force. The compensation structure of senior management (most of whom serve on the Management Board of Bank of Georgia but who are not Executive Directors of Lion Finance Group PLC) is set by the Remuneration Committee and is modelled on the Policy but not bound by it. The Remuneration Committee can set different vesting or other terms and conditions for some or all of senior management, as the Committee thinks appropriate.

## Executive Directors' Remuneration Policy table

A description of each of the elements comprised in the pay packages for the Company's Executive Director is as follows:

**Salary in the form of cash and long-term deferred shares**

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| • To closely align Executive Directors' and shareholders' interests.<br>• To promote long-term value creation and share price growth.<br>• To reflect the role and required duties, skills, experience and individual contribution to the Group.<br>• To encourage commitment to the Group and to recruit and retain high-calibre talent. | • The level of base salary for an Executive Director is set in their service agreements. The level of salary is reviewed by the Remuneration Committee when a service agreement is up for renewal or if there is a significant change in circumstances and the Executive Director and Remuneration Committee agree to consequent changes in their agreements, for example the implementation of a new Remuneration Policy.<br>• Salary is comprised principally of long-term deferred shares ('deferred share salary') plus a cash salary.<br>• Deferred share salary is fixed in monetary value in the contract, and awarded in the form of nil-cost options annually in respect of the work year. It is usually expected to be awarded towards the beginning of the work year. It is noted that none of the deferred share salary vests during the work year; and that it is subject to pro rata lapse in the event an incomplete year is worked.<br>• Deferred share salary awarded in respect of a work year will be released over five years from the start of the year in which the salary is earned as follows: 100% of the deferred share salary vests on the first anniversary of the start of the work year and is subject to holding periods so that 40% is released on the second anniversary, and 20% is released on each of the third, fourth and fifth anniversaries of the start of the work year.<br>• Upon vesting the Executive Director also receives cash payments equal to the dividends paid on the underlying shares between the date the award was made and the vesting date.<br>• Lapse provisions (natural malus) for an incomplete year are built into the deferred share salary as set out in the notes to this Policy table. Extended malus and clawback provisions do not apply to the deferred share salary as the awards attach to salary already earned. Instead the Remuneration Committee considers the discretionary deferred salary as a sufficient base from which to apply the extended malus and clawback provisions. | • The level of cash salary and number of deferred salary shares are set in the Executive Directors' service agreements, and will be no more than the Remuneration Committee considers reasonable based on the duties, skills and experience of the Executive Director. If another Executive Director is appointed, the value of their total salary and their bonus opportunity (i.e. the discretionary deferred shares) is not expected to exceed that of the CEO at the time.<br>• The Remuneration Committee has discretion to change the split of total salary between the cash salary and the deferred share salary.<br>**Cash salary**<br>• The total amount payable to the current CEO and Executive Director, Mr Gachechiladze, is US$ 500,000 per annum.<br>**Deferred share salary**<br>• The value of deferred share salary for Mr Gachechiladze is fixed at the equivalent of US$ 2,970,000 per annum, to be awarded in deferred shares. The number of shares shall normally be calculated using the average price of the shares over five working days prior to 25 December of the year immediately preceding the year of award. |

| Performance-based remuneration – discretionary deferred shares | | |
|---|---|---|
| Purpose and link to strategy | Operation | Opportunity |
| • In the context of overall Group performance, to motivate and reward an Executive Director in relation to their contribution to the achievement of the KPIs set by the Remuneration Committee towards the beginning of the year.<br>• Performance-based remuneration solely in the form of deferred shares (no cash):<br>– closely aligns the interests of an Executive Director with shareholders;<br>– avoids inappropriate risk taking for short-term gain; and<br>– encourages long-term commitment to the Group. | • Performance-based remuneration is awarded annually entirely in the form of nil-cost options over shares which are subject to vesting ('discretionary deferred shares'). Lion Finance Group PLC does not award cash bonuses to Executive Directors.<br>• The Remuneration Committee determines annually the number of shares awarded based on the Executive Director's achievement of the KPIs set for the work year, and the performance of the Group during that year. If appropriate, where a strategic change or change in business circumstances has made one or more of the KPIs an inaccurate or inappropriate gauge of the Executive Director's performance, the Remuneration Committee may decide to base its assessment on alternative measures. The Remuneration Committee also has discretion to consider the performance of the individual and the Group as a whole. The outcome of the Executive Director's performance and the Remuneration Committee's determination will be reported in the Directors' Remuneration Report for the work year in consideration.<br>• The Remuneration Committee has discretion to determine the Executive Director's performance-based remuneration on the basis of the 'exceptional maximum opportunity', in a year where extraordinary performance has resulted in significant growth of the business (which was not otherwise pre-determined as a KPI or KBO of the Executive Director for that year), or in a one-off creation of significant additional shareholder value.<br>• Any discretionary deferred shares will normally be granted following the end of the work year, although the Remuneration Committee retains the discretion to determine such timing. Any discretionary deferred shares will vest as follows: 40% vests immediately, and 15% will vest on each of the third, fourth, fifth and sixth anniversaries of the start of the work year.<br>• Each tranche will be subject to a further holding period of two years as indicated in the notes to this Policy table (effectively, discretionary deferred shares are released over eight years from the beginning of the relevant work year).<br>• Upon vesting, the Executive Director also receives cash payments equal to the dividends paid on the underlying shares between the date the award was made and the vesting date.<br>• KPIs for the Executive Director are set near the beginning of each work year and reflect the Executive Director's targeted contribution to the Group's overall key strategic and financial objectives for the work year. KPIs may also include subjective factors such as self-development, mentoring and social responsibility.<br>• There is no contractual right to discretionary deferred shares and the Remuneration Committee reserves the right to award no discretionary deferred share remuneration if the Group's performance is unsatisfactory.<br>• Extended malus and clawback, in addition to lapse provisions (natural malus) apply as set out in the notes to this Policy table.<br>• For the year 2025, in light of the renewal of his agreement and in recognition of his performance, Mr Gachechiladze will also be granted a one-time Retention & Recognition award in the amount of 100% of his annual fixed remuneration for 2024, which is subject to the vesting and holding schedule applicable to discretionary deferred share remuneration (see notes to this Policy table). | • Two levels of maximum opportunity apply: (i) standard maximum opportunity and (ii) exceptional maximum opportunity. The maximum number of discretionary deferred shares that may be awarded in respect of standard maximum opportunity of the previous work year is capped at 100% of total salary (i.e. cash and deferred share salary), and the maximum number of discretionary deferred shares that may be awarded in respect of exceptional maximum opportunity of the previous work year is capped at 200% of total salary (including the standard maximum opportunity). The latter is only for exceptional performance for example, one-off creation of shareholder value. See the notes to this table for further explanation including the example a successful identification, execution and integration of an especially material strategic acquisition that creates a step-change in our earnings potential and long-term shareholder value. In addition, the exceptional maximum opportunity may only be awarded where TSR performance over the relevant financial year is within the upper quartile against the FTSE 250. |

**Pension**

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| • The Group is required to comply with pension requirements set by the Georgian Government.<br>• Pension provision is the same for all employees in the Group in Georgia. | • Pension provision will be in line with Georgian or other applicable pension legislation, which may change from time to time.<br>• There is no provision for the recovery or withholding of pension payments. | • In line with current Georgian legislation, the Executive Director and Bank of Georgia each contribute 2% of total remuneration from Bank of Georgia, and the Georgian Government may contribute a further small amount (0-2% depending on income levels).<br>• Pension contributions will only increase above this level if mandated by Georgian or by any other applicable legislation.<br>• The same arrangement applies to employees across the Group in Georgia. |

**Benefits**

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| • Non-cash benefits are in line with Georgian market practice and are designed to be sufficient to attract and retain high-calibre talent. | • Benefits consist of: life insurance; health insurance; incapacity/disability insurance; directors' and officers' liability insurance; physical examinations; tax gross-ups and tax equalisation payments; company car and driver; mobile phone costs; personal security arrangements (if requested by the Executive Director); assistance with completing tax returns (where required); relocation costs for the Executive Director and close family and legal costs.<br>• Other benefits may be provided from time to time if considered reasonable and appropriate.<br>• There is no provision for the recovery or withholding of benefits. | • There is no prescribed maximum on the value of benefits payable to an Executive Director. The maximum amount payable depends on the cost of providing such benefits to an employee in the location at which the Executive Director is based.<br>• If the Executive Director's personal circumstances do not change and the Group is able to obtain benefits on substantially the same terms as at the date of this Policy, the aggregate cost of benefits for an Executive Director during the Policy's life is not expected to change materially. |

**Other Executive Director policies – shareholding guidelines**

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| • To ensure Executive Directors build and hold a significant shareholding in the Group over the long term.<br>• To align Executive Directors' interests with those of shareholders.<br>• To ensure departing Executive Directors make long-term decisions and maintain an interest in the ongoing success of the Group post-employment. | • Executive Directors are required to build and then maintain a shareholding with a 300% equivalent of total salary (i.e. cash and deferred share salary), with such amount to be built up within a five-year period from appointment as an Executive Director (the 'Required Shareholding').<br>• All beneficially owned shares, as well as unvested (net of tax) and vested deferred share salary and discretionary deferred shares will count towards the Required Shareholding (as such awards are not subject to any performance conditions after grant).<br>• Meeting and maintaining the Required Shareholding is likely to happen naturally over the course of the Executive Director's employment.<br>• Executive Directors are to retain the lower of the Required Shareholding or the Executive Director's actual shareholding at the time employment ceases, for a period of two years from the date on which employment ceases unless the Remuneration Committee determines otherwise. It is noted that a good leaver may hold substantially higher than this shareholding in unvested shares alone.<br>• In very exceptional circumstances, for example in the event of a serious conflict of interest, the Remuneration Committee has the discretion to vary or waive the Required Shareholding, but must explain any exercise of its discretion in the Group's next Remuneration Report. It should be emphasised that there is no present intention to use this discretion. | • Not applicable. |

## Notes to the Policy table

**Cash salary**

The Remuneration Committee has the discretion under the Policy to change the currency in which cash salary is paid and also has the discretion to determine the appropriate exchange rates for determining the cash salary to be paid.

**Deferred share salary**

Deferred share salary is the most important element of the Executive Director's fixed annual remuneration and is commensurate with their role within the Group. By weighting salary towards a deferred share salary that vests and is released over five years rather than cash, the Executive Director's day-to-day actions are geared towards achievement of the Group's strategic goals and sustained Group performance over the long term.

Deferred share salary is granted towards the beginning of the work year and vests/is held for over five years from the start of the work year as follows: 100% vests on the first anniversary of the start of the work year and is then subject to holding periods, with 40% released on the second anniversary, and 20% released on each of the third, fourth and fifth anniversaries of the start of the work year.

The deferred share salary is neither a bonus nor an LTIP; it is salary fixed as a monetary value in an Executive Director's service agreement(s) and is therefore not subject to performance targets or measures. Nil cost options for deferred share salary will be awarded towards the beginning of the work year rather than at the end (although they lapse pro rata for any incomplete years worked). The Executive Director's service agreement(s) will reflect these provisions.

As noted above, the value of the deferred share salary is fixed as a monetary value in the Executive Director's service agreement. The number of shares shall normally be calculated using the average price of the shares over five working days prior to 25 December of the year immediately preceding the year of award.

In compliance with the NBG requirements, the 2022 deferred share salary was awarded after the Policy was approved at the AGM but was effective from 1 January 2022. In accordance with this system and the renewal of the contracts after three years, the additional 2025 deferred share salary will be awarded after the new Policy is approved at the AGM, and will be effective from 1 January 2025 and vesting and holding periods will be adjusted as if it had been awarded in January 2025; and so 100% will vest in January 2026 with 40% released from holding in January 2027, and 20% released in each of January 2028, January 2029 and January 2030.

**Performance-based (discretionary deferred share) remuneration**

No cash bonuses are paid to Executive Directors. Further the Group does not operate an LTIP because it believes there is sufficient long-term incentive built into its deferred share salary structure.

Instead, an Executive Director's individual and Group performance is rewarded through an annual award of discretionary deferred shares which will be subject to vesting and holding periods as follows: 40% vests immediately but is subject to a two-year holding period whereupon it is released on the third anniversary of the start of the work year; and 15% will vest on each of the third, fourth, fifth and sixth anniversaries of the start of the work year and are subject to a further two-year holding period and so are released on the fifth, sixth, seventh and eighth anniversaries of the start of the work year. For the work year 2025, performance-based remuneration will be awarded based on this Policy. Performance-based remuneration will be subject to the above holding and vesting periods so that 40% would vest upon grant in 2026 but is subject to a further two-year holding period and so will be released from holding in January 2028, and the remainder would vest in 15% tranches and be released after a further two-year holding period so that 15% is released from holding in each of January 2030, January 2031, January 2032 and January 2033 (and so the shares are released over eight years from the beginning of the relevant work year).

The Remuneration Committee will determine the aggregate number of shares (if any) that will be awarded to an Executive Director and as in the table above, the maximum opportunity that Mr Gachechiladze, the current CEO, may be awarded in a given year on standard basis is equivalent to 100% of total salary (i.e. cash salary and deferred share salary) converted into a number of shares (normally calculated using the last closing share price before the Remuneration Committee meeting at which the discretionary deferred share award is determined or over an appropriate date range).

The Remuneration Committee will make the determination on the number of shares to be awarded annually in respect of the Executive Directors and senior management and will consider the defined maximum opportunity, the Group's performance and the individual's KPIs when making a determination.

Performance measures and relative targets are chosen to reflect strategic priorities for the Group and will be chosen by the Committee annually towards the beginning of the performance year. The aggregate pool of shares available each year for awards of discretionary deferred share compensation for the Executive Directors and senior management as a whole is determined annually by the Committee in its absolute discretion, based on a number of factors usually including:

- financial results;
- strategic objectives; and
- people and culture objectives.

The Remuneration Committee retains flexibility to adjust the amount to be awarded, for example, if strategic objectives evolve or if business circumstances change during the year. The Committee believes this flexibility ensures the Board can work with an Executive Director so that they do not take excessive risk to achieve KPIs. Even in a 'good' year for an Executive Director (e.g. achievement of most of their KPIs), if this coincides with a 'bad' year for the Group (e.g. adverse markets), the Committee has discretion to award little or no discretionary remuneration to the Executive Director if it considers it appropriate to do so. The precise measures will be determined by the Committee and disclosed retrospectively in the Remuneration Report following the year of the Committee's determination.

The maximum the CEO may be awarded on an exceptional basis is 200% of total salary (calculated as above). This figure would include the maximum opportunity on a standard basis. An example of extraordinary value creation – and a potential scenario which could cause the Committee to consider this provision – is successful identification, execution and integration of an especially material strategic acquisition that creates a step-change in our earnings potential and long-term shareholder value. Any determination by the Committee on an exceptional basis will be accompanied by a detailed rationale in the following year's Directors' Remuneration Report.

**Gateway hurdles and underpins**

The award of Performance Based Shares is subject to the Executive Director passing the 'gateway hurdles' set by the Remuneration Committee for the financial year. The Committee retains discretion to vary or substitute any performance measure or gateway hurdle if an event occurs that causes it to determine that it would be appropriate to do so (including taking account of acquisitions or divestments, a change in strategy or a change in prevailing market conditions), provided that the Committee determines any such variation or substitution is fair and reasonable. If the Committee were to make such a variation, an explanation would be given in the next Directors' Remuneration Report. For full year 2025 the gateway hurdles are:

- The legally-required capital adequacy ratios all achieved for Bank of Georgia i.e.
  - CET1;
  - Tier 1;
  - Total; and
  - all relevant capital and buffer requirements that are necessary for regulatory purposes as preconditions to issue discretionary remuneration are met; and
- Further, the Remuneration Committee may, at its discretion further apply the following additional gateway hurdle: Group ROAE for the performance year is not less than 10%.

The Remuneration Committee notes that the grounds for malus and clawback in this Policy are extensive and exceed typical UK practice and given this fact, further acts as an underpin.

## Malus and clawback, and shareholding guidelines

Discretionary deferred shares are subject to malus and clawback in the following circumstances:

- misconduct in the performance or substantial failure to perform duties by the Executive Director or material breach of applicable regulations and/or Bank of Georgia's internal policies;
- significant financial losses, serious failure of risk management or serious damage to the reputation of Lion Finance Group PLC or Bank of Georgia caused by misconduct or gross negligence (including inaction) of the Executive Director;
- material misstatement or material errors in the financial statements that relate to the area of responsibility of the Executive Director or can be attributed to action or inaction of the Executive Director's performance of their duties;
- deliberately misleading Lion Finance Group PLC or Bank of Georgia in relation to financial performance;
- failure to continue to meet the fitness and properness criteria for an Executive Director of Bank of Georgia;
- material increase with respect to the required regulatory capital of Bank of Georgia that can be attributed to the action or inaction of the Executive Director;
- misconduct that contributed to the imposition of material regulatory or other similar sanctions;
- payments based on erroneous or misleading data, for which malus and clawback apply to discretionary deferred remuneration awarded for the year in question; and
- significant increases in Bank of Georgia's regulatory capital requirements (for clawback to apply such failures/problems are to have been caused by or attributable to the actions or inactions of the Executive Director).

The Remuneration Committee further has the right to withhold the release of already-awarded discretionary deferred share remuneration if such is mandated by the needs of preservation of Bank of Georgia's regulatory capital.

The above provisions will form part of Mr Gachechiladze's service contract. Further, the Group has amended the Executive Equity Compensation plan to allow shares to be lapsed, including to zero, or clawed back in accordance with the provisions in the Executive Director's contracts.

Clawback is for up to two years from vesting and for the Group's current Executive Director and CEO, Mr Gachechiladze, the Group also has unusually strong malus provisions where unvested discretionary deferred shares lapse when the service contract is terminated under certain circumstances, including for 'Cause' such as gross misconduct, failure to perform duties, material breach of obligations and unethical behaviour. This may be several years' worth of discretionary deferred shares. See the Termination of JSC Bank of Georgia service agreement table below.

The shareholding guidelines are to build and then maintain a shareholding with a 300% equivalent of total salary and then to maintain such for two years post-employment. The shareholding guidelines are set as express provisions in Mr Gachechiladze's contract (this is an increase from the previous Policy, for which the shareholding requirement was to build up and hold 200% equivalent)

## Discretion

The Remuneration Committee retains a substantial degree of discretion in relation to discretionary share remuneration. This includes:

- determination of the award, if any;
- selection of KPIs, which may vary from year to year in order to align with strategy and financial objectives;
- any adjustments required to an Executive Director's KPIs during the work year when, for example, there has been a change in strategy or business circumstances which results in one or more KPIs becoming an inaccurate gauge of performance; and
- the discretion to override any formulaic outcomes when it considers it reasonable in the circumstances to do so prior to or upon vesting of discretionary deferred shares.

For the avoidance of doubt the Group shall not award (or shall reduce the amount of the award accordingly) to the extent that such award would cause a breach of the NBG's capital adequacy requirements and other regulatory ratios. The Remuneration Committee has discretion to vary the vesting and holding schedule of the discretionary deferred share awards and/or salary share awards if necessary, for example in the event of a statutory or other serious conflict of interest or other singular event.

Any exercise of discretion made by the Committee on the basis of this section shall be described and explained in the next Directors' Remuneration Report.

## Consideration of employment conditions elsewhere in the Group

Remuneration packages for all Group employees comprise both fixed and variable elements. In accordance with prevailing commercial practice, the Remuneration Committee does not formally consult with employees in preparing the Remuneration Policy, but in determining an Executive Director's remuneration, the Committee considers:

(i) pay and employment conditions of senior management;

(ii) pay and employment conditions across the Group as a whole;

(iii) whether employees across the Group are personally satisfied with the way they are remunerated; and

(iv) feedback received from Human Resources and other employees in the executive remuneration structure.

Our employees' remuneration packages are comprised of cash salary, bonus opportunity and benefits. For senior management, the remuneration package is heavily weighted towards deferred shares in the form of nil-cost options which align remuneration of senior management with shareholder interests. All employees receive a competitive benefit package in line with Georgian or Armenian market practice.

All Georgian employees are entitled to participate in the national pension scheme on the same terms as applicable to Executive Directors, and the equivalent applies to Armenian employees in line with Armenian local legislation.

Other factors taken into consideration are competition in the marketplace, individual performance and competencies. Usually, exceptional personal performance is recognised through variable pay. The Company also operates an Employee Equity Compensation Plan on a discretionary basis.

The remuneration of employees in the Group, other than the Executive Director(s) and senior management, is benchmarked against the Georgian or Armenian labour market as the most relevant comparator. The Remuneration Committee is regularly informed by Human Resources of remuneration developments across the Group.

The compensation structure of senior management is set by the Remuneration Committee and is modelled on the Policy but the Committee is not bound by it when setting senior management's remuneration and also takes into account local practices and the need to be competitive. The Committee generally awards members of senior management the majority of their discretionary award in discretionary deferred shares as a bonus, ensuring maximum alignment with shareholders and helping set the tone from the top.

## Equity compensation trusts and dilution limits

The Group operates two employee benefit trusts (EBTs), one for senior executives, and the other for employees below the executive level (the 'ESOPs'), which hold ordinary shares on trust for the benefit of employees and former employees of the Group, and their dependents, and which is used in conjunction with the Group's employee share schemes.

The Group has committed that new shares issued in satisfaction of share compensation from the time of the Company's listing on the LSE will not exceed 10% of the Company's ordinary share capital over any ten-year period.

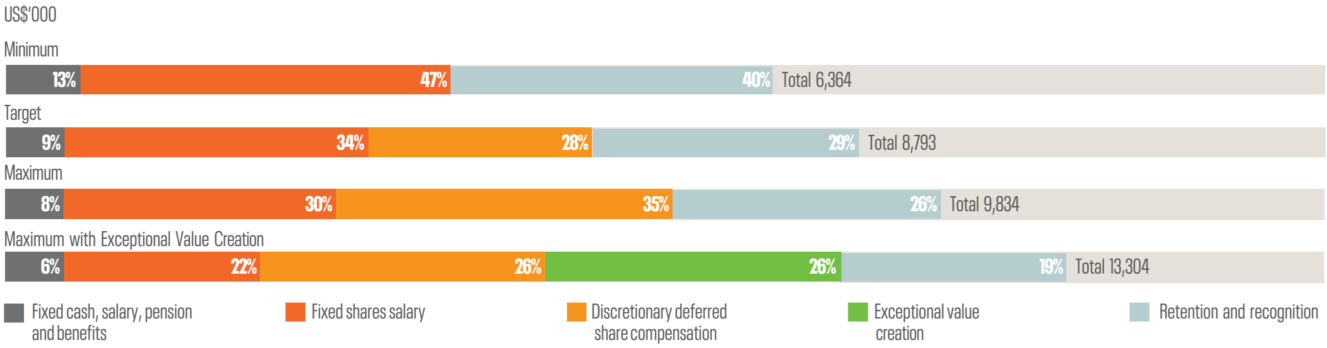
## Business expenses

Executive Directors are reimbursed for reasonable business expenses incurred while carrying out duties under their service contracts, on provision of valid receipts.

## Remuneration scenarios relating to the above Policy

The chart below shows an estimate of the remuneration that could be received by Mr Gachechiladze, our sole Executive Director and CEO, in respect of 2025 under the new Policy at three different performance levels. The chart represents a full year's remuneration for illustration purposes.

Note that this is only in respect of 2025 – the Retention & Recognition award is not payable for years 2026 and 2027.




The Group voluntarily discloses that there is no effect of share growth or decline on the value of awards at the time of award because the awards are calculated using a fixed cash value as required by the NBG regulations of 2021.

(For long-term incentive awards with performance targets or measures relating to more than one financial year, disclosure of the value of the award in the event of a 50% share price appreciation is required by the Companies (Miscellaneous Reporting) Regulations 2018; however the Group is not subject to such disclosure requirements as performance measures for the discretionary deferred share award are limited to one year. Such disclosure is also not required for salary compensation in the form of shares.)

Notes:

[1] Retention & Recognition award for 2025 comprises deferred shares. This is a one-off award for 2025 and is not repeated in the other years of the Policy. The value of the retention bonus award is 100% of fixed pay under the old Policy, i.e. US$ 2,570,000. 40% will vest immediately but is subject to a two-year holding period and so will be released from holding in January 2027, and 15% will vest in each of January 2028, January 2029, January 2030 and January 2031 but be subject to a further two-year holding period and so will be released in January 2030, January 2031, January 2032 and January 2033.

[2] Salary is comprised of cash and deferred salary shares. Mr Gachechiladze's total cash salary in 2025 in respect of his service agreements with the Group (Lion Finance Group PLC, JSC Bank of Georgia, Ameriabank CJSC is US$ 500,000). The value of the deferred share salary is US$ 2,970,000 and for 2025 will vest in January 2026, with 40% released from holding in January 2027, and 20% released in each of January 2028, January 2029 and January 2030. Projected benefits are included based on 2024 numbers. For pensions, JSC Bank of Georgia is obliged to add 2% contribution into the mandatory Georgian government pension scheme, and this is included. Pension is payable into the scheme upon exercise of shares, and as the cash value of the contribution to the fund will naturally vary from year to year depending on the number of shares exercised and the value of the shares at point of exercise, the above assumes all share options available in 2025 are exercised.

[3] The means of determining the number of shares underlying the discretionary deferred share remuneration and terms and conditions applicable to this remuneration are described in the Policy table. Discretionary deferred shares in respect of 2025 will be formally granted in 2026, with 40% vesting immediately subject to a two-year holding period and so will be released from holding in January 2026, and 15% vesting in each of January 2028, January 2029, January 2030 and January 2031, subject to a further two-year holding period and so will be released in January 2030, January 2031, January 2032 and January 2033.

[4] Minimum opportunity reflects a scenario whereby Mr Gachechiladze receives only fixed remuneration comprising the Retention & Recognition award, salary (cash and deferred share salary), pension contributions and benefits, and where the Remuneration Committee considers that the Group's or Mr Gachechiladze's performance in 2025 does not warrant any award of discretionary deferred shares.

[5] On-target opportunity reflects a scenario whereby Mr Gachechiladze receives fixed remuneration (as described in note 4 above) and discretionary deferred shares with a value of US$ 2,429,000, being 70% of the maximum opportunity (as described in note 6. below). In this scenario, the Remuneration Committee considers that the Group's and Mr Gachechiladze's performance in 2025 are in line with the Group's expectations.

[6] Maximum opportunity reflects a scenario whereby Mr Gachechiladze receives fixed remuneration (as described in note 4 above) and discretionary deferred shares with a value of US$ 3,470,000 being 100% of total salary (i.e. cash and deferred share salary). In this scenario, the Remuneration Committee considers that the Group's and Mr Gachechiladze's performance in 2025 warrant the highest possible level of discretionary deferred share remuneration.

## Policy on the appointment of external hires, internal appointments and renewal of contracts

Any new Executive Director appointed to the Board, or Executive Director whose contract is being renewed, would be paid no more than the Remuneration Committee considers reasonably necessary to attract or retain a candidate with the relevant skills and experience. The maximum remuneration package would comprise the components described in the Policy table above. The Committee may, at its sole discretion and taking into account the role assumed by the Executive Director, vary the amount of any component in the package up to the limits set out in the Policy table above in relation to Executive Directors. This discretion will only be exercised to the extent required to facilitate the recruitment or retention of the particular individual. In addition, the terms and conditions attaching to any component of the remuneration might be varied insofar as the Committee considers it necessary or desirable to do so.

In addition to the components and outside the limits set out in the Policy table, the Remuneration Committee may also decide to provide:

- Relocation support, tax support and legal fees depending on the individual's circumstances, including, where relevant, to his or her family. The Group has not set a maximum aggregate amount that may be paid in respect of any individual's relocation support, but will aim to provide support of an appropriate level and quality on the best terms that can reasonably be obtained.
- Upon the recommendation of the Remuneration Committee, a 'buy out' incentive award intended to compensate an incoming Executive Director for any awards granted to an incoming Executive Director by a previous employer, and which have been foregone as a result of an individual's employment with the Group. In these circumstances, the Group's approach may be to match the estimated current value of the foregone awards by granting awards of deferred share compensation which vest over a similar period to the awards being bought out. The application of performance conditions or clawback provisions may also be considered, where appropriate. Such new awards may be granted in addition to any deferred share salary and discretionary deferred share compensation.
- A one-off buy out or retention remuneration award during the first year of a new or renewed contract respectively which shall not exceed 200% of one year's annual fixed remuneration. The vesting and holding schedule applicable to discretionary deferred share remuneration shall apply, as will malus and clawback provisions.

When granting a buy out or retention award, care shall be taken by the Remuneration Committee to ensure that nobody is paid more than is necessary to recruit or retain the most suitable candidate, taking into account their strategic importance to Lion Finance Group PLC and Bank of Georgia and the market conditions or threat of poaching.

For the year 2025, in light of the renewal of his agreement, CEO Mr Gachechiladze will be granted a one-time Retention & Recognition award in the amount of 100% of his annual fixed remuneration for 2024, which is subject to the vesting and holding schedule applicable to discretionary deferred share remuneration. By structuring the award in this way, rather than making further increases to the normal annual package, our intention is to address the underlying risk without permanently embedding higher quantum in the ongoing package.

## Non-executive Directors' Remuneration Policy

A description of each of the elements of the pay package for Non-executive Directors of the Company under its Remuneration Policy is as follows:

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| • To attract and retain high-performing Non-executive Directors with the requisite skills, knowledge, experience, independence and other attributes to add value to the Group.<br>• To reflect the responsibilities of time commitment dedicated by Non-executive Directors and role. | • All fees are paid in cash on a quarterly basis.<br>• Fees may be reviewed from time to time by the Board (but not necessarily changed), taking into account the time commitment, responsibilities and the technical skills required to make a valuable contribution to the Board, and by reference to comparators, benchmarking, responsibilities, results of the annual review and other guidance. The fees may also be amended and varied if there are unforeseen and exceptional circumstances necessitating such review. The Board reserves the right to structure the Non-executive Directors' fee differently in its absolute discretion.<br>• Non-executive Directors receive a base fee. Additional fees are payable to compensate for time spent discharging Committee duties and Bank of Georgia and Ameriabank CJSC duties.<br>• There is no remuneration in the form of deferred share salary or discretionary deferred shares or any variable or performance-linked remuneration or incentives.<br>• Non-executive Directors are reimbursed for reasonable business expenses, including travel and accommodation, which are incurred in the course of carrying out duties under their letters of appointment, on provision of valid receipts and role appropriate benefits may be provided in certain circumstances.<br>• The Group is required to comply with pension requirements set by the Georgian Government. Consequently, where a Non-executive Director is resident in Georgia, the Group will make pension contributions of 0-2% of fees. The Group will also comply with pension requirements set by other countries' law where applicable. | • The maximum aggregate Lion Finance Group PLC fees for all Non-executive Directors which may be paid under Lion Finance Group PLCs Articles of Association is GBP 750,000.<br>• A specific maximum has not been set for the individual base or Committee fees or subsidiary board fees.<br>• The Senior Independent Non-executive Director receives a higher base fee reflecting the extra time commitment and responsibility.<br>• The Chairman receives a fee reflecting the extra time commitment and responsibility. The Chairman does not receive Committee fees.<br>• The fees paid to each Non-executive Director will be disclosed in the relevant reporting year's Annual Report. |

## Service agreements and policy on payments for loss of office for our Directors

At the date of this Annual Report, Mr Gachechiladze is the sole Executive Director of the Company. He has a service agreement with an effective date of 28 January 2019 with Lion Finance Group PLC for an indefinite term (subject to annual re-election at the AGM) which is terminable by either party on four months' notice unless for cause where notice served by LFG shall have immediate effect.

Mr Gachechiladze also has a service agreement with JSC Bank of Georgia with an effective date of 1 January 2025 (in accordance with the three-year cycle from 1 January 2022 arising from compliance with the NBG requirements) for an employment term of three years which is terminable by the Company with immediate effect and by the Executive Director on not less than four months' notice.

Mr Gachechiladze also has a letter of appointment as a Non-executive Director of Ameriabank CJSC from 27 November 2024, in standard format for a Non-executive Director of such bank, and in accordance with the regulations of the CBA. Monthly payment is the minimum possible, at US$ 200 net monthly (with the equivalent gross amount deducted from payments made under his PLC contract so that the overall salary to Mr Gachechiladze remains no more than before). In summary, the agreement may be terminated at any time in accordance with the manner defined by the legislation of the Republic of Armenia, in the event of certain misconduct or similar, or by mutual consent. Termination and payments are described more fully in the letter of appointment.

All documents are available for inspection by shareholders at Lion Finance Group PLC's registered office.

In accordance with the three-year cycle arising from compliance with the NBG requirements the changes arising from the new Policy will be effective as of 1 January 2025.

The Group's policy towards exit payments allows for a variety of circumstances whereby an Executive Director may leave the business. The Remuneration Committee reserves the right to determine exit payments other than those set out below, where appropriate and reasonable in the circumstances to do so, including where an Executive Director leaves by mutual agreement. The Committee may decide to pay some or all of the Executive Director's legal fees in relation to the termination. In all circumstances, the Committee does not intend to reward failure and will make decisions based on the individual circumstances. The Committee's objective is that any such agreements are determined on an individual basis and are in the best interests of the Company and its shareholders at the time.

The provisions in section (1) and (2) below summarise the termination and payments for loss of office provisions pursuant to Mr Gachechiladze's service agreement with Lion Finance Group PLC and JSC Bank of Georgia respectively. The Committee retains the discretion to apply different notice, termination and payment for loss-of-office provisions to incoming Executive Directors.

## (1) Termination of Lion Finance Group PLC service agreement

Where the service agreement is to be terminated on notice, LFG may put Mr Gachechiladze on garden leave and continue to pay his cash salary under the Lion Finance Group PLC service contract provided that any accrued and unused holiday entitlement shall be deemed to be taken during the garden leave period. Lion Finance Group PLC may terminate Mr Gachechiladze's employment early with immediate effect and without notice or pay in lieu of notice in the case of, among other circumstances, his dishonesty, gross misconduct, gross incompetence, conviction of an offence (other than traffic-related where a non-custodial penalty is imposed) or becoming of unsound mind. Lion Finance Group PLC may also terminate the agreement with immediate effect by payment in lieu of notice, in which case the payment in lieu of notice shall be of his basic salary only.

## (2) Termination of JSC Bank of Georgia service agreement

| Termination reason | Separation payments | Vesting and lapse of awards |
|---|---|---|
| Termination by the Bank of Georgia for cause. | Accrued but not yet paid: salary, dividends (or equivalent amounts), bonuses, benefits and expenses. | Any unvested awarded discretionary deferred shares as at the date when the Executive Director ceases to be an Executive Director shall lapse (unless the Remuneration Committee determines otherwise). |
| Termination by the Bank of Georgia without cause. | As above but with a leaving allowance and severance payment constituting the immediate monetary value of no less than four months' salary. | Any unvested awarded discretionary deferred shares as at the date when the Executive Director ceases to be an Executive Director shall continue to vest in the normal way during the respective vesting period(s). |
| Termination by the Chief Executive Officer for good reason. | As per termination by the Bank of Georgia without Cause. | Any unvested awarded deferred shares shall vest immediately and be released from holding periods. |
| Termination by the Chief Executive Officer without good reason. | Upon serving four months written notice, as per termination by the Bank of Georgia for Cause. | Any unvested awarded discretionary deferred shares as at the date when the Executive Director ceases to be an Executive Director shall lapse (unless the Remuneration Committee determines otherwise). |

Deferred share salary continues to vest in the normal way during the respective vesting period(s) unless otherwise stated. In the event an incomplete calendar year is worked, deferred share salary for the relevant performance year is subject to pro rata lapse for the incomplete portion of the year.

In the event of termination for cause, in accordance with the Malus and Clawback section above, the Bank may also look to claw back vested discretionary deferred shares.

In addition to the vesting and lapse provisions above, in certain circumstances, including if the Executive Director terminates by reason of death or there is a change of control, unvested deferred shares shall vest immediately and be released from their holding period obligations (subject to the NBG requirements otherwise). If the Executive Director is not offered a new service contract upon substantially the same terms or continued Board membership at the end of his or her service contract, or if the Executive Director terminates due to injury, disability, redundancy or retirement, discretionary deferred shares will continue to vest in the normal way during the respective vesting period(s).

There are also garden leave provisions and non-compete provisions which may apply up to six months after termination of the service agreement and during which the Executive Director would be paid salary (including cash salary and deferred share salary) but not bonuses (i.e. discretionary deferred shares). Termination includes ceasing to be an executive.

## (3) Termination of Non-executive Directors' appointments

Each Non-executive Director is required to submit himself or herself for annual re-election at the AGM. The letters of appointment for Non-executive Directors provide for a one-month notice period, although the Group may terminate the appointment with immediate effect without notice or pay in lieu of notice if the Non-executive Director has committed any serious breach or non-observance of his or her obligations to the Group, is guilty of fraud or dishonesty, brings the Company or themselves into disrepute or is disqualified as acting as a Non-executive Director, among other circumstances. Upon termination, the only remuneration a Non-executive Director is entitled to is accrued fees as at the date of termination, together with reimbursement of properly incurred expenses incurred prior to the termination date. The JSC Bank of Georgia letters of appointment with each Non-executive Director appointed to the Supervisory Board, or advisory agreements with similar terms pending their formal appointment approval by the NBG, also provide for a one-month notice period although the agreements can be terminated earlier for similar reasons. Advisory Agreements pending formal approval of appointment to the Supervisory Board by the NBG are on similar terms. The Ameriabank CJSC Letters of Appointment may be terminated at any time in accordance with the manner defined by the legistlation of the Republic of Armenia, in the event of certain misconduct or similar, or by mutual consent. Termination and payments are described more fully in the relevant agreements.

## Consideration of shareholder and stakeholder views

The Remuneration Committee consulted its major shareholders on the proposed Policy with emails, follow-up-calls and the offer of individual meetings in late 2024 and early 2025. To seek their views on the proposed new Policy, the overall structure and any other matters they wished to discuss, shareholders were sent an extensive presentation on the detail and the rationale, along with high level summaries. Many shareholders also took up the offer of a meeting with Cecil Quillen as Chair of the Remuneration Committee and Mel Carvill as Chair of the Board and a Remuneration Committee member, supported by members of management and the General Counsel UK. We also held discussions by email and gave additional information where requested. We received high levels of support and helpful input. Notable themes of the feedback were an appreciation of Mr Gachechiladze's leadership of the Group, in particular resulting in excellent contribution and performance, and that delivery and his efforts had been exceptional. Proxy advisor agencies also met with the team and discussed the Policy and offered suggestions on enhanced disclosure. We also received input on the proposed structure from the NBG and complied with all requirements of the NBG Code, in addition to complying with the UK Corporate Governance Code and regulations applicable to UK companies.

We appreciate the time and effort of our stakeholders in engaging with us and the Committee remains entirely open to further engagement.