

RISK MANAGEMENT

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Lion Finance Group

Snapshot of risk management at Lion Finance Group

All metrics are as of 1Q26/Mar-26

Diversified and robust loan portfolio, high liquidity and capital strength deliver through-the-cycle resilience

0.3%

Group cost of credit risk

2.1%

Group NPL ratio

140%
GEO

212%
ARM

LCR

16%
GEO

14%
ARM

Leverage ratio

Best-in-class risk governance and AI-enhanced decision-making drive lending growth, operational efficiency, and profitability

97%

Retail loans automation

98%

Unsecured consumer loans automation

42%

Mortgage loans automation in Georgia

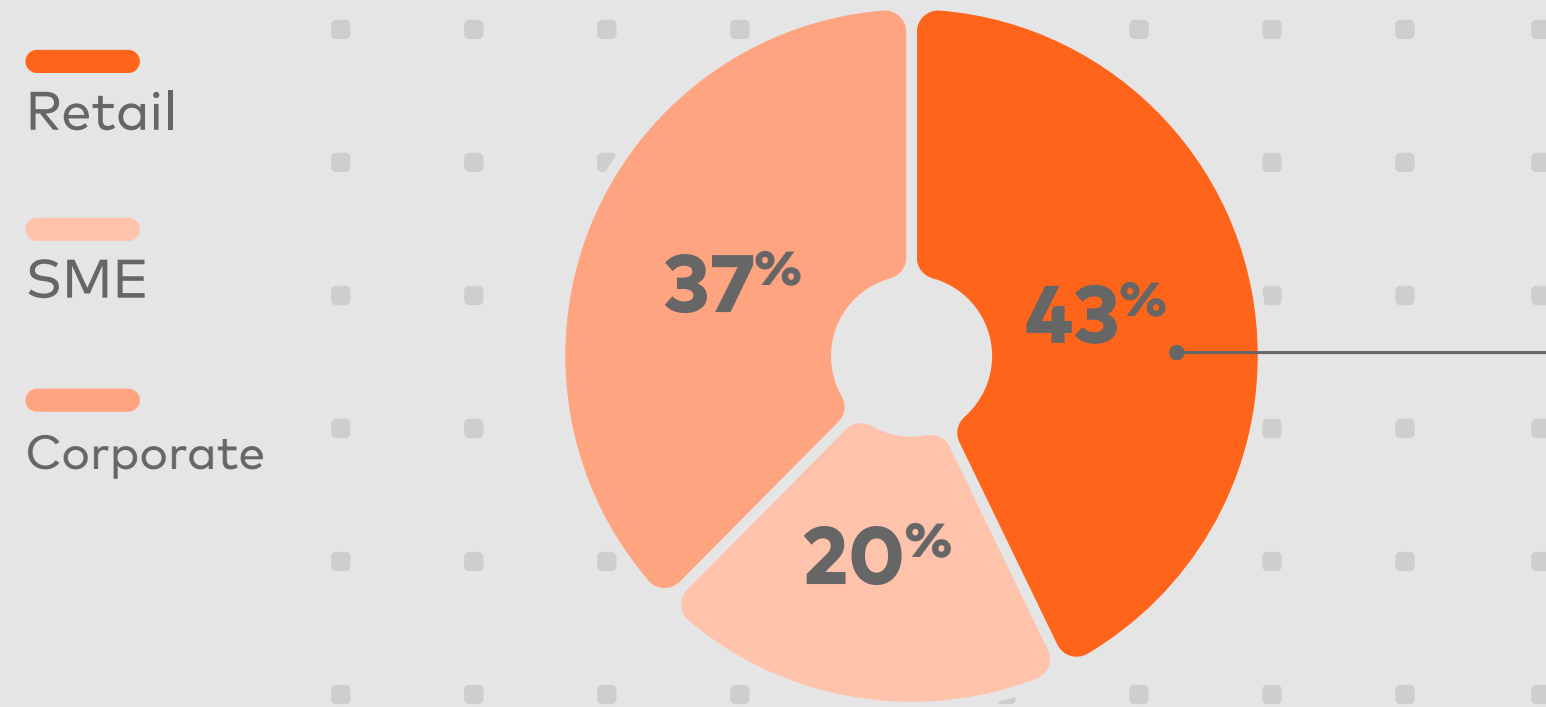
72%

Micro self-employed loans automation in Georgia

Well-diversified loan portfolio

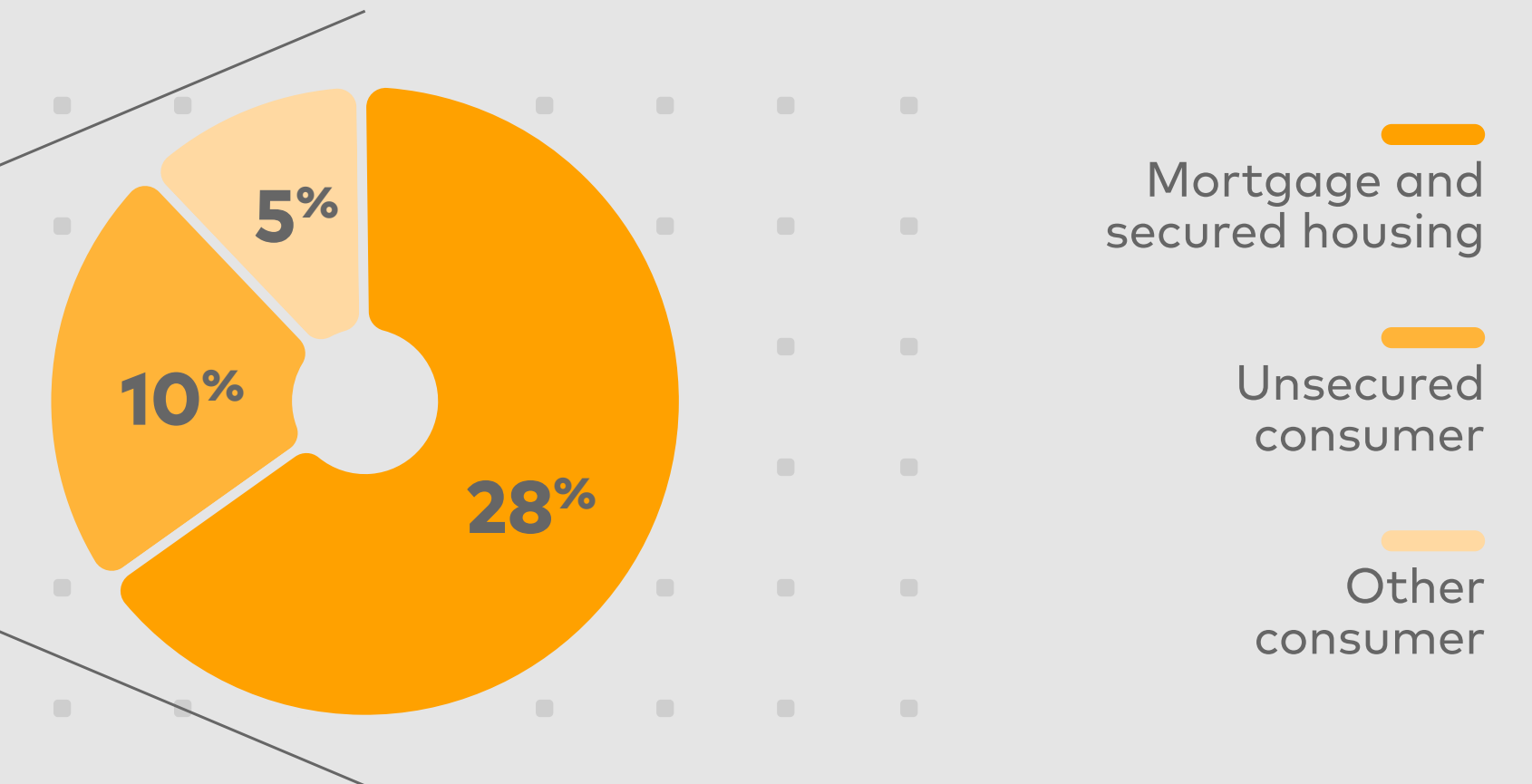
All metrics are as of 1Q26/Mar-26

Segments | % of total portfolio



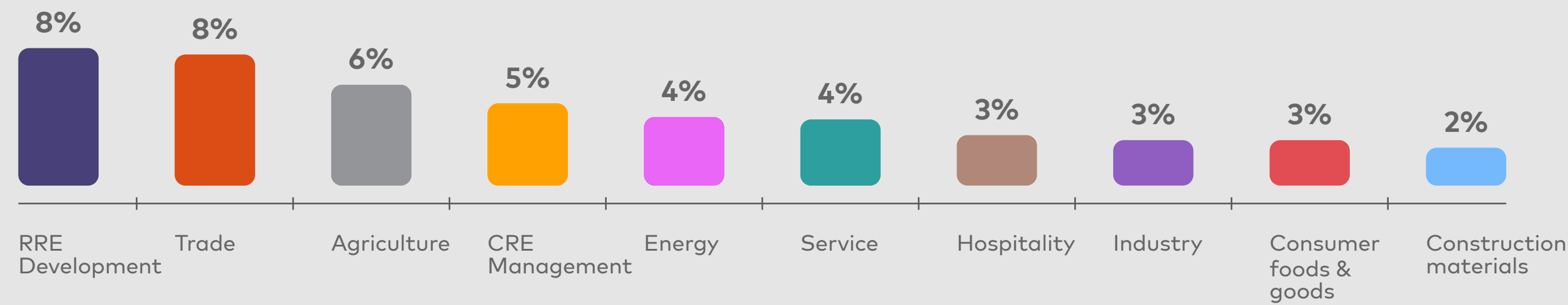
Stable business segment distribution in retail and small business loans

Retail products | % of total portfolio



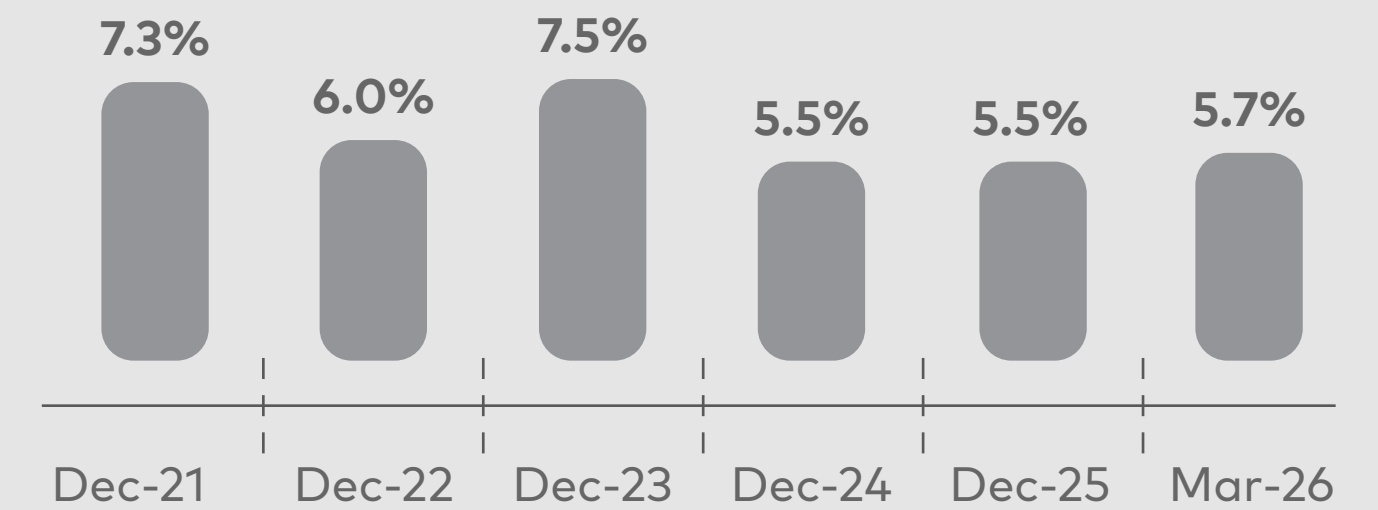
Retail portfolio concentrated in mortgage and secured housing products

Top 10 business sectors | % of total portfolio



Business lending diversified across sectors with no single sector representing more than 8% of the total portfolio

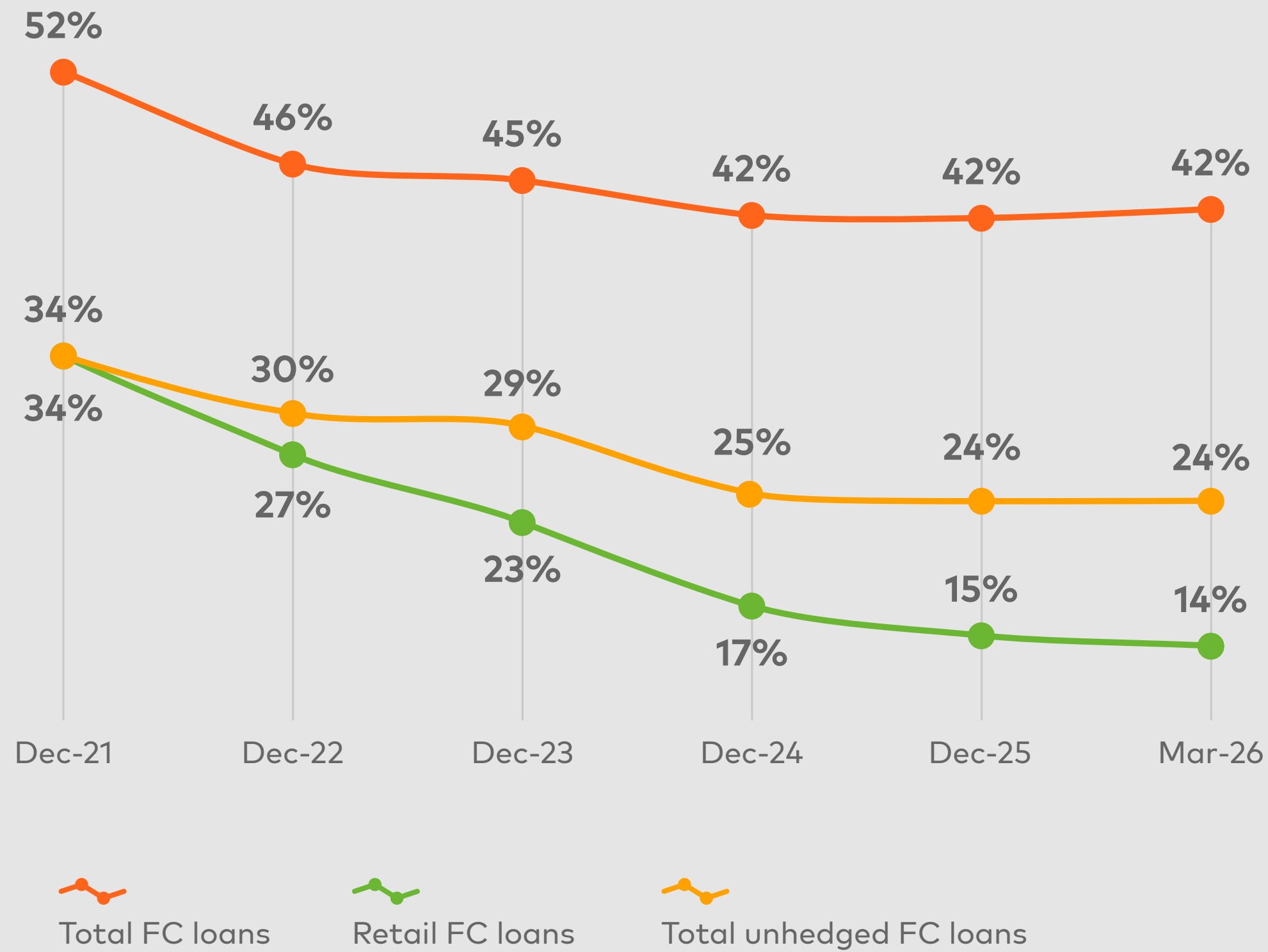
Top 10 borrowers | % of total portfolio



Large borrower concentration declined through growth across all customer size and product segments

Declining share of foreign currency loans driven by the retail segment

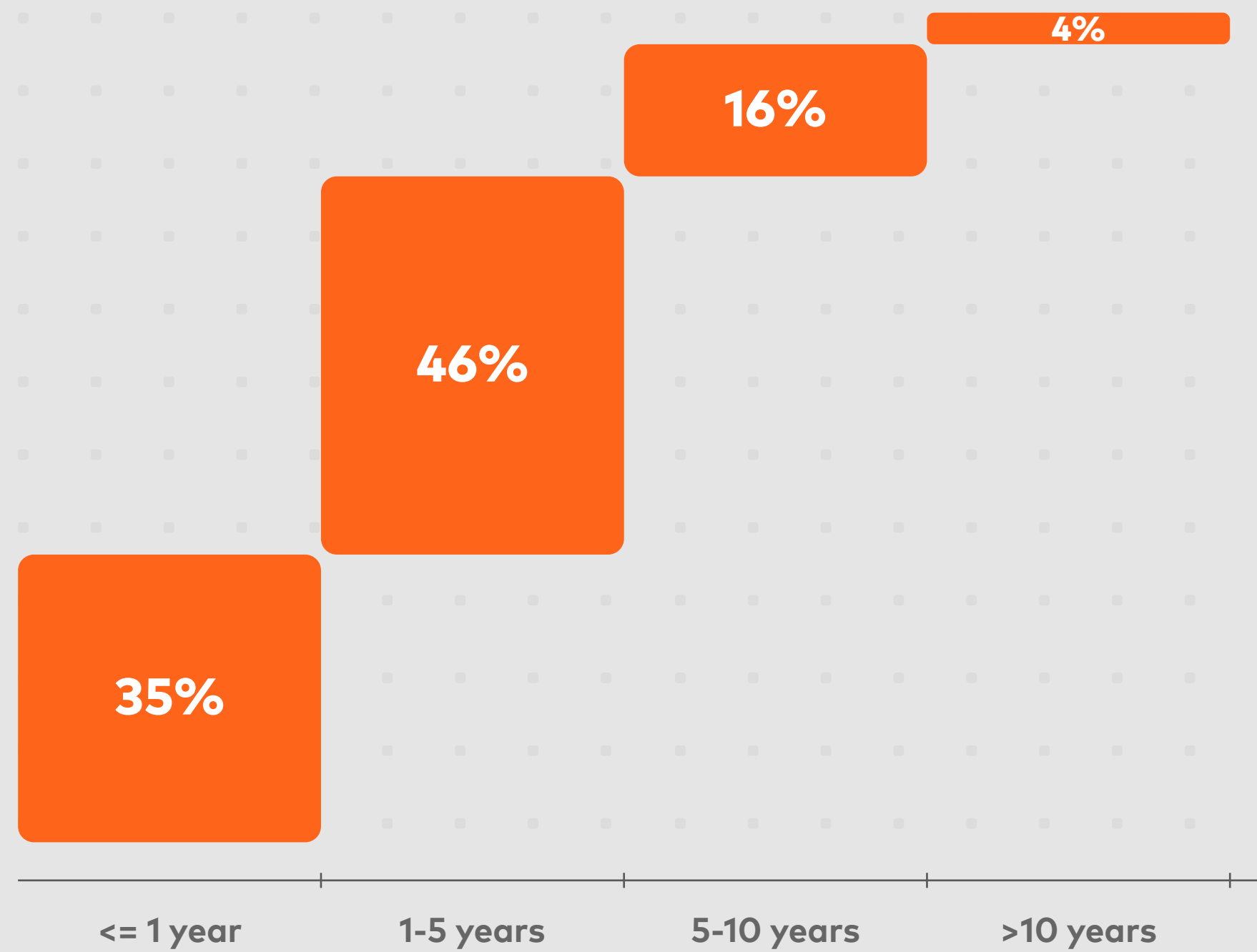
FC Loans | % of portfolio



- Loan de-dollarisation continues particularly since new regulations introduced in 2019 in Georgia
- From July 1, 2026, loans below GEL 1 million to be issued in local currency in Georgia
- All retail loans must be issued in local currency in Armenia
- Substantial de-dollarisation observed in Retail and Micro segments
- For unhedged FC lending, underwriting ratios are more conservative
- Higher capital requirements for FC loans in Georgia and Armenia

Short loan term structure enhances resilience and shock absorption capacity

Remaining maturity of total loan portfolio | % of portfolio (Mar-26)



81%

Loan portfolio with remaining maturity of less than 5 years

<6

Years of weighted average remaining maturity

88%

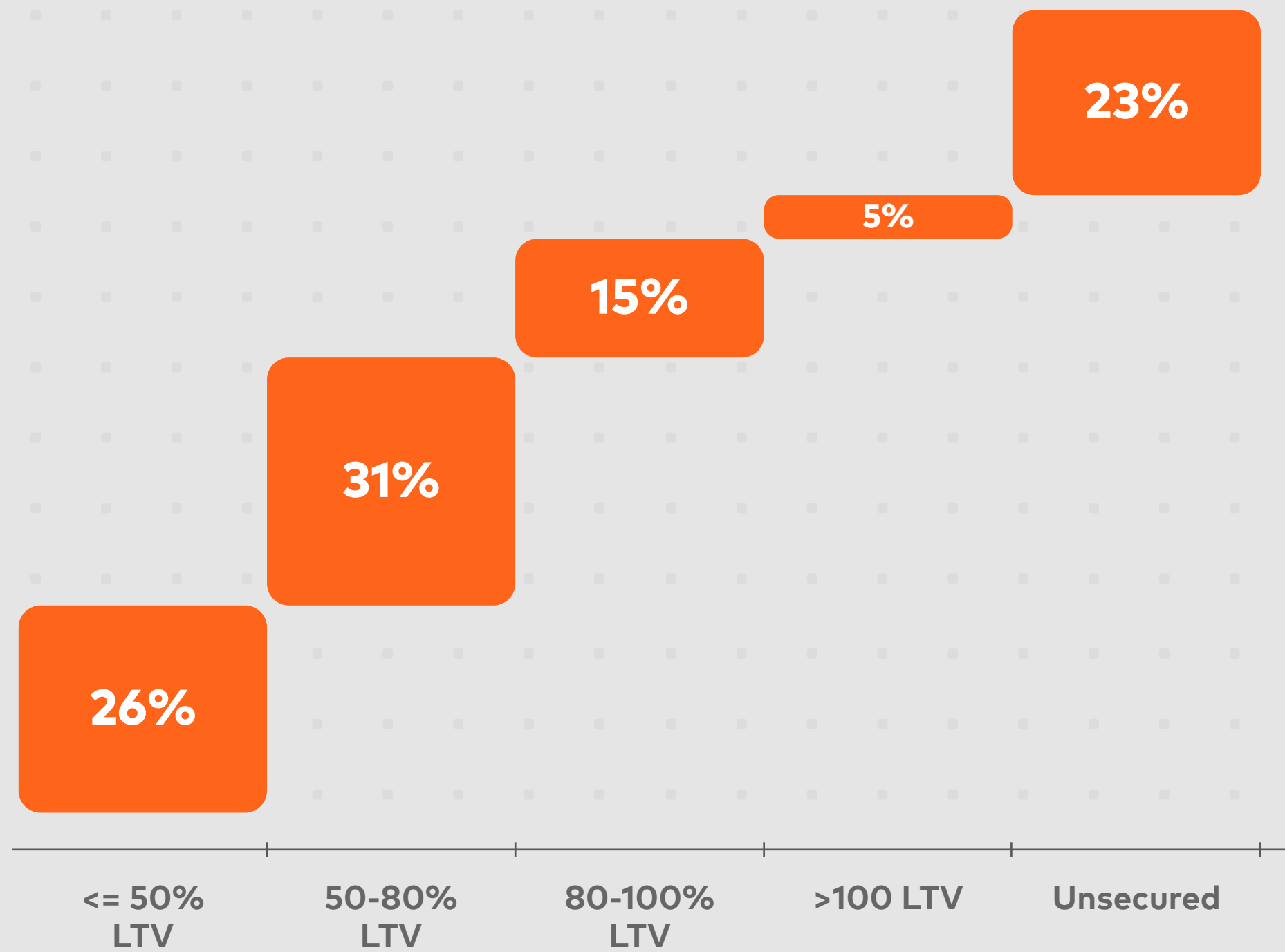
Mortgage and secured housing loans have remaining maturity of less than 10 years

>98%

Mortgage and secured housing portfolio with regular principal amortisation

Highly collateralised portfolio strengthens the risk profile and cost of risk

Real estate & cash collateralisation of Retail and SME portfolios | % of portfolio (Mar-26)



64%

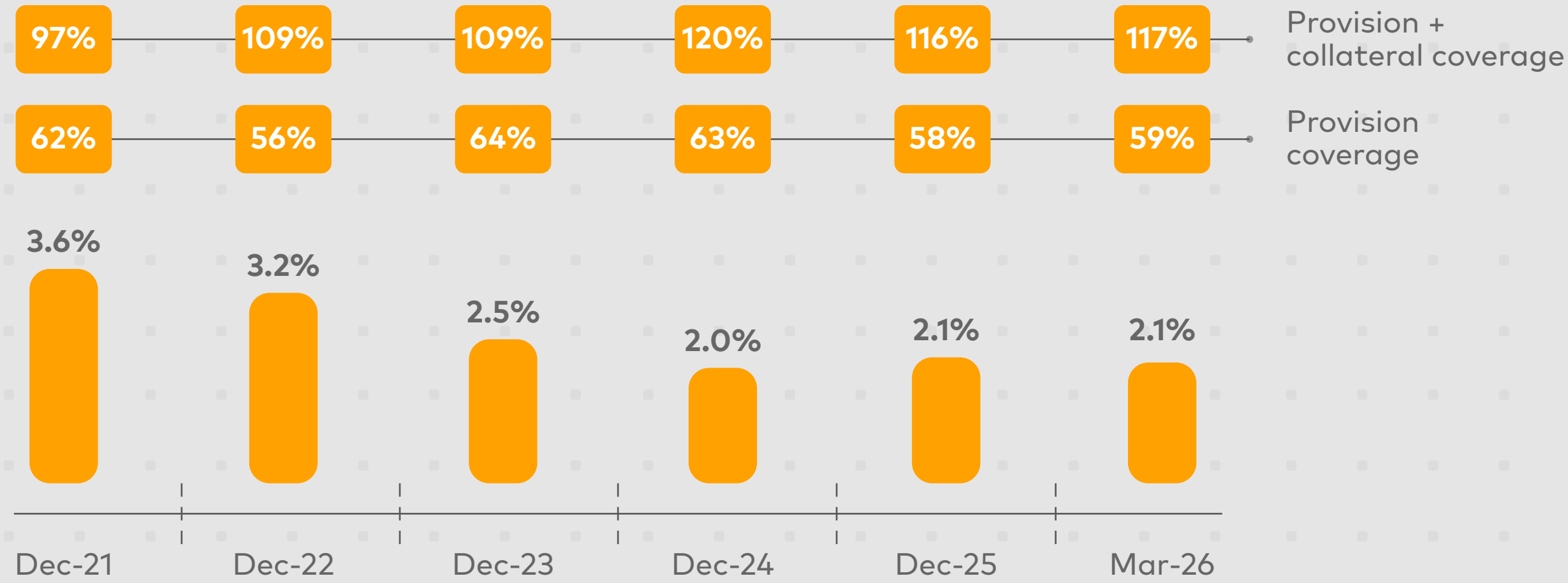
Weighted average LTV in the secured Retail and SME portfolios

63%

Weighted average LTV in the mortgage and secured housing portfolio

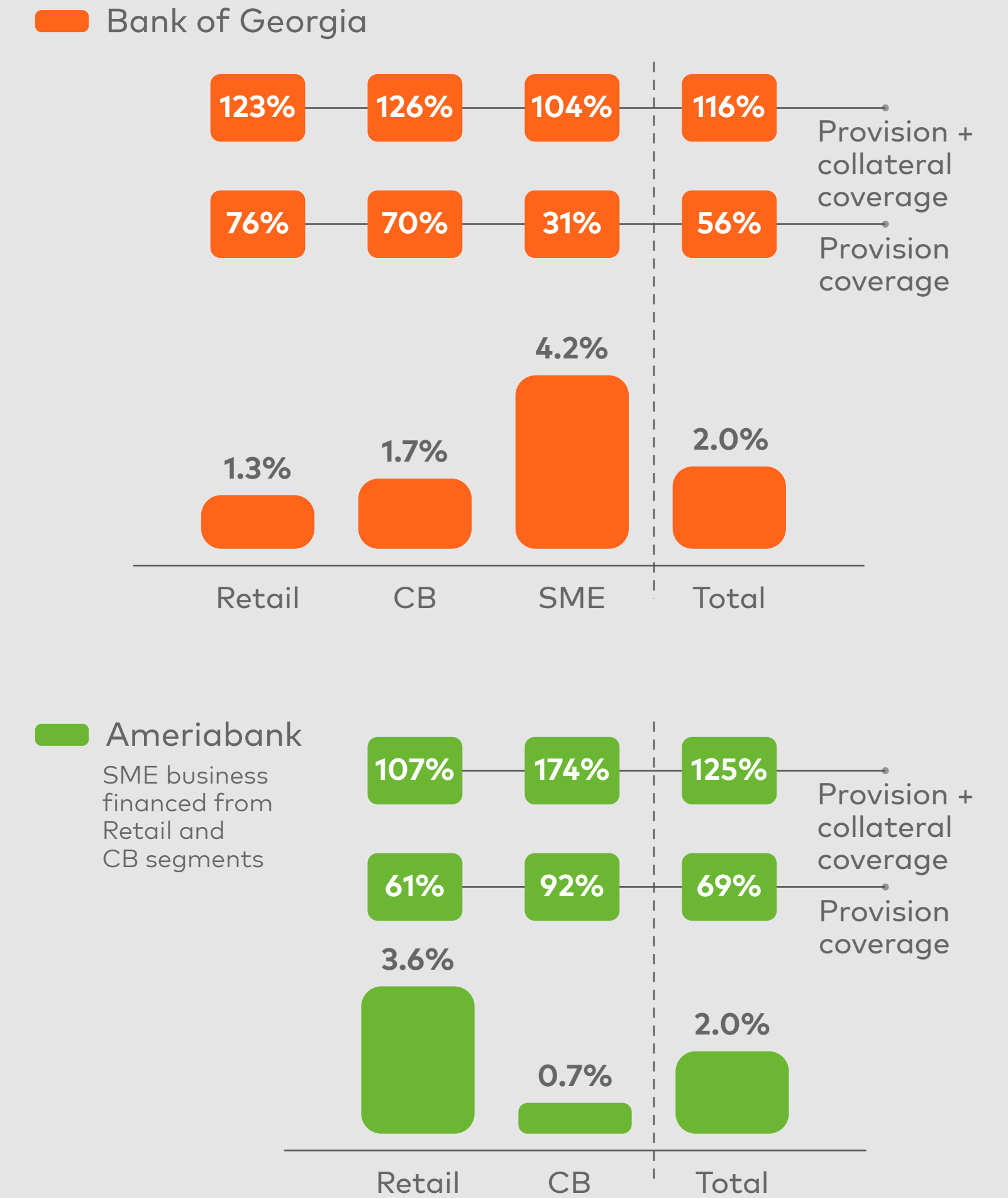
Stage 3 levels remain stable and low, with strong coverage from provisions and collateral

Group stage 3 ratio and coverage



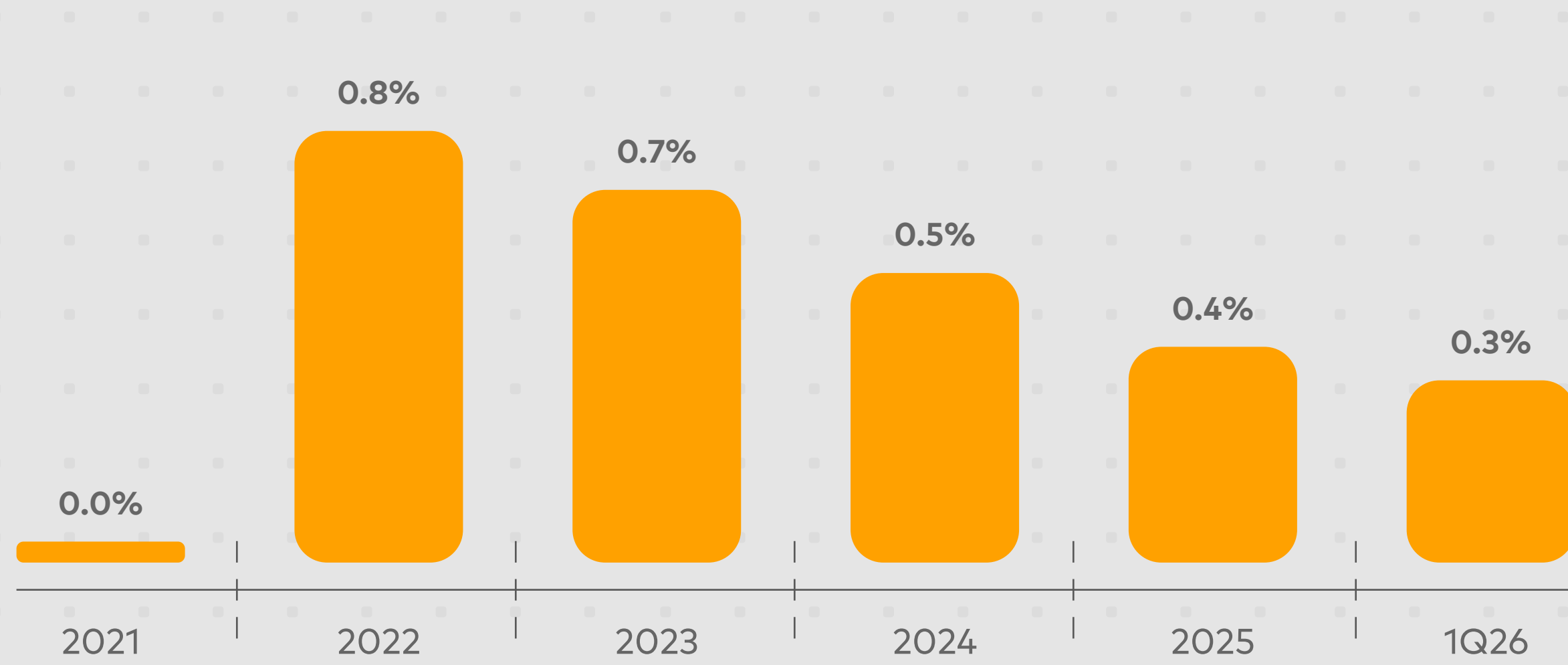
By banks and segments

Mar-26



Low-risk portfolio and favourable macro environment support a low cost of risk

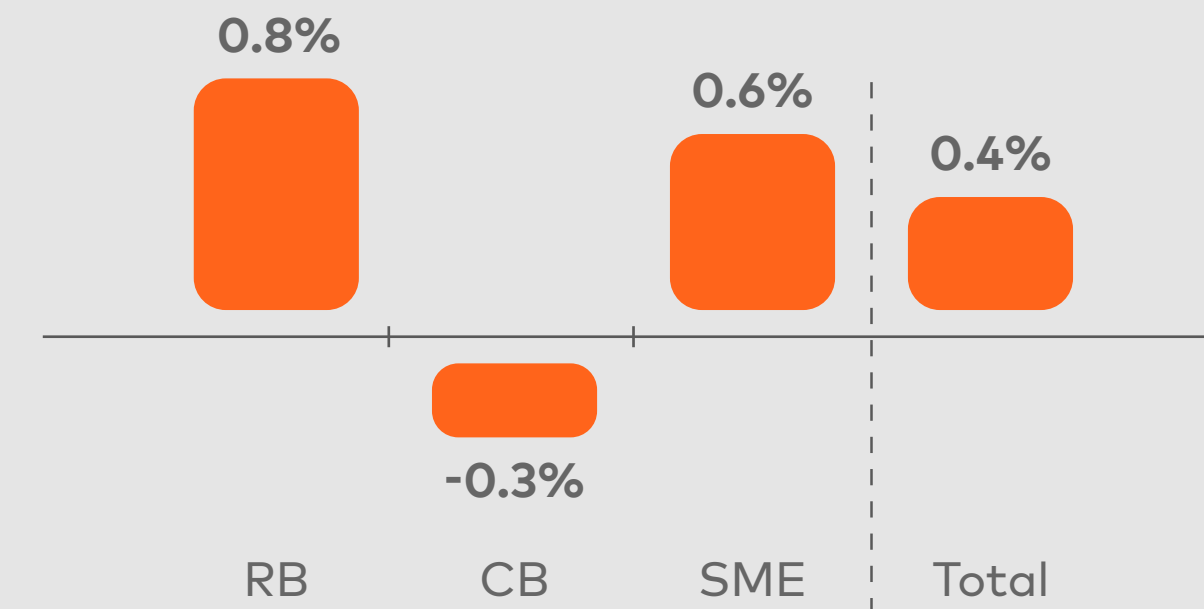
Group cost of credit risk



By banks and segments

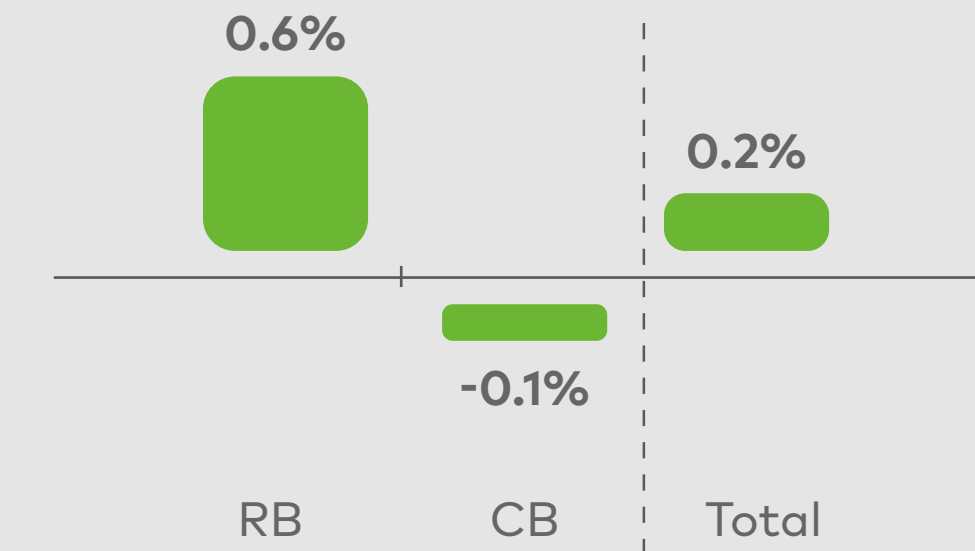
1Q26

Bank of Georgia



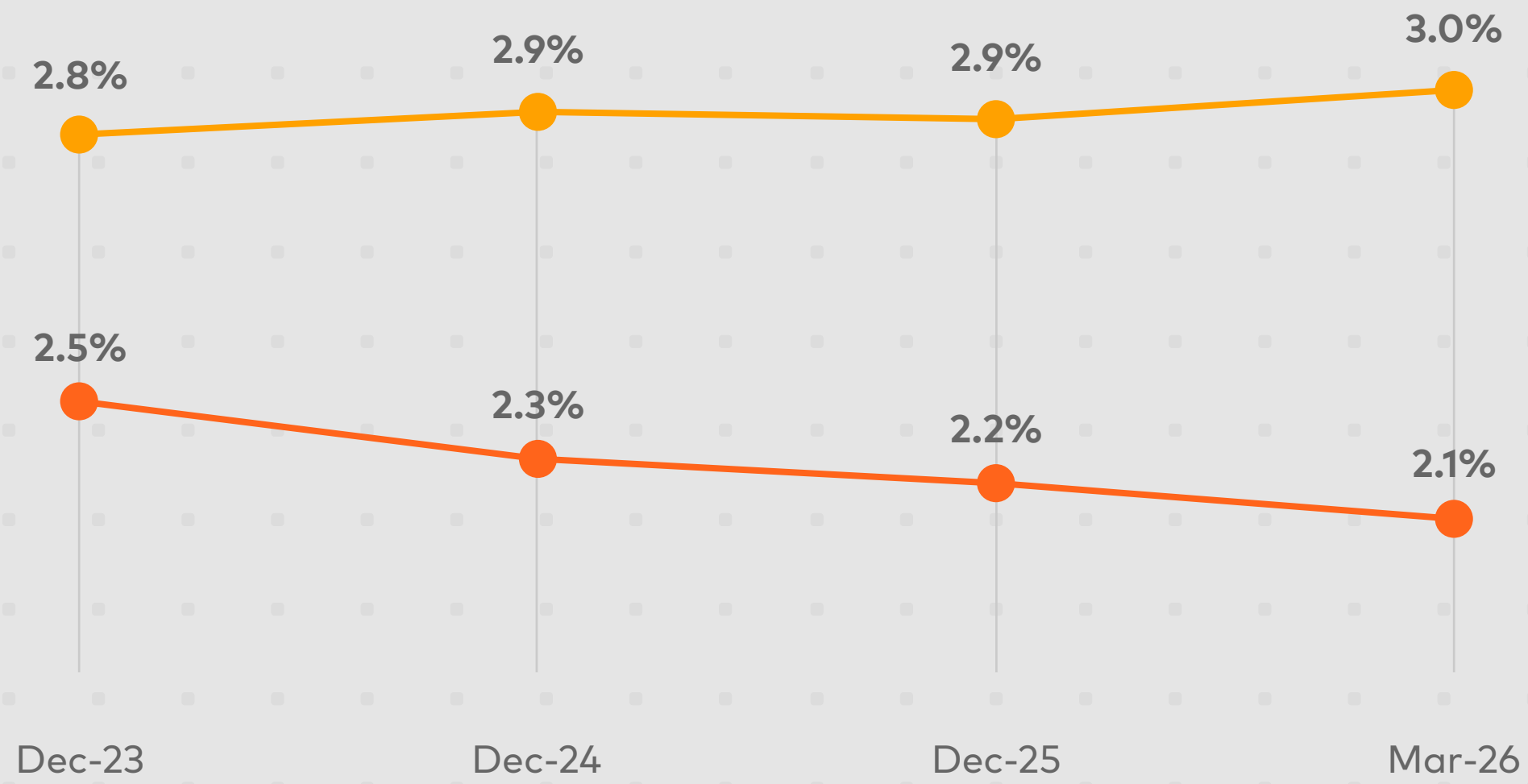
Ameriabank

SME business financed from Retail and CB segments



Robust risk performance relative to peers

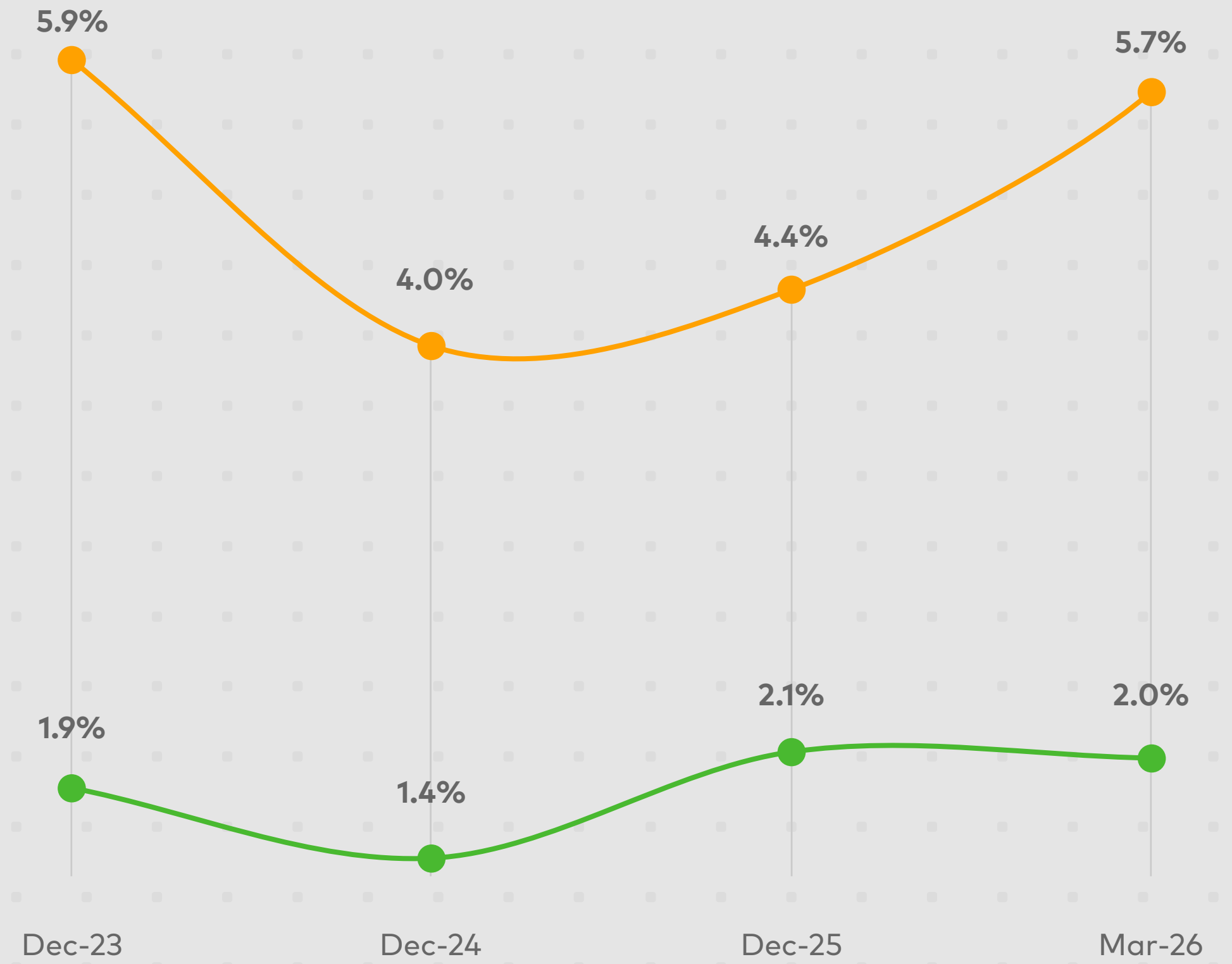
IFRS stage 3* ratio (NBG data)



Bank of Georgia Rest of the Georgian banking sector

*Includes POCI

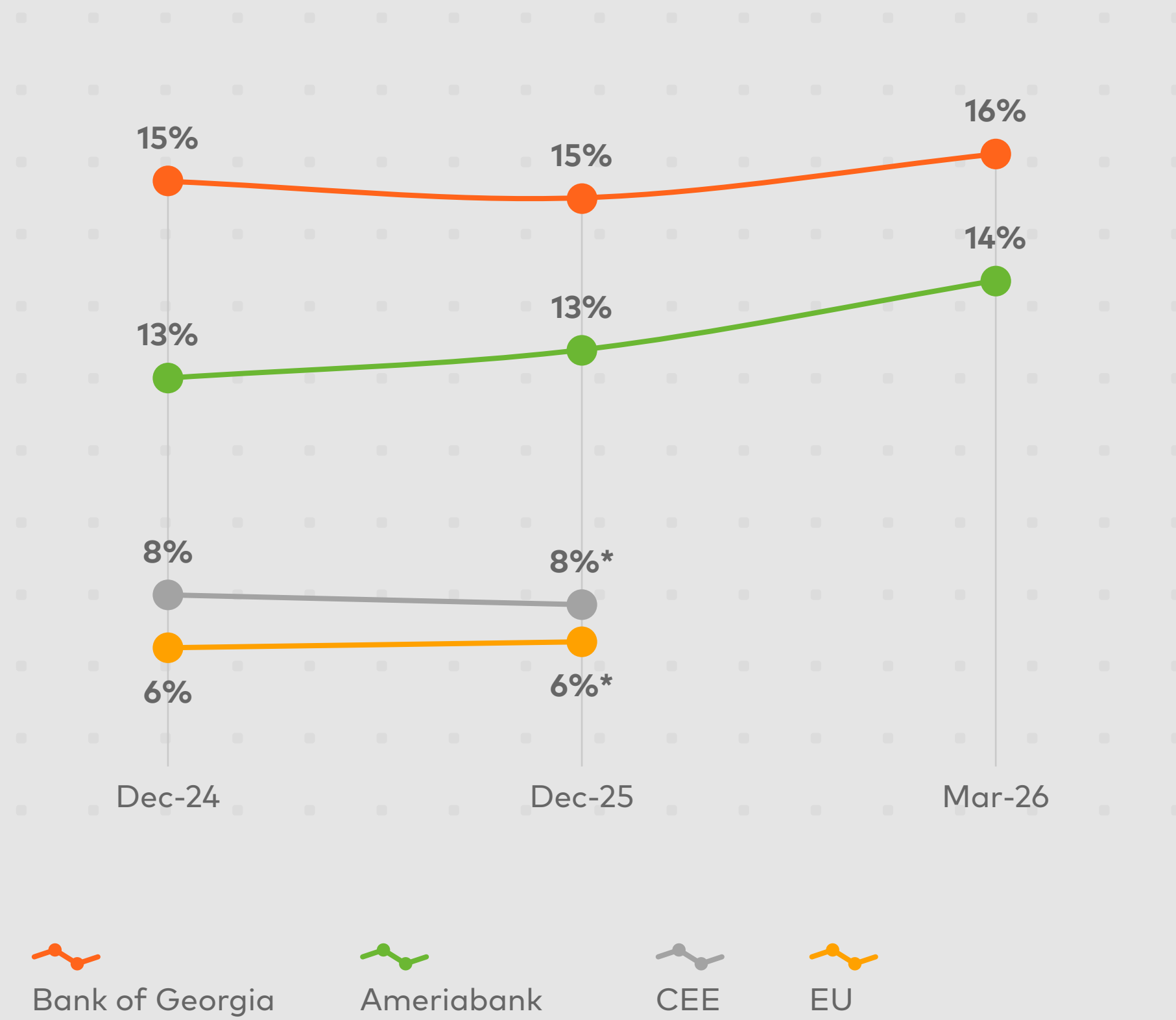
IFRS Stage 3 ratio (banks' public records)



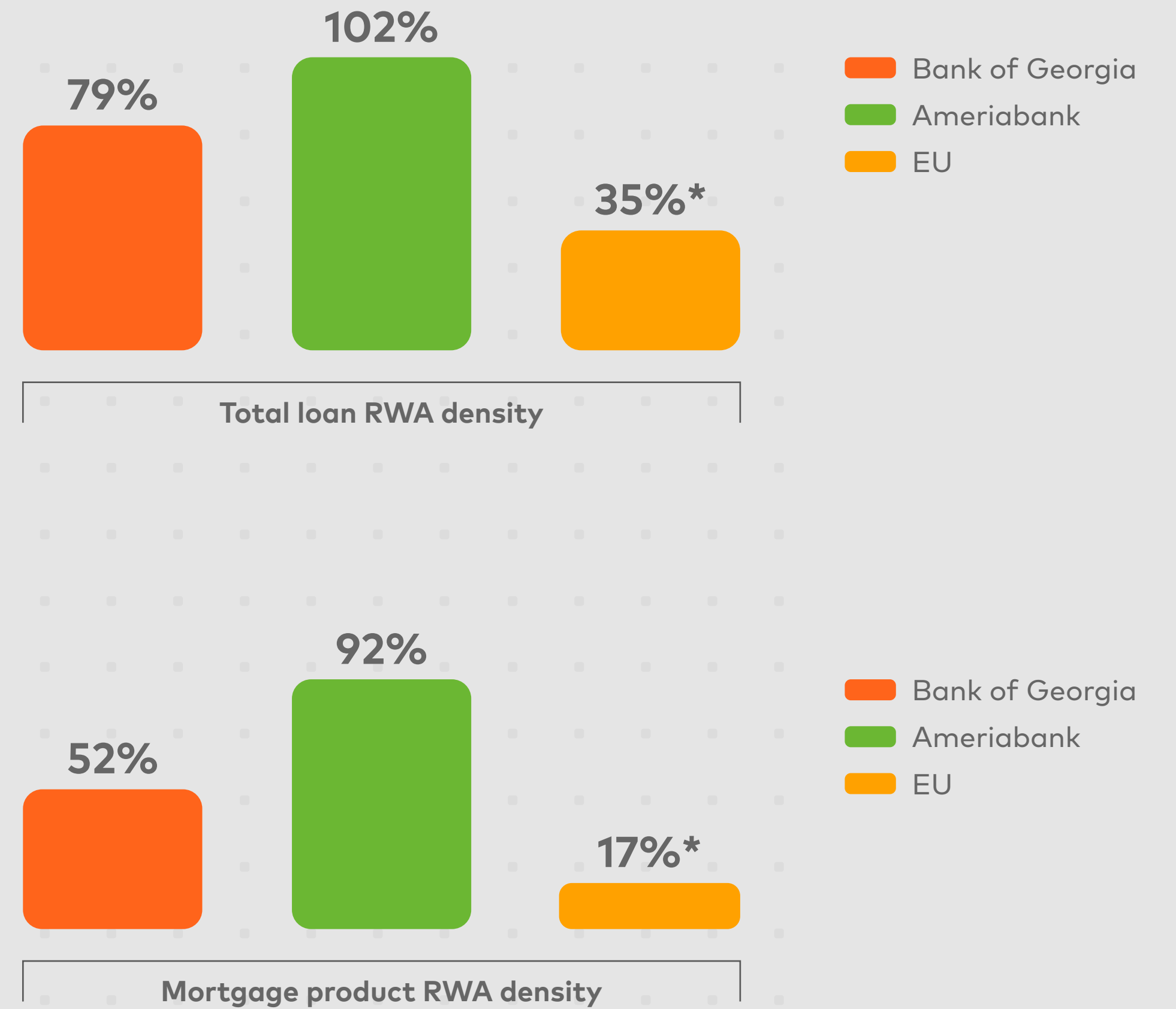
Ameriabank Rest of the Armenian banking sector

Solid capitalisation significantly exceeding peers across the region

Tier 1 capital to total assets (leverage ratio)

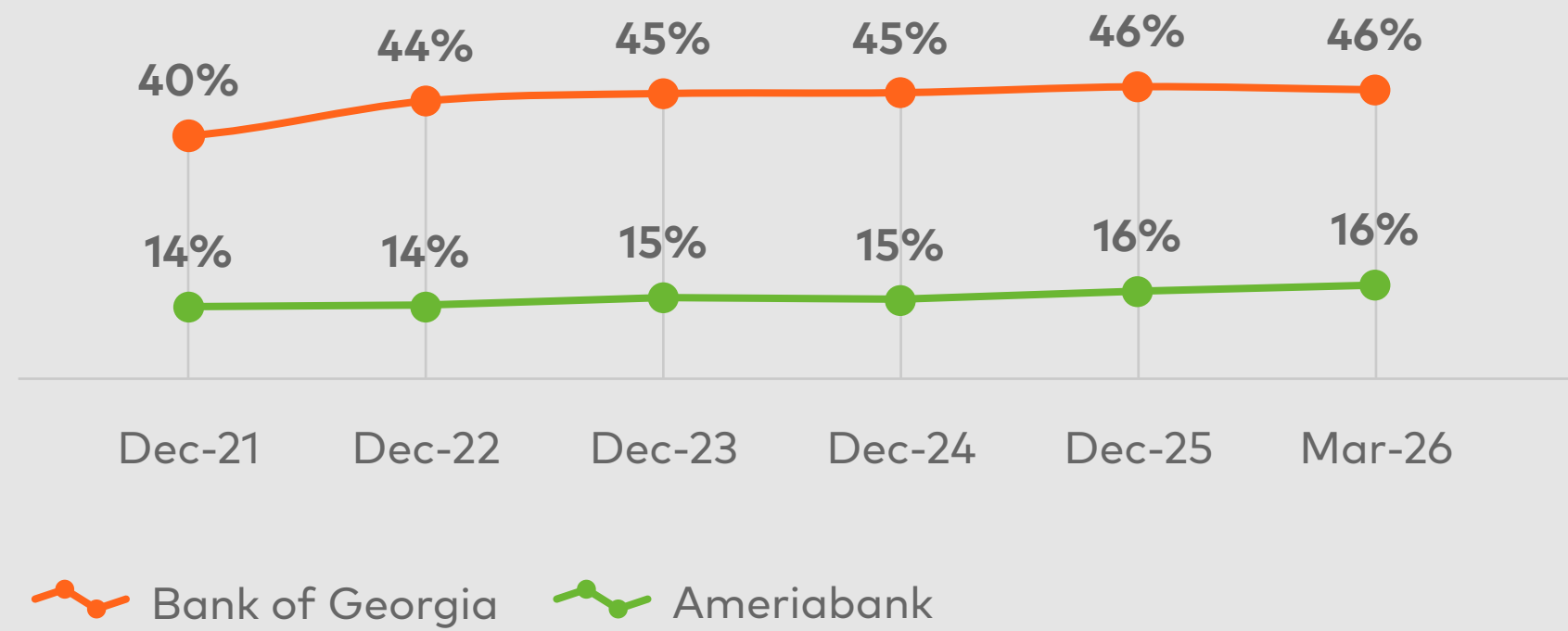


RWA density

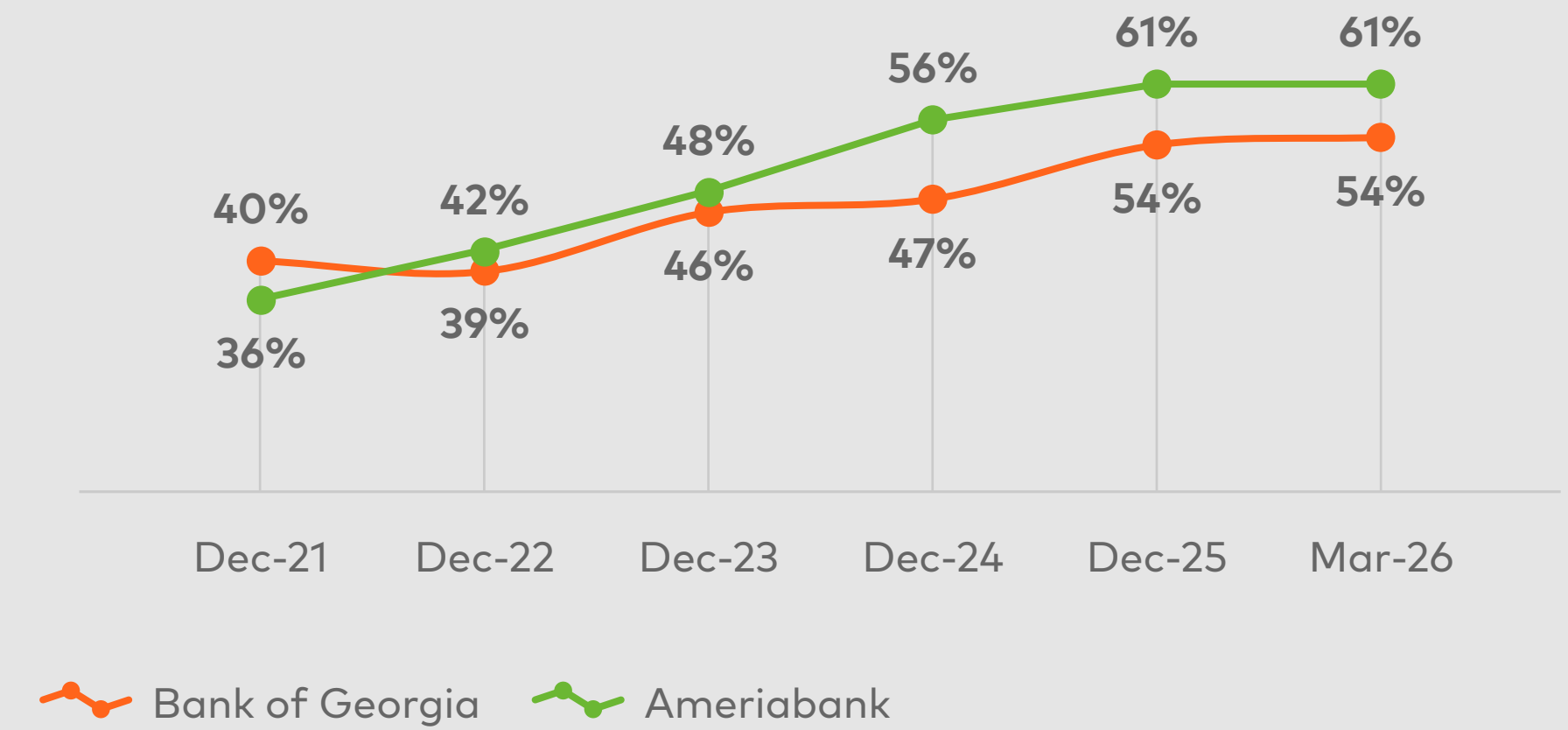


Stable liquidity and funding supported by a leading deposit franchise and DFI funding

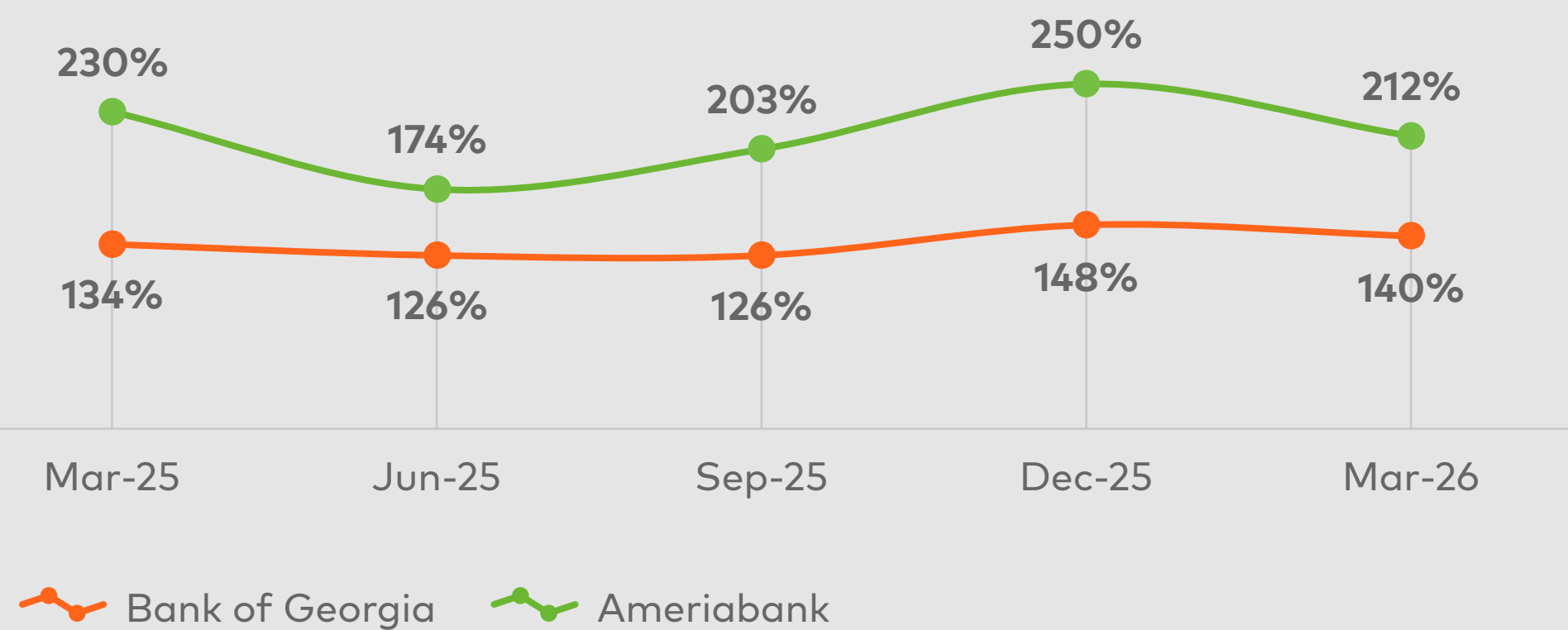
Retail deposit market share



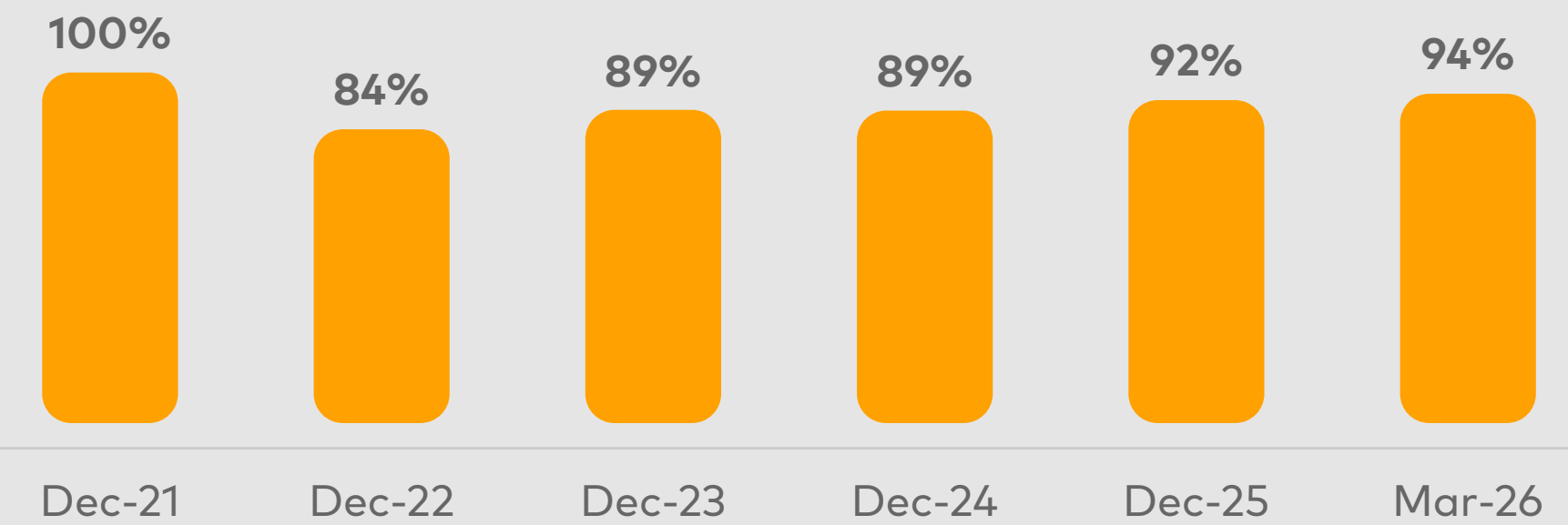
Deposit local currency share



Liquidity coverage ratio



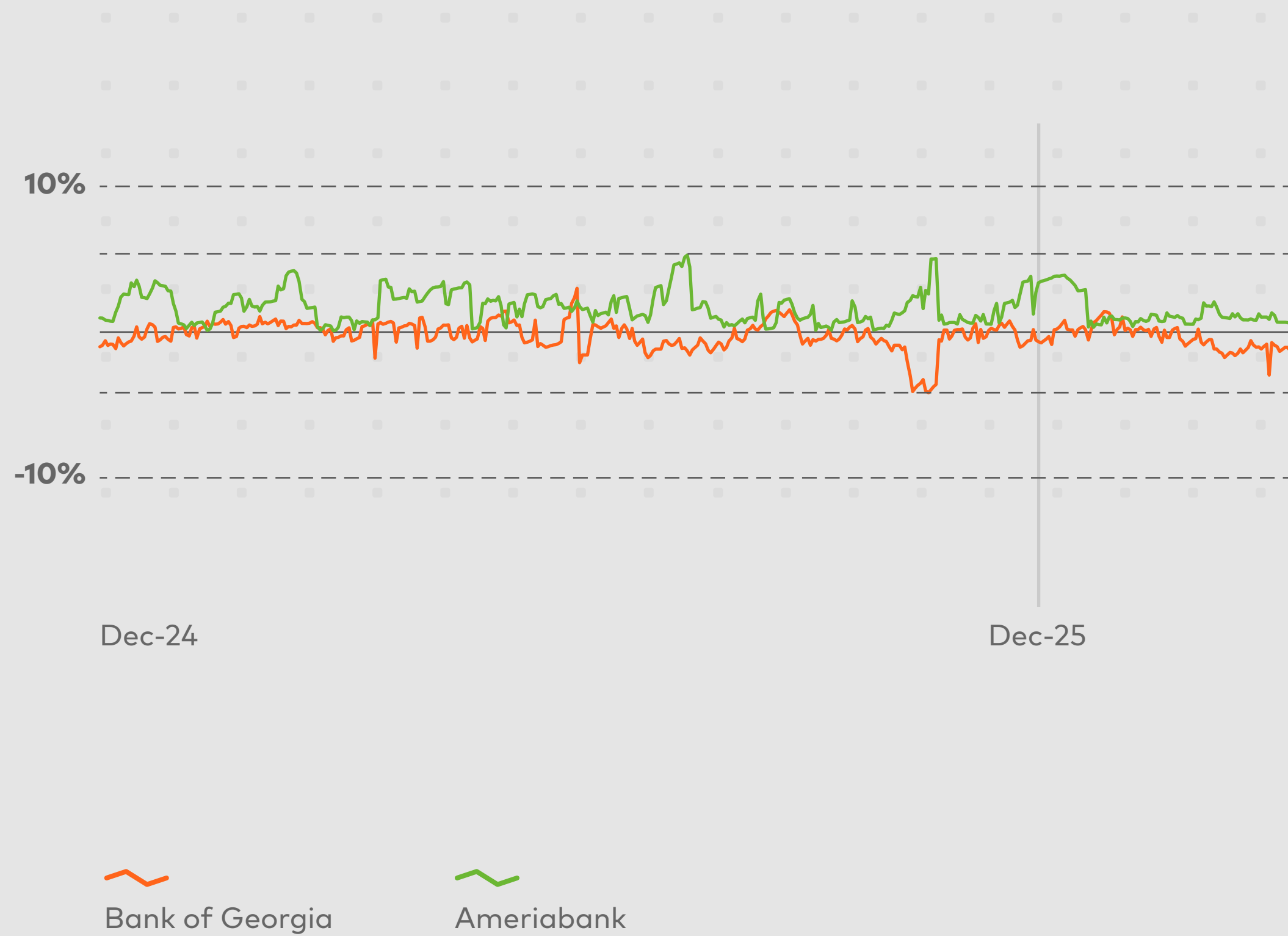
Loans to deposits and DFI funding



Conservative market risk appetite

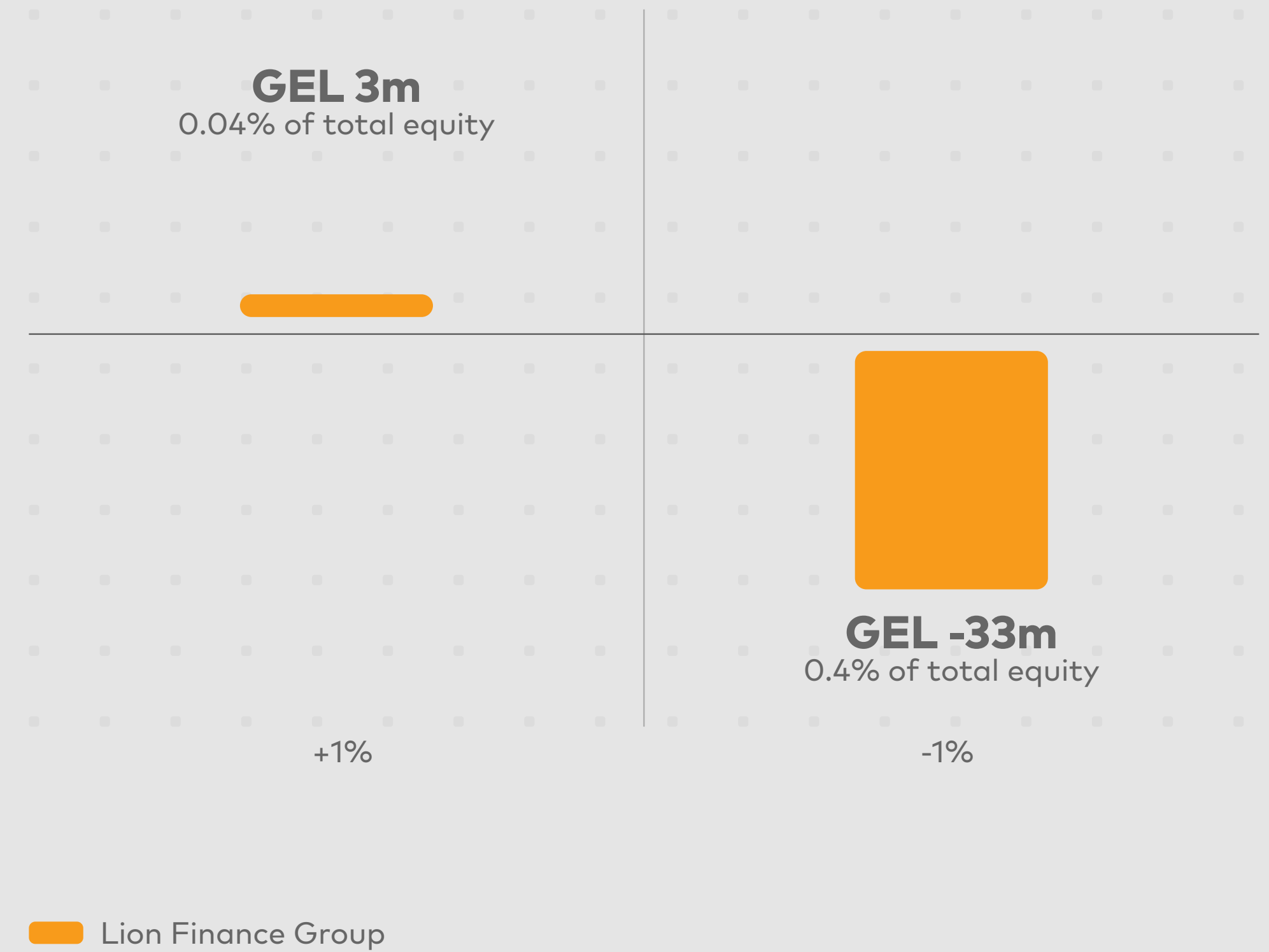
Open currency position on the balance sheet

% of regulatory capital



Interest rate change sensitivity on P&L and total equity

GEL million, % of total equity



Established automated credit decisioning drives efficiency and decision quality

Data

01

- Rich **proprietary dataset** – 4,000+ features
- **Data enriched by** leading daily banking network
- Centralised **data governance office** oversees data quality

70%

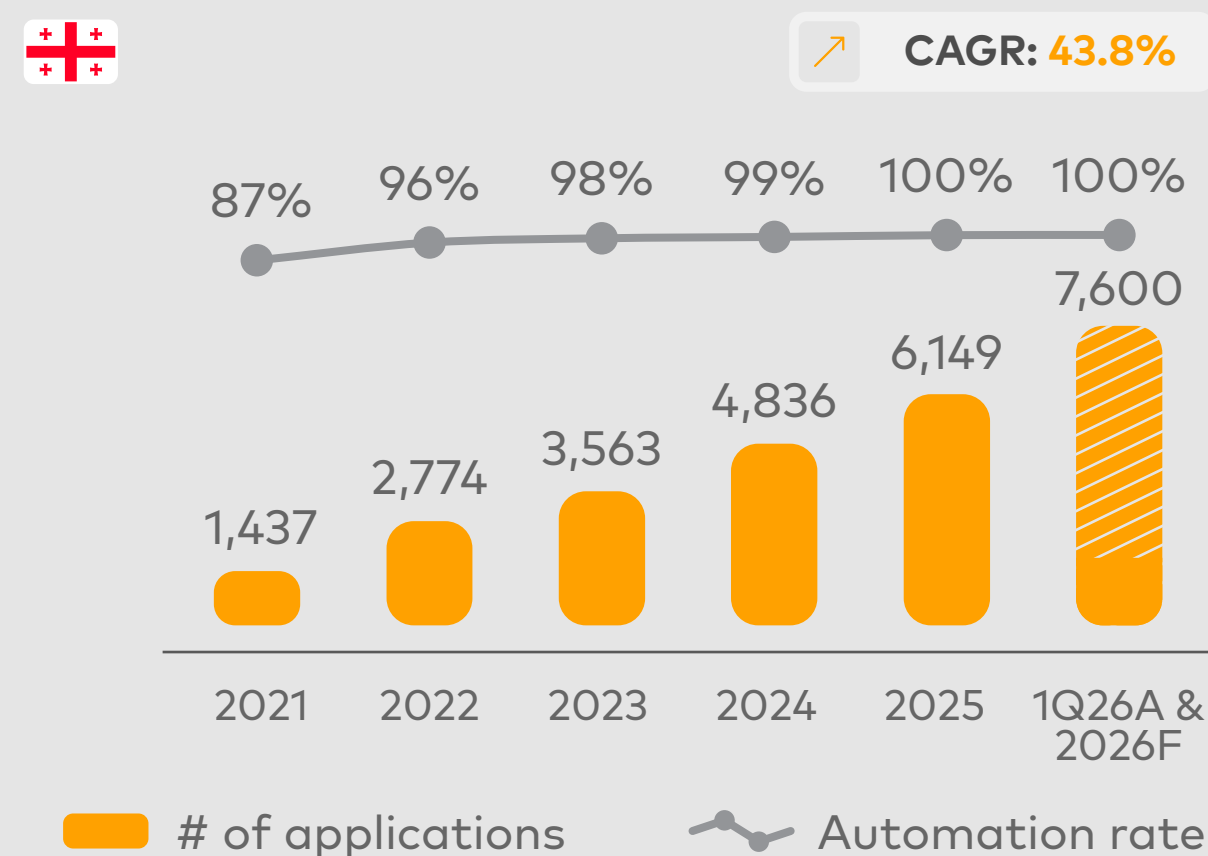
Average GINI of credit ML models

23%

CAGR in sales from 2021

Unsecured consumer

Thousands



Model technology

02

- Analytics **squad dedicated to risk models**
- Advanced **machine learning / AI** technology
- Risk and business impact **simulation tools**
- **Risk-based pricing**

60%

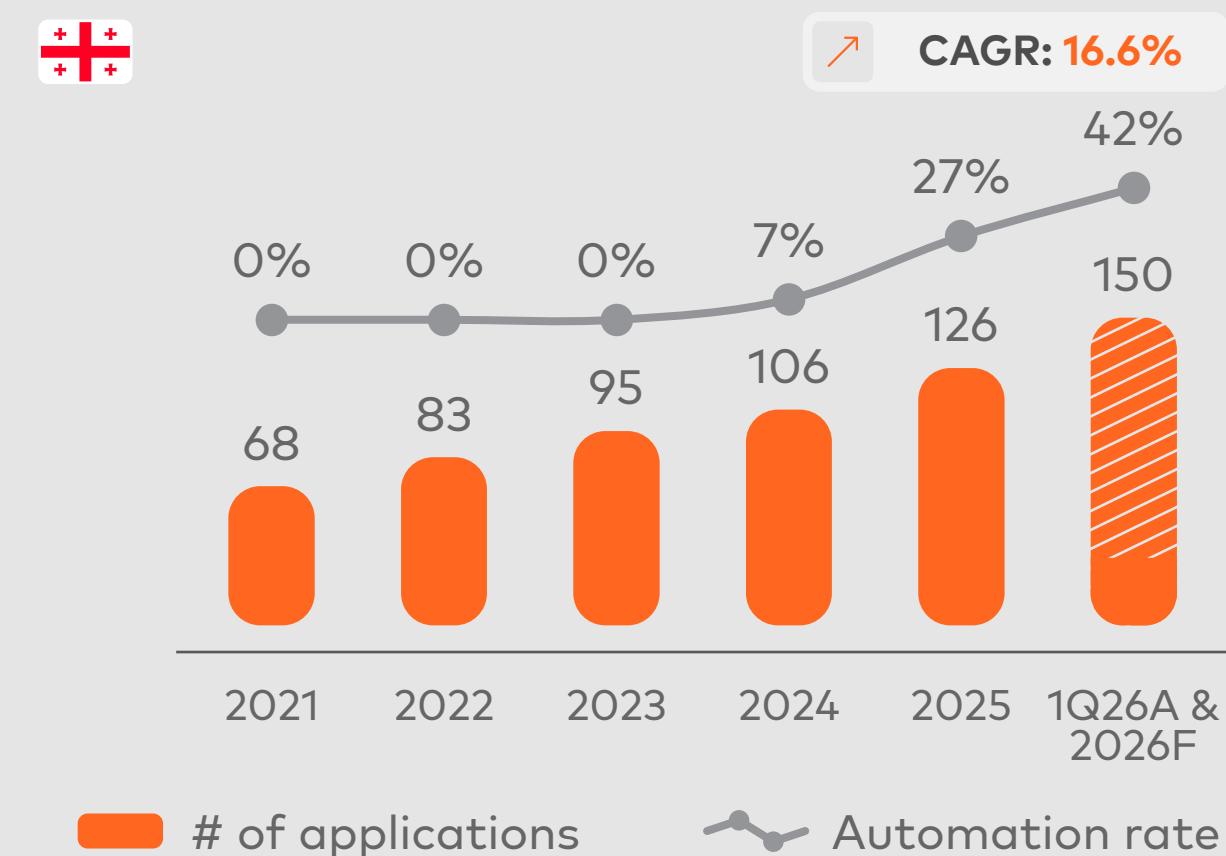
Decrease in credit fraud

40%

Decrease in overall risk cost

Mortgage and secured housing

Thousands



Governance and validation

03

- **3 lines of defence** for model risk management
- **Independent model validation unit** in the 2nd line
- **Monitoring** and calibration
- Risk-based **escalation** / C-level sign off

60%

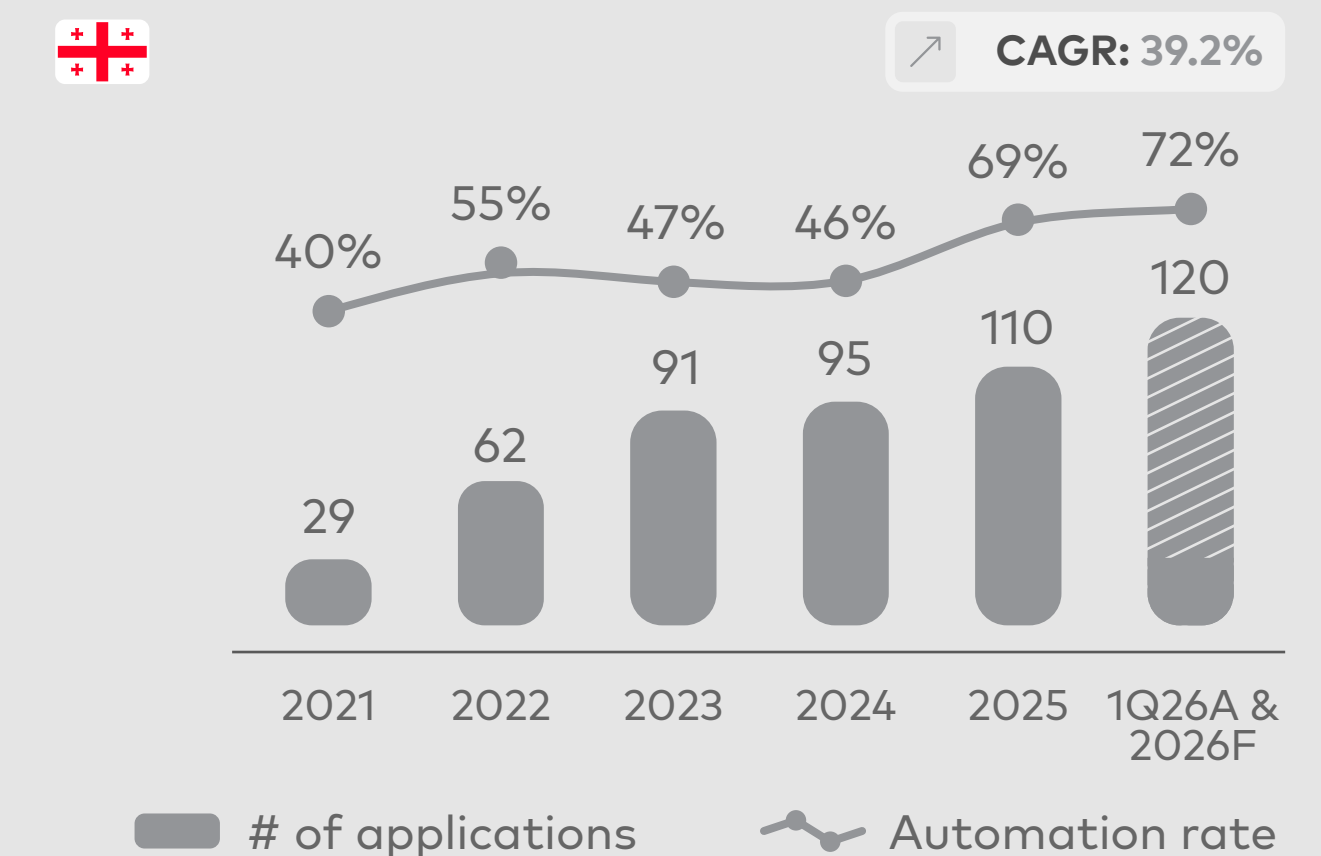
Decrease in 0 to 90 DPD roll rates

20%

Decrease in recovery cost

Micro self-employed

Thousands



Operational resilience capabilities to anticipate emerging threats and withstand disruption

Cyber security

01

- ISO 27001 certified
- Multi-layered cyber infrastructure
- Leading-edge cyber defence technologies
- 24/7 security operations center
- Red teaming and vulnerability management
- Phishing simulations and training

0

Data breaches

0

Successful cyber attacks



ICT management

05

- Robust and scalable ICT infrastructure
- Secure-by-design architecture
- Continuous uptime capabilities
- Structured and unstructured data governance
- Cloud ready

99.999% Critical systems uptime

Business continuity

02

- Organization-wide BIA coverage
- Scenario testing and recovery exercises w/target RTO/RPO
- Dynamically tailored BCP scenarios (war, local unrest, IT / data disaster, etc.)

98.5%

BCP testing success rate

100%

BCM coverage of critical business processes

Third party risk management

03

- Risk-based due diligence and onboarding
- Continuous monitoring of critical vendors
- Application of bank's resilience standards
- Exit and replacement strategies

100% Planned vendor risk assessments completed

Operational risk management

04

- Proactive risk and control monitoring systems and registry
- Advanced fraud prevention tools
- Loss-event database with root-cause analysis

90%+

Phishing fraud prevention rate

100+

Risk champions across Bank of Georgia

Robust AML and sanctions risk framework built for global standards

Framework & governance

- **Increased expertise**
Team scaled 3.5x (170 FTE) over four years to stay ahead of emerging risks
- **3 lines of defence**
Dedicated first-line specialists managing bank's high-risk jurisdictions
- **Stringent client acceptance**
Rigorous onboarding and transaction-monitoring standards applied across every relationship
- **Group-wide risk view**
unified standard consolidates risk oversight across the Group

Technology & monitoring

- **Next-gen transaction screening**
Advanced screening - sharper detection of risks with materially fewer false positives
- **AI-assisted due diligence**
In-house AI assistant supports analysts through due diligence and analytics
- **Dynamic client monitoring**
Bespoke detection scenarios, continuously tuned to emerging risks
- **OCR document analytics**
OCR analytics extend sanctions screening into trade and transaction documents

Stakeholder confidence

- **Strong regulatory standing**
Compliant with all relevant regulatory supervisory regimes
- **International partner trust**
Regular engagement with correspondent banks, DFIs, and various int'l policy and gov't agencies
- **Independent assurance**
Our framework earns the confidence of external reviewers
- **Favourable country AML rating**
Strong international AML/CFT compliance ratings

RISK MANAGEMENT IN SUMMARY

01

Banking sector continues derisking driven by prudent regulatory initiatives

02

Macroeconomic strength is contributing to de-leveraging and new investment

03

Resilience towards external shocks reflected in regular stress testing framework

04

Banks' best-in-class technological tools support accurate and efficient risk decisioning

05

Culture of prioritising operational resilience capabilities and emerging threat assessment

THANK YOU



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