# Directors’ Remuneration Policy – Bank of Georgia Group PLC

This Policy took effect from 17 May 2019 when it was approved by shareholders at the AGM, and has become formally effective for three years following that date.

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 and pension and benefit plans. After the Policy becomes effective after the 2019 AGM, the Group will amend the existing terms of the service contract of the Group’s sole Executive Director and CEO, Archil Gachechiladze, to incorporate the terms of the new Policy.

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

The Policy is UK Corporate Governance Code 2018 compliant, noting that the deferred share salary is neither a typical remuneration scheme nor a typical salary, and the discretionary deferred shares are released later than a typical cash bonus.

## Executive directors’ Remuneration Policy

The Policy provides for an Executive Director’s remuneration package to be comprised of the elements set forth below. For the avoidance of doubt, all references to Executive Directors refer to the Executive Directors of Bank of Georgia Group PLC, to cover the present Executive Director Archil Gachechiladze and any future Executive Directors of BOGG PLC while this Policy is in force. The compensation structure of the Executive Management Team (who serve on the Management Board of the Bank but who are not Executive Directors of BOGG PLC) is set by the Remuneration Committee and is modelled on the Policy but is not bound by it. The Remuneration Committee can set different vesting or other terms and conditions for some or all of the Executive Management Team as the Remuneration Committee thinks appropriate.

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

| Purpose and link to strategy | Operation | Opportunity |
|---|---|---|
| • To closely align the 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 fixed in his or her 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 awarded in the form of nil-cost options annually in respect of the work year, and 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 or the year after; and also it is subject to pro rata lapse in the event an incomplete year is worked.<br>• Deferred share salary in respect of a work year will vest over five years from the start of the year in which the salary is earned as follows: 25% will vest on each of the second, third, fourth and fifth anniversary 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) 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 sufficiently large pool from which to apply the extended malus and clawback provisions if necessary in the circumstances to do so. | • 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 his or her duties, skills and experience. In the event that another Executive Director is appointed, the value of his or her total salary and his or her 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 the discretion to change the split of total salary between the cash salary and the deferred share salary.<br><br>**Cash salary**<br>• The total amount payable to the current CEO and Executive Director, Mr Gachechiladze, is US$ 370,000 per annum.<br><br>**Deferred share salary**<br>• The total number of deferred share salary shares for Mr Gachechiladze is fixed at 75,000 per annum. |

### Performance-based remuneration – discretionary deferred shares

<table>
<tr><th>Purpose and link to strategy</th><th>Operation</th><th>Opportunity</th></tr>
<tr><td>
• In the context of overall Group performance, to motivate and reward an Executive Director in relation to his or her contribution to the achievement of the KPIs set for him or her 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.<br>
- Encourages long-term commitment to the Group.
</td><td>
• Performance-based remuneration is awarded annually entirely in the form of nil-cost options over shares which are subject to vesting (“discretionary deferred shares”). BOGG does not award cash bonuses to Executive Directors.<br>
• The Remuneration Committee will determine annually the number of shares to be awarded based on the Executive Director’s achievement of his/her 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 gauge of the Executive Director’s performance, the Remuneration Committee may decide to base its assessment on alternative measures. The Remuneration Committee also has the 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>
• Any discretionary deferred shares will normally be granted following the end of the work year, although the Remuneration Committee retains the discretion to determine the timing of the awards. Any discretionary deferred shares will vest 40% on the third and 60% on the fourth anniversary of the start of the work year (effectively over four years from the beginning of the work year).<br>
• Each tranche will be subject to a further holding period of two years.<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 start 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 non-tangible 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.
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• The maximum number of discretionary deferred shares that may be awarded in respect of the previous work year is capped at 100% of total salary (i.e. cash and deferred share salary), calculated as set out in the notes to this Policy table.
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### Pension

<table>
<tr><th>Purpose and link to strategy</th><th>Operation</th><th>Opportunity</th></tr>
<tr><td>
• 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.
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• Pension provision will be in line with Georgian pension legislation, which may change from time to time.<br>
• The most recent pension legislation that the Bank must comply with has been in effect since January 2019.<br>
• There is no provision for the recovery or withholding of pension payments.
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• In line with current Georgian legislation, the Executive Director and the Bank each contribute 2% of total remuneration from the Bank, 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 legislation or if mandated by any other applicable legislation.<br>
• The same arrangement applies to employees across the Group in Georgia.
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## 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 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 an 200% equivalent of total salary (i.e. cash and deferred share salary), 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 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 his or her role within the Group. By weighting salary towards a deferred share salary that vest 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 25% on each of the second, third, fourth and fifth anniversary from the start of the work year (i.e. over five years from the start of the work year).

The deferred share salary is neither a bonus nor an LTIP: it is salary fixed in an Executive Director's service agreement(s) and is therefore not subject to performance targets or measures. That salary increases or declines in value depending on Group performance over the five-year total vesting period, aligning the Executive Director's interests directly and naturally with those of shareholders. Under the new Policy, nil cost options for deferred share salary will be awarded towards the beginning of the work year rather than at the end as under the prior BGEO Group Plc's remuneration policy (although they will not vest in the work year to which they relate, nor in the year after, in accordance with the vesting schedule, and will lapse pro rata for any incomplete years worked as well as in other circumstances as further detailed below). The Group will amend the vesting schedule in the Executive Directors' service agreement(s) to reflect this, subject to the new Policy being approved at the 2019 AGM.

For 2019, deferred share salary will be awarded after the Policy becomes effective, but vesting will be adjusted as if it had been awarded in January 2019 and so 25% will vest in each January 2021, January 2022, January 2023 and January 2024.

## 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.

Instead, an Executive Director's individual and Group performance is rewarded through an annual award of discretionary deferred shares which will vest in two tranches: 40% on the third and 60% on the fourth anniversary of the start of the work year, and are subject to a further holding period of two years, so that there is a total maximum vesting and holding period of five years.

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 is equivalent to 100% of total salary (i.e. cash salary and deferred share salary). This maximum bonus opportunity is calculated as follows: (i) for the share salary element, the number of deferred salary shares; plus (ii) for the cash salary element, cash salary converted into a number of shares calculated using the most recent closing price at the time and date of the Remuneration Committee meeting at which the discretionary deferred share award is determined.

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

Performance measures are chosen to reflect strategic priorities for the Group and will be chosen by the Remuneration 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 Executive Management as a whole is determined annually by the Remuneration Committee in its absolute discretion, based on a number of factors including:

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

The Remuneration Committee does not utilise strict weighting of performance measures; this is in order to ensure that it has flexibility to adjust awards for example, if strategic objectives evolve or if business circumstances change during the year. The Remuneration Committee believes that this flexibility ensures that the Board can work with an Executive Director so that he or she does not take excessive risk to achieve KPIs. Even in a "good" year for an Executive Director (e.g. achievement of most of his or hers KPIs), if this coincides with a "bad" year for the Group (e.g. markets have turned), the Remuneration Committee has the 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 Remuneration Committee and disclosed retrospectively in the Remuneration Report following the year of the Remuneration Committee's determination.

## Malus and Clawback

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;
- significant financial losses, serious failure of risk management or serious damage to the reputation of BOGG or the Bank caused by misconduct or gross negligence (including inaction) of the Executive;
- material misstatement or material errors in the financial statements that relate to the area of responsibility of the Executive or can be attributed to action or inaction of the Executive's performance of their duties;
- deliberately misleading BOGG or the Bank in relation to financial performance;
- failure to continue to meet the fitness and properness criteria for an Executive of the Bank;
- material increase with respect to the required regulatory capital of the Bank that can be attributed to the action or inaction of the Executive;
- misconduct that contributed to the imposition of material regulatory or other similar sanctions; and
- payments based on erroneous or misleading data, for which malus and clawback apply to discretionary deferred remuneration for awarded for the year in question.

Provided that the Policy is approved by shareholders at the AGM 2019, the above provisions will form part of Mr Gachechiladze's service contract. The Group also intends to amend the Executive Equity Compensation Plan to reflect the above.

Clawback is for up to one year from vesting and for the Group's current Executive Director and CEO, Mr Gachechiladze, the Group also has unusually strong malus provisions where all unvested shares (including deferred share salary and 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 of deferred share salary and discretionary deferred shares. See the "Termination of the JSC Bank of Georgia service agreement" in the table on page 140.

## Discretion

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

## 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 Remuneration Committee considers:
(i) pay and employment conditions of senior management (including Executive 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 Executive Management and other employees in the executive remuneration structure.

Our employees' remuneration packages are comprised of cash salary, bonus opportunity and benefits. For Executive Management, the remuneration package is heavily weighted towards deferred shares in the form of nil-cost options which align remuneration of Executive Management with shareholder interest. All employees receive a competitive benefit package in line with Georgian market practice and all Georgian employees are entitled to participate in the national pension scheme on the same terms as applicable to Executive Directors. Other factors taken into consideration are competition in the market place, 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.

For a FTSE 250 company of our size and depth, our Executive Directors and senior management must have the skills, experience, work ethic and attitude required to successfully execute our strategy, meet our objectives and create value for shareholders over the long term. In order to recruit and retain this talent, we must benchmark the value of remuneration against other FTSE companies of similar size and sector listed in the UK.

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

The compensation structure of the Executive Management is set by the Remuneration Committee and is modelled on the Policy but the Remuneration Committee is not bound by it when setting the Executive Management's remuneration. The Remuneration Committee generally awards members of the Executive Management discretionary deferred shares as a bonus to ensure maximum alignment with shareholders and to help set the tone from the top.

## Equity Compensation Trusts and dilution limits

The Bank of Georgia Group operates two employee benefit trusts (EBT), 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.

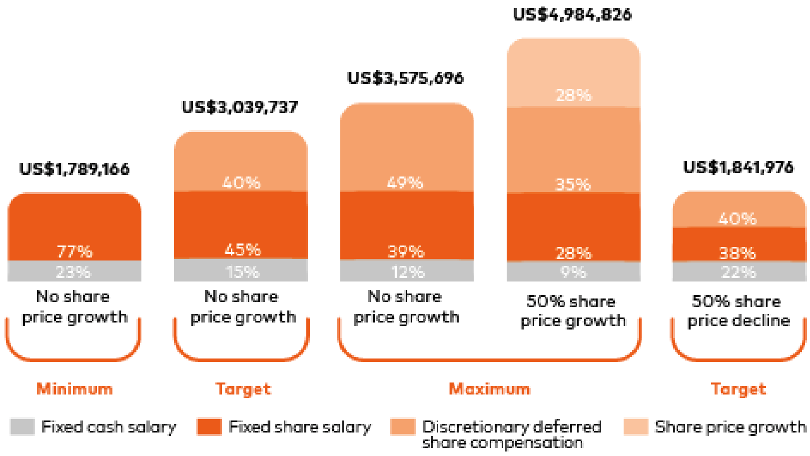
The Bank of Georgia Group has committed that new shares issued in satisfaction of share compensation from the time of the Company's listing on the premium segment of the LSE will not exceed 10% of Bank of Georgia Group's ordinary share capital over any ten-year period.

## Business expenses

Executive Directors are reimbursed for reasonable business expenses incurred in the course of carrying out duties under their service contract, on provision of valid receipts.

## Illustration of application of Remuneration 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 2019 under the proposed Policy at three different performance levels. The chart represents a full year's remuneration for illustration purposes.




*The 50% share price appreciation disclosure is made voluntarily by the Group (as performance measures are limited to one year) for investor information.*

Notes:

1. Salary is comprised of cash and deferred salary shares. Mr Gachechiladze's total cash salary in 2019 in respect of his service agreement with the Group would be US$ 370,000 (noting the chart represents a full year's salary for illustration purposes). The value of the deferred share salary payable would be US$ 1,381,500 calculated by reference to the closing share price of BOGG on 8 January 2019, the day before the Remuneration Committee meeting, being US$ 18.419 per share (the official share price of GBP 14.468 per share converted into Dollars using an exchange rate of 1.2731, being the official exchange rate published by the Bank of England on the same date). Deferred share salary in respect of 2019 will be formally granted following the 2019 AGM and will vest over five years from the start of the year in which it is earned as follows: 25% will vest in January 2021, 2022, 2023 and 2024. For the purpose of this graph, we have added the value of pension and benefits to cash salary.
2. 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 2019 will be formally granted in 2020 and will vest 40% in January 2022 and 60% in January 2023, and each tranche will be subject to a further two-year holding period following vesting.
3. Minimum opportunity reflects a scenario whereby Mr Gachechiladze receives only fixed remuneration which is salary (cash and deferred share salary), pension contributions and benefits and the Remuneration Committee considers that the Group's and/or Mr Gachechiladze's performance in 2019 does not warrant any award of discretionary deferred shares.
4. On-target opportunity reflects a scenario whereby Mr Gachechiladze receives fixed remuneration (as described in 3. above) and discretionary deferred shares with a value of US$ 1,226,050, being 70% of the maximum opportunity (as described in 5. below). In this scenario, the Remuneration Committee considers that the Group's and Mr Gachechiladze's performance in 2019 are in line with the Group's expectations.
5. Maximum opportunity reflects a scenario whereby Mr Gachechiladze receives fixed remuneration (as described in 3. above) and discretionary deferred shares with a value of US$ 1,751,500, 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 2019 warrant the highest possible level of discretionary deferred share remuneration.
6. The Group made a voluntary disclosure of 50% share price appreciation at the maximum opportunity for illustrative purposes. The calculations were based on the share price increasing from US$ 18.419 per share (the share price on 8 January 2019).
7. The Group made a disclosure of 50% share price depreciation at the on-target opportunity for illustrative purposes. The calculations were based on the share price decreasing from US$ 18.419 per share (the share price on 8 January 2019).
8. For long-term incentive awards, 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. Such disclosure is not required for short-term incentive awards, such as those made by the Group, where performance measures are limited to one year, nor is it required for salary compensation in the form of shares. The reason for this is that an increase in the value of the deferred shares resulting from share price appreciation in the period through to the vesting date is not considered to constitute remuneration for the purposes of the regulations. However, the Group has decided to voluntarily disclose information showing the value of a 50% increase in the share price for investor information.

## Policy on the appointment of external hires and internal appointments

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

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

- 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 it 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 the incoming Executive Director for any awards which were 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 will 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 and/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.

## Non-Executive Directors' Remuneration Policy

The table below sets out our Policy for the operation of Non-Executive Directors' fees and benefits at the Company. Each Non-Executive Director also serves as a member of the Supervisory Board of the Bank. It is proposed that, if the Policy is approved, the Non-Executive Director fees stated below will apply in each year that the Policy operates from the date of approval of the Policy.

| 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. | • 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, results of the annual review and other guidance. The fees may also be amended and varied if there are genuinely unforeseen and exceptional circumstances which necessitate such review and in such circumstances any significant increase shall be the minimum reasonably required. 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 Committee fees are payable to compensate for time spent discharging Bank duties and Committee duties.<br>• There is no remuneration in the form of deferred share salary or discretionary deferred shares, pension contributions, benefits 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. | • The maximum aggregate BOGG PLC fees for all Non-Executive Directors which may be paid under BOGG PLC's Articles of Association is GBP 750,000.<br>• A specific maximum has not been set for the individual base cash fee.<br>• The Senior Independent Non-Executive Director receives a higher base fee which reflects the extra time commitment and responsibility.<br>• The Chairman receives a fee which reflects 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. Mr Gachechiladze has a service agreement with an effective date of 28 January 2019 with BOGG 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 BOGG shall have immediate effect.

Mr Gachechiladze also has a service agreement with JSC Bank of Georgia with an effective date of 28 January 2019 for an employment term of five years which is terminable by the Company with immediate effect and by the Executive on not less than four months' notice.

Both documents are available for inspection by shareholders at BOGG's registered office.

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 Remuneration Committee may decide to pay some or all of the Executive Director's legal fees in relation to the termination. In all circumstances, the Remuneration Committee does not intend to reward failure and will make decisions based on the individual circumstances. The Remuneration Committee's objective is that any such agreements are determined on an individual basis and are in the best interests of the Company and 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 BOGG and the Bank respectively. The Remuneration Committee retains the discretion to apply different notice, termination and payment for loss of office provisions to incoming Executive Directors.

**(1) Termination of BOGG PLC service agreement**

Where the service agreement is to be terminated on notice, BOGG may put Mr Gachechiladze on garden leave and continue to pay his cash salary under the BOGG service contract provided that any accrued and unused holiday entitlement shall be deemed to be taken during the garden leave period. BOGG 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. BOGG 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 Bank service agreement**

| Termination reason | Separation payments | Vesting and lapse of awards |
|---|---|---|
| Termination by the Bank for cause. | Accrued but not yet paid: salary, dividends (or equivalent amounts), benefits and expenses. | Any unvested awarded deferred share salary and 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 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 deferred share salary and 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 of the Bank without Cause. | Any unvested awarded deferred share salary and discretionary deferred shares shall vest immediately. |
| Termination by the Chief Executive Officer without good reason. | Upon serving four months written notice, as per termination of the Company for Cause. | Any unvested awarded deferred share salary and discretionary deferred shares as at the date when the Executive ceases to be an Executive Director shall lapse (unless the Remuneration Committee determines otherwise). |

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 share salary and discretionary deferred shares shall vest immediately (subject to 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 the Executive Director terminates due to injury, disability, redundancy or retirement, unvested deferred share salary and 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).

**(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 him/herself 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.

## Consideration of shareholder views

The Remuneration Committee is committed to an open and transparent dialogue with its shareholders on all aspects of remuneration. The Remuneration Committee seeks to regularly and actively engage with shareholders and shareholder representative bodies, seeking views which will be considered when making decisions about the remuneration framework. The Remuneration Committee consulted its major shareholders on the proposed Policy with letters, follow- up-calls and the offer of face-to-face meetings in early 2019. The Remuneration Committee is grateful for the feedback and the time taken to consider the Remuneration Committee's proposals.