BB Insurance JSC

International Financial Reporting Standards
Financial Statements and
Independent Auditor’s Report
For the Year Ended December 31, 2024

BB Insurance JSC

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BB Insurance JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Management of BB Insurance JSC is responsible for the preparation of the financial statements that present fairly the financial position of BB Insurance JSC (hereinafter – the "Company") as at 31 December 2024, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies and notes to the financial statements in compliance with International Financial Reporting Standards ("IFRS").

In preparing the Company's financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.
- Disclosing the information in the management report as required by the Law of Georgia on Accounting, Reporting and Auditing; and
- Preparation of the management report in a manner consistent with the financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of Georgia;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended 31 December 2024 were approved by the Management Board of the Company on 2 May 2025.

On behalf of the Management Board:

Konstantine Sulamanidze	**Vano Bagoshvili**
CEO	**CFO**
Tbilisi, Georgia	Tbilisi, Georgia

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On behalf of the Management Board:

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Konstantine Sulamanidze	**Vano Bagoshvili**
CEO	**CFO**
Tbilisi, Georgia	Tbilisi, Georgia

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Management of JSC BB Insurance

Opinion

We have audited the financial statements of JSC BB Insurance (hereinafter - the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"*) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to Note 7 to the financial statements which describes the restatement of corresponding figures for the year ended 31 December 2023. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management Report prepared in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing ("the Law").

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the Management Report in accordance with the Law, and for such internal control as management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

We performed procedures with respect to whether the management report is prepared in accordance with the requirements of the Law and includes the information required by the Law.

We have read the Management Report and based on the work done we have concluded that:

- The information given in the Management Report for the year ended 31 December 2024 is materially consistent with the financial statements for the year ended 31 December 2024, or with our knowledge obtained in the audit; and
- The Management Report includes the Information required by Article 7 of the Law of Georgia on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.

Jamal Hasanov (Reg. # SARAS-A-844170)
Engagement Partner

On Behalf of Deloitte & Touche LLC (Reg. # SARAS-F-107265)

2 May 2025
Tbilisi, Georgia

BB Insurance JSC

Statement of Financial Position
As at 31 December 2024

In Georgian Lari	Note	31 December 2024	31December 2023 (restated)*
ASSETS			
Cash and cash equivalents	8	553,297	1,355,459
Deposits with Banks	9	21,232,133	16,753,880
Investment in debt securities	10	929,188	301,782
Insurance contract assets	11	82,040	-
Reinsurance contract assets	12	964,353	74,546,437
Investment Property	13	1,248,958	1,349,798
Property, equipment, and intangible assets	14	46,652	74,680
Other Assets	15	519,191	301,870
TOTAL ASSETS:		**25,575,812**	**94,683,906**
LIABILITIES			
Insurance contract liabilities	11	2,037,576	76,321,780
Reinsurance contract liability	12	344,912	-
Other financial liabilities	16	570,963	606,466
Other liabilities	17	719,948	461,261
TOTAL LIABILITIES:		**3,673,399**	**77,389,507**
EQUITY			
Share capital	18	6,000,000	6,000,000
Retained earnings		15,902,413	11,294,399
TOTAL EQUITY:		**21,902,413**	**17,294,399**
TOTAL LIABILITIES & EQUITY		**25,575,812**	**94,683,906**

*Details of the restatements are discussed in Note 7

Approved for issue and signed on behalf of the Management Board on 2 May 2025.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-49 form an integral part of these financial statements.

BB Insurance JSC

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Vano Bagoshvili
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BB Insurance JSC

Statement of Profit or Loss and Other Comprehensive Income
As at 31 December 2024

In Georgian Lari	Note	2024	2023 (restated)*
Insurance revenue	19	25,683,410	18,813,399
Insurance service expense	20	(43,467,630)	(111,923,418)
Result from reinsurance contracts held	21	22,954,031	97,808,859
Insurance service result		**5,169,811**	**4,698,840**
Interest revenue calculated using the effective interest method	22	2,453,239	2,022,820
Impairment loss on financial assets		-	(28,936)
Net foreign exchange gain/(loss)		33,132	7,796
Total investment income		**2,486,371**	**2,001,680**
Salaries & other employee benefits	23	(2,075,662)	(1,539,366)
General and administrative expenses	24	(786,960)	(712,735)
Other operating expenses, net	25	(185,546)	(334,276)
Profit before tax		**4,608,014**	**4,114,143**
Income tax expense	26	-	(576,939)
Profit for the year		**4,608,014**	**3,537,204**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,608,014**	**3,537,204**

*Details of the restatements are discussedin Note 7

Approved for issue and signed on behalf of the Management Board on 2 May 2025.

Konstantine Sulamanidze
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Tbilisi, Georgia

Vano Bagoshvili
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Tbilisi, Georgia

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Statement of Cash Flows
for the Year Ended 31 December 2024

In Georgian Lari	2024	2023
Cash flows from operating activities		
Insurance premium received	18,615,824	9,920,062
Reinsurance premium paid	(10,073,454)	(2,686,315)
Net insurance premium received	**8,542,370**	**7,233,747**
Commission received from reinsurers	315,133	929,460
Cash received from subrogation and recoveries	176,207	225,829
Reinsurance received from claims paid	262,499	1,084,905
Interest received on bank current accounts	90,130	73,633
Insurance claims paid	(3,720,684)	(3,207,951)
Salaries and benefits paid	(2,128,341)	(1,871,562)
Agent fee paid	(553,895)	(590,414)
Cash paid to other suppliers of goods and services	(141,220)	(136,435)
Other operating expenses paid	(716,362)	(446,840)
Net cash flows from operating activities before income tax	**2,125,837**	**3,294,372**
Income tax paid	(220,018)	(569,281)
Net cash flows from operating activities	**1,905,819**	**2,725,091**
Cash flows used in investing activities		
Placement on bank deposits	(10,577,714)	(16,050,000)
Withdrawal of bank deposits	7,200,000	12,448,224
Interest received	1,193,373	1,802,298
Investment in assets held to maturity	(600,000)	-
Acquisition of property and equipment and intangible assets	-	(31,484)
Disposal of investment property	68,282	35,148
Net cash flows used in investing activities	**(2,716,059)**	**(1,795,814)**
Effect of exchange rates changes on cash and cash equivalents	8,169	(3,490)
Net increase/(decrease) in cash and cash equivalents	**(802,071)**	**925,787**
Cash and cash equivalents at the beginning of the year	**1,356,090**	**430,303**
Cash and cash equivalents at the end of the year	**554,019**	**1,356,090**

During the years ended 31 December 2024 and 31 December 2023, the Company performed the following non-cash transactions. These non-cash transactions were excluded from the statement of cash flows and presented separately below:

In Georgian Lari	2024	2023
Promissory note was exchanged to another promissory note of the same issuer	300,000	300,000

Approved for issue and signed on behalf of the Management Board on 2 May 2025.

Konstantine Sulamanidze	**Vano Bagoshvili**
CEO	**CFO**
Tbilisi, Georgia	*Tbilisi, Georgia*

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Konstantine Sulamanidze
CEO
Tbilisi, Georgia

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Vano Bagoshvili
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BB Insurance JSC

Statement of Changes in Equity
for the Year Ended 31 December 2024

Georgian Lari	Share Capital	Retained Earnings	Total Equity
Balance as at 1 January 2023	**6,000,000**	**7,757,195**	**13,757,195**
profit for 2023 (previously reported)	-	3,095,912	3,095,912
Balance as at 31 December 2023 (previously reported)	**6,000,000**	**10,853,107**	**16,853,107**
Profit Impact of the restatement	-	441,292	441,292
Balance as at 31 December 2023 (restated)*	**6,000,000**	**11,294,399**	**17,294,399**
Profit for 2024	-	4,608,014	4,608,014
Balance as at 31 December 2024	**6,000,000**	**15,902,413**	**21,902,413**

*Details of the restatements are discussedin Note 7

Approved for issue and signed on behalf of the Management Board on 2 May 2025.

Konstantine Sulamanidze
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Tbilisi, Georgia

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BB Insurance JSC

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Tbilisi, Georgia

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Tbilisi, Georgia

The notes set out on pages 9-49 form an integral part of these financial statements.

1. Introduction

JSC BB Insurance (hereinafter - the “Company”) was incorporated on 11 December 2017 and is domiciled in Georgia, registered at Revenue Service of Georgia, Tax code 406232214. The Company’s registered address is 1, Ketevan Tsamebuli Avenue, Tbilisi 0103, Georgia. The Company is a joint stock company limited by shares and was set up in accordance with Georgian regulations.

As of 31 December 2024, and 2023, the Company’s immediate parent is JSC “BasisBank”, incorporated in Georgia under the banking licence issued by the National Bank of Georgia (“NBG”) in 1993. JSC BasisBank owns three principal subsidiaries: JSC BB Insurance, JSC BB Leasing and Basis Asset Management Holding LLC with 100% share in each - together referred to as “the Group”.

As of 31 December 2024, and 2023, ultimate shareholders of the Company were Xinjiang Hualing Industry & Trade (Group) Co Ltd incorporated in People’s Republic of China (2024: 91.891% and 2023: 91.548%), Mr. Mi Zaiqi (2024: 6.144.% and 2023: 6.461%) and other minority shareholders (2024: 1.965% and 2023: 1.991%).

As of December 31, 2024, the ultimate beneficiaries were Mr. Mi Zaiqi (directly and indirectly owning 56.266% of shares) and Mi Enhua (with 41.752% of shares) through Xinjiang Hualing Industry & Trade (Group) Co Ltd.

The details of ownership structure of Ownership in Xinjiang Hualing Industry & Trade (Group) Co Ltd is as give below:

	% of ownership interest held as of 31 December 2024
Shareholders	Ownership in Xinjiang Hualing Industry & Trade (Group) Co
Hualing Group Investment Holding (xinjiang) Co. (100% owned by Mi Zaiqi)	54.545%
Mi Enhua	45.436%
Other minority shareholder	0.018%
Total	**100.00%**

The Company’s principal business activity is insurance business operations within Georgia. The Company has a life and non-life licenses issued by the Insurance State Supervision Service of Georgia on 27 December 2017.

2. Operating environment

The Company carries out its operations in Georgia. Consequently, the Company is exposed to the changes in economic and business environment and challenges prevailing on the Georgian financial market, which displays the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, that positively affect the overall investment climate of the country and mitigate risks of doing business in Georgia. These financial statements reflect the management’s assessment of the impact of the Georgian business environment on the operations and the financial position of the Company. The future business environment may differ from the management’s assessment.

Following 7.8% real GDP growth in 2023, Georgia reached 9.4% real GDP growth in 2024, according to preliminary estimates. Georgia macroeconomic indicators remain strong, supported by strong government and fiscal policies, increased consumption, and strong financial sector. IMF estimates growth of 6.0% in 2025.

Geopolitical risks with regards to Russia remain high. The invasion of Ukraine remains a significant factor in shaping the Europe and Central Asia regional outlook. The global environment is highly uncertain, and the outlook is subject to significant downside risks.

In Georgia, political and social polarization sharply increased after parliamentary elections in October 2024. However, despite political tensions, economic growth remains robust. Strong services sector performance (notably tourism and information and communications technology), construction as well as strong exports were key drivers of solid economic growth for Georgia, which proved its resilience to multiple shocks.

NBG’s prudent approach to monetary policy, has helped maintaining low and stable inflation in the country, below the target level of 3% and is expected to remain at this level in 2025. NBG followed gradual exit from tight monetary policy in 2024 and decreased the Monetary Policy Rate from 9.5% to 8% and remains prudent to maintain a gradual pace of monetary policy normalization.

The overall market condition and stability ensure the sector’s growth. Despite GWP steady growth over the decade the Insurance markets penetration remains small but intended changes in legislation and raising awareness among population and businesses stimulate and supports the growth of the market.

3. Material Accounting Policy Information

Basis of preparation.

These financial statements of the Company (hereafter the “Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of premises. The principal accounting policies applied in the preparation of these financial statements are set out below.

Going concern.

These financial statements have been prepared assuming that the Company is a going concern and will continue operation for the foreseeable future. Management has, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Functional and Presentation currency.

The national currency of Georgia is the Georgian Lari (“GEL”), which is the Company’s functional currency and the currency in which these separate financial statements are presented, unless otherwise stated.

Foreign currency transactions.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates determined by National Bank of Georgia at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest, impairment and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognized in profit or loss.

Insurance contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company is adopting the full retrospective approach on transition to IFRS 17 using the Premium Allocation Approach ("PAA").

Insurance and reinsurance contracts classification. Insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Reinsurance contract is an insurance contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts). The Company has reinsurance treaties and other reinsurance contracts that transfer significant insurance risk. The Company cedes insurance risk by reinsurance in the normal course of business.

Insurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts. The Company assesses its insurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's contracts do not include any distinct components that require separation.

(ii) Level of aggregation. IFRS 17 requires that a level of aggregation is determined for applying its requirements. The level of aggregation is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. IFRS 17 also requires that no group, for aggregation purposes, may contain contracts issued more than one year apart. Groups are divided according to underwriting year (annual cohorts). Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any); and
- a group of the remaining contracts in the portfolio.

(iii) Recognition. The Company recognizes groups of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and
- for a group of onerous contracts, when facts and circumstances indicate that the group is onerous.

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- the beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held at or before that date.

(iv) Contract boundary. The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

(v) Measurement – Premium Allocation Approach ("PAA"). The Company applies the PAA to all the insurance contracts that it issues and apply it to reinsurance contracts that it holds, as:

- the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- for contracts longer than one year, when the Company reasonably expects that the measurement of the liability for remaining coverage (LFRC) for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced by applying the General Measurement Model (GMM). During the reporting and comparative periods, the Company has no contracts with a duration exceeding one year.

Insurance contracts – initial measurement. For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining Coverage (LFRC) as the premiums, if any, received at initial recognition.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for any such onerous group depicting the losses recognized.

Reinsurance contracts held – initial measurement. The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Insurance contracts – subsequent measurement. The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as:

- the liability for remaining coverage at the beginning of the period; plus
- premiums received in the period; minus
- the amount recognized as insurance revenue for the services provided in the period.

The Company does not adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk if, at initial recognition, the entity expects that the time between providing each part of the services and the related premium due date is no more than a year.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows; they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims, excluding those that are expected to be paid within one year of being incurred. The Company does not adjust future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

Reinsurance contracts held – subsequent measurement. The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Insurance acquisition cash flows for insurance contracts issued. All insurance acquisition cash flows are expensed as incurred. This includes for a small number of contracts where the coverage period exceeds a period of twelve months and there are no material amounts of acquisition costs relating to these contracts. This differs to the Company's previous policy of deferring acquisition costs over an insurance period. The change in accounting policy does not have a material impact on the financial statements.

Insurance contracts – modification and derecognition. The Company derecognizes insurance contracts when:

- the rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the estimate of fulfilment cash flows.

(vi) Presentation. The Company presents separately, in the balance sheet, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognized in the income statement and insurance service result, comprising insurance revenue and insurance service expense and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company presents the income or expenses from a group of reinsurance contracts held other than insurance finance income or expenses, as a single amount.

Insurance revenue. The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component if any and adjusted to reflect the effect of credit risk) allocated to the period. The measurement model in IFRS 17 therefore reflects the risk of non-payment of premiums by policyholders. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. If the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses. The liability for remaining coverage is not discounted.

Insurance finance income and expense. Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts in respect of incurred claims, excluding those that are expected to be paid within one year of being incurred, arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

Net income or expense from reinsurance contracts held. The Company presents as a single amount on the face of the income statement the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

Cash and cash equivalents - Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

Financial instruments recognition and initial measurement - Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - classification and subsequent measurement. On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All financial assets of the company are classified as measured under amortized costs.

Financial assets impairment – credit loss allowance for ECL - The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost;

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets - On each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or another financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets – write-off - The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets – derecognition. The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its separate statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities – classification, subsequent measurement and gains and losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

All financial liabilities of the company are classified as measured under amortized costs.

Financial liabilities – derecognition. The Company derecognizes financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non -cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Investment property. Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required.

Depreciation of Investment properties is calculated using the straight-line method over expected useful lives of 50 years.

Property and equipment. Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss where required.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of property and equipment items are capitalized, and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use.

The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognized in profit or loss for the year (within other operating income or expenses)

Depreciation. Depreciation of other items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

Useful lives in years:	
Vehicles	5
Office and computer equipment	5

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets. The Company's intangible assets have a definite useful life and primarily include capitalized computer software and licenses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Capitalized costs include the costs of the software development service made by external contractors. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Capitalized computer software without functional maturity is amortized on a straight-line basis over expected useful lives of 7 years.

Income tax. Income tax payables are recognized on the distribution of dividends as a liability and an expense in the period in which the dividends are declared regardless of the period for which the dividends are declared or the period in which the dividends are ultimately distributed. Owing to the specific nature of the taxation system in Georgia, as at 31 December 2024 there are no differences between the carrying amounts and tax bases of the assets and liabilities of insurance companies registered in Georgia that could result in deferred tax assets or deferred tax liabilities.

Interest income and expenses - are recognized in profit or loss as they accrue, taking into account the effective interest rate of the asset/liability. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Loan arrangement fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related direct costs, are deferred and amortized to the interest income over the estimated life of the financial instrument using the effective interest rate method.

Other fee and commission income and other operating expenses - are recognized in profit or loss when the corresponding service is provided.

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Company have additional accounting judgements and sources of estimation uncertainty on adoption of IFRS 17 as follows:

Level of aggregation - Accounting judgement. The Company defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement.

Onerous contracts - Source of estimation uncertainty. The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. This is based on an assessment of future cash flows, which may be uncertain due to their timing, size and/or probability. If at any time during the coverage period the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined above. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero. Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, and the Company has a corresponding reinsurance held contract, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

Estimates of future cash flows Source of estimation uncertainty. In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, ensuring the estimates of any relevant market variables are consistent with observable market prices, however these cash flows are inherently uncertain in size and timing and are based on probability-weighted average expectations.

Risk adjustment - Source of estimation uncertainty. A risk adjustment for non-financial risk is determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. It is determined at portfolio level and allocated to groups of contracts based on the size of their reserves. The risk adjustment for non-financial risk is be determined using a confidence interval technique.

The Company estimates the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk using a confidence interval technique. A confidence interval, refers to the probability that a population parameter will fall between a set of values for a certain proportion of times. In situations where the distributional assumptions for the above methods are uncertain or violated, resampling methods allow construction of confidence intervals or prediction intervals.

Using the confidence interval technique, the risk adjustment is calculated as a margins for adverse deviation from the probability-weighted expected value using chosen confidence level. The risk adjustment is the distance between the probability-weighted expected value (an estimate of the mean over the whole distribution) and the probability-weighted expected value of cash flows only for those points of the distribution beyond a selected percentile of the probability distribution. The target confidence level equals 80th percentile.

5. Adoption of New or Revised Standards and Interpretations

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	The company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
Amendments to IAS 1 Presentation of Financial Statements — Non-current Liabilities with Covenants	The company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The group has adopted the amendments to IAS 7 and IFRS 7 titled Supplier Finance Arrangements for the first time in the current year. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The company has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

6. New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the company has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information	Disclosure of Sustainability-related Financial Information
IFRS S2 — Climate-related Disclosures	Climate-related Disclosures
Amendments to the SASB standards	Amendments to the SASB standards to enhance their international applicability
Amendments to IAS 21	Lack of Exchangeability
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial
statements of the company in future periods.

7. Restatement of prior year financial statements

In 2024, the Company's management made several changes in the accounting treatment of insurance and reinsurance contracts, which were applied retrospectively and prior year financial results have been corrected in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The following tables and clarifications summarize the changes in accounting policy under points 1 to 5 and prior year misinterpretation under point 6, and the impact of those changes on the financial statements of the Company:

1) **IFRS 17 measurement method change.** The Company has revised its valuation method for estimating risk adjustment for non-financial risk and reassessed prior year effect. The reason for the change is that Company believes that new method will allow more effective calculation. As a result, insurance contract liabilities were overstated in amount of 327,987 GEL as at 31 December 2023 and insurance service expense was overstated in amount of 327,987 GEL for the year ended 31 December 2023. And reinsurance contract assets held were overstated in amount of 190,028 GEL as at 31 December 2023 and result from reinsurance contracts held was overstated in amount of 190,028 GEL for the year ended 31 December 2023.

2) **Onerous contracts.** According to IFRS 17, entities elligiable for PAA shall assume, that no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company reassessed whether contracts that are not onerous at initial recognition have significant possibility of becoming onerous subsequently. As a result of reassessment, the Company derecognised onerous contracts previously accounted as onerous. When preparing prior year financials statements the insurance contract liabilities were overstated in an amount of 249,985 GEL as at 31 December 2023 and re-insurance contracts assets were overstated in amount of 124,546 GEL as at 31 December 2023.

3) The Company changed presentation of allocation of reinsurance premiums and amounts recoverable from reinsurers and presented them in one line in the statement of profit and loss as result from reinsurance contracts held.

4) **Subrogation and agent commissions reclassification.** The Company reclassified subrogation receivable from insurance contract liabilities to other assets in amount of 116,290 GEL as at 31 December 2023. The Company reclassified subrogation payable to reinsurers from other liabilities to reinsurance contract assets in amount of 122,792 GEL at 31 December 2023. The company reclassified agents commission payable to other financial liabilities in amount of 218,799 GEL as at 31 December 2023. As a result reinsurance contract assets increased by 195,146 GEL and reinsurance contract liabilities decreased by 23,653 GEL as at 31 December 2023.

5) **Reclassification of PA policies.** The Company changed presentation of PA policies and merged them with Motor policies (CASCO and MTPL). As a result of this reclassification prior year financial statement were change. Insurance contract assets and liabilities were decreased by 136,189 GEL and reinsurance contract assets and liabilities were decreased by 143,829 GEL as at 31 December 2023.

6) **Risk adjustment for life insurance.** IFRS 17 requires the Company to calculate risk adjustment for insurance contracts. When preparing prior year financial statements the Company incorrectly

recognized risk adjustment as a result of which insurance contract liabilities were overstated in an amount of 578,599 GEL as at 31 December 2023 and re-insurance contracts assets were overstated in amount of 400,705 GEL as at 31 December 2023

In Georgian Lari		**As reported 31-Dec-23**	**Restatement**	**As restated 31-Dec-23**
ASSETS				
Insurance contract assets	5	136,180	(136,180)	-
Reinsurance contract assets	1, 2, 6, 4, 5	75,333,191	(786,754)	74,546,437
Other Assets	4	185,580	116,290	301,870
TOTAL ASSETS:		**75,654,951**	**(806,644)**	**74,848,307**
LIABILITIES				
Insurance contract liabilities	1, 2, 6, 4, 5	77,498,241	(1,176,461)	76,321,780
Reinsurance contract liability	5	167,482	(167,482)	0
Other financial liabilities	4	387,667	218,799	606,466
Other liabilities	4	584,053	(122,792)	461,261
TOTAL LIABILITIES:		**78,637,443**	**(1,247,936)**	**77,389,507**
EQUITY				
Retained earnings	1, 2, 6	10,853,107	441,292	11,294,399
TOTAL EQUITY:		**16,853,107**	**441,292**	**17,294,399**
TOTAL LIABILITIES & EQUITY		**95,490,550**	**(806,644)**	**94,683,906**

In Georgian Lari		**As reported 2023**	**Restatement**	**As restated 2023**
Insurance service expense	1, 2, 6	(113,079,989)	1,156,571	(111,923,418)
Insurance service result before reinsurance contracts held		**(94,266,590)**	**1,156,571**	**(93,110,019))**
Allocation of reinsurance premiums	3	(13,130,248)	13,130,248	-
Amounts recoverable from reinsurers	3	111,654,386	(111,654,386)	-
Net income/(expense) from reinsurance	3	**98,524,138**	**(98,524,138)**	**-**
Result from reinsurance contracts held	1, 2, 6	**-**	**99,363,963**	**99,363,963**
Insurance service result		**4,257,548**	**441,292**	**4,698,840**
Profit before tax		**3,672,851**	**441,292**	**4,114,143**
Profit for the year		**3,095,912**	**441,292**	**3,537,204**
TOTAL COMPREHENSIVE INCOME FOR THE		**3,095,912**	**441,292**	**3,537,204**

8. Cash and Cash Equivalents

In Georgian Lari	December 31, 2024	December 31, 2023
Current Accounts	554,019	1,356,090
Less: credit loss allowance	(722)	(631)
Total cash and cash equivalents	**553,297**	**1,355,459**

Credit ratings of cash and cash equivalents were as follows:

In Georgian Lari	December 31, 2024	December 31, 2023
BB	128,750	51,587
B+	223,479	1,166,037
B	201,068	-
Not Rated	-	137,835
Total	**553,297**	**1,355,459**

Over the year, the company's cash flow decreased by GEL 0.8 million, which was due to the placement of free cash in term deposits. Despite this decrease, during 2024 and as of the end of the year, the volume of cash significantly exceeded the amount required to ensure the company's comfortable operational liquidity. In accordance with established practice, the company periodically invests accumulated surplus cash in high-yield term deposits in commercial banks. During 2024, the volume of funds placed in term deposits increased by GEL 4.5 million (see Note 9 - Deposits in banks).

9. Deposits with Banks

In Georgian Lari	December 31, 2024	December 31, 2023
JSC Credo Bank	14,561,435	12,451,886
JSC Pasha Bank Georgia	6,334,279	4,194,208
JSC BasisBank	438,539	161,294
Less: credit loss allowance	(102,120)	(53,508)
Total deposits with Banks	**21,232,133**	**16,753,880**

As at 31 December 2024 and 2023 out of total amount of deposit placed in banks 7,200,000 GEL is attributable to minimum capital requirements set by the Insurance State Supervision Service of Georgia.

Credit ratings of placements with banks were as follows:

In Georgian Lari	December 31, 2024	December 31, 2023
B+	436,801	160,401
B	20,795,332	-
Not Rated	-	16,593,479
Total	**21,232,133**	**16,753,880**

Bank deposit balances are neither past due, nor impaired. Bank deposits are represented by placements with Georgian commercial banks in Georgian Lari. Bank deposit placed with related party (BasisBank JSC) earn average annual interest rate of 11.4% (2023: 11.5%). Refer to Note 30.

The remaining maturity and average interest rates of deposits as at 31 December 2024 and 2023 were as follows:

In Georgian Lari	December 31, 2024		December 31, 2023	
	Avg. %	**Amount**	**Avg. %**	**Amount**
From 1 to 6 months	12.7%	2,055,634	13.0%	1,332,664
From 6 to 12 months	13.7%	10,204,437	13.3%	6,638,114
From 12 to 24 months	12.0%	8,972,062	14.0%	8,783,102
Total	**12.9%**	**21,232,133**	**13.5%**	**16,753,880**

As at 31 December 2024, 402,896 GEL (2023: 38,500 GEL) from deposits placed in parent company (BasisBank JSC) was pledged under a Guarantee agreement received from the parent. Refer to Note 30.

10. Investment in Debt Securities

In Georgian Lari	December 31, 2024	December 31, 2023
Promissory notes from JSC MFO Crystal	632,541	-
Promissory notes from JSC MFO Swiss Capital	300,115	303,567
Less: credit loss allowance	(3,468)	(1,785)
Total investments in debt securities	**929,188**	**301,782**

As at 31 December 2024 the rating of JSC Cristal was B and the rating of JSC Swiss Capital - B- (at the 31 December 2023 the rating of JSC Swiss Capital was B-).

At the 12 February 2025 The National Bank of Georgia has issued a microbank license to JSC "Crystal" in accordance with the regulation governing microbanks.

11. Insurance contract assets and liabilities

The movement of insurance contract assets and liabilities is set out in the table below:

	Liabilities for remaining coverage		**Liabilities for incurred claims**		**Total**
In Georgian Lari	**Excluding loss component**	**Loss component****	**Incured claim**	**Non-financial risk adjustment**	
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	(1,261,632)	-	(1,923,321)	(128,221)	**(3,313,174)**
31.12.2022	**(1,261,632)**	**-**	**(1,923,321)**	**(128,221)**	**(3,313,174)**
Insurance revenue	18,813,399	-	-	-	**18,813,399**
Insurance service expenses					
Incurred claim*	-	-	(110,926,926)	(92,790)	**(111,019,716)**
Directly attributable expenses	-	-	(406,081)	-	**(406,081)**
Changes that relate to past service - adjustments to LfIC	-	-	264,818	81,121	**345,939**
Losses on onerous contracts and	-	-	-	-	**-**
Net foreign exchange income (expense)	31,935	-	-	-	**31,935**
Total changes in statement of profit and loss and OCI	**18,845,334**	**-**	**(111,068,189)**	**(11,669)**	**(92,234,524)**
Cash Flows					
Premiums received	(18,985,493)	-	-	-	**(18,985,493)**
Claims paid	-	-	38,211,411	-	**38,211,411**
Directly attributable expenses paid	-	-	-	-	**-**
31.12.2023 (Restated)	**(1,401,791)**	**-**	**(74,780,099)**	**(139,890)**	**(76,321,780)**
Insurance contract assets	-	-	-	-	**-**
Insurance contract liabilities	(1,401,791)	-	(74,780,099)	(139,890)	**(76,321,780)**
31.12.2023 (Restated)	**(1,401,791)**	**-**	**(74,780,099)**	**(139,890)**	**(76,321,780)**
Insurance revenue	(25,683,410)	-	-	-	**(25,683,410)**
Insurance service expenses					
Incurred claim	-	-	(4,775,772)	(122,478)	**(4,898,250)**
Directly attributable expenses	-	-	(490,176)	-	**(490,176)**
Changes that relate to past service -	-	-	(37,948,769)	122,324	**(37,826,445)**
Losses on onerous contracts and reversal of those losses	-	-	-	-	**-**
Net foreign exchange income (expense)	11,498	-	-	-	**11,498**
Total changes in statement of profit and loss and OCI	**(25,671,912)**	**-**	**(43,214,717)**	**(154)**	**(68,886,783)**
Cash Flows					
Premiums received	28,272,725	-	-	-	**28,272,725**
Claims paid	-	-	114,512,975	-	**114,512,975**
Directly attributable expenses paid	-	-	467,327	-	**467,327**
31.12.2024	**1,199,022**	**-**	**(3,014,514)**	**(140,044)**	**(1,955,536)**
Insurance contract assets	1,902,862	-	(1,820,822)	-	**82,040**
Insurance contract liabilities	(703,840)	-	(1,193,692)	(140,044)	**(2,037,576)**

*Last year, the company incurred a claim from the aviation contract amounting to 34,362,900 GEL. However, this claim was disclosed under the "change to liability of incurred claims" line rather than under incurred claims. In the 2023 presentation, the Group has decided to reclassify this amount to the "incurred claims" line. There is no impact on the profit or loss statement, as both accounts are mapped to Insurance Service Expenses. This amendment only affects the prior year's disclosure.

**Additionally, the onerous contract, initially presented in 2023 at an amount of 35,666,899, was incorrectly assessed as onerous. As a result, management has decided to make a prior-year adjustment, transferring the calculated reserve from the Loss Component to the Liability for Incurred Claims (LIC). The overall impact on the closing balance of insurance liabilities is zero. This amendment affects only the prior year's disclosure.

12. Reinsurance contract assets and liabilities

The movement of reinsurance contract assets and liabilities is set out in the table below:

	Asset/(Liability) for remaining coverage		**Asset/(Liability) for Incurred Claims**		
In Georgian Lari	**Excluding loss-recovery component**	**Loss-recovery component****	**Reinsurance share in incured claim**	**Non-financial risk adjustment**	**Total**
Reinsurance contract assets	(220,311)	-	2,605,600	76,184	**2,461,473**
Reinsurance contract liabilities	(26,289)	-	18,942	-	**(7,347)**
31.12.2022	**(246,600)**	**-**	**2,624,542**	**76,184**	**2,454,126**
Reinsurance expenses	(11,830,782)	-	-	-	**(11,830,782)**
Result from reinsurance contracts held					
Reinsurance share in claim incurred*	-	-	109,811,077	53,403	**109,864,480**
Changes that relate to past service - adjustments to AfIC	-	-	(168,534)	(56,305)	**(224,839)**
Losses on onerous contracts and reversal of those	-	-	-	-	**-**
Net foreign exchange income (expense)	(50,722)	-	(39,266)	-	**(89,988)**
Total changes in statement of profit and loss and OCI	**(11,881,504)**	**-**	**109,603,277**	**(2,902)**	**97,718,871**
Reinsurance premiums paid	11,108,920	-	-	-	**11,108,920**
Reinsurance share in incured claim paid	-	-	(36,735,480)	-	**(36,735,480)**
Reinsurance share in subrogation and salvage	-	-	-	-	**-**
31.12.2023 (Restated)	**(1,019,184)**	**-**	**75,492,339**	**73,282**	**74,546,437**
Reinsurance contract assets	(1,019,184)	-	75,492,339	73,282	**74,546,437**
Reinsurance contract liabilities	-	-	-	-	**-**
31.12.2023 (Restated)	**(1,019,184)**	**-**	**75,492,339**	**73,282**	**74,546,437**
Reinsurance expenses	(17,617,233)	-	-	-	**(17,617,233)**
Result from reinsurance contracts held					
Reinsurance share in incurred claim	-	-	2,567,344	68,697	**2,636,041**
Changes that relate to past service - adjustments	-	-	37,999,701	(64,478)	**37,935,223**
Loss-recovery component on onerous contracts	-	-	-	-	**-**
Net foreign exchange income (expense)	(19,137)	-	-	-	**(19,137)**
Total changes in statement of profit and loss and OCI	**(17,636,370)**	**-**	**39,851,766**	**4,219**	**22,219,615**
Reinsurance premiums paid	16,800,633	-	-	-	**16,800,633**
Reinsurance share in incured claim paid	-	-	(113,662,523)	-	**(113,662,523)**
Reinsurance share in subrogation and salvage	-	-	-	-	**-**
31.12.2024	**(1,854,921)**	**-**	**2,396,861**	**77,501**	**619,441**
Reinsurance contract assets	(1,257,532)	-	2,144,384	77,501	**964,353**
Reinsurance contract liabilities	(597,389)	-	252,477	-	**(344,912)**

13. Investment property

In Georgian Lari	December 31, 2024	December 31, 2023
Cost as at 1 January	**1,414,970**	**1,657,459**
Disposal	(68,638)	(242,489)
Cost as at December 31	**1,346,332**	**1,414,970**
Accumulated depreciation as at 1 January	**(65,172)**	**(33,149)**
Depreciation charge	(32,202)	(32,023)
Accumulated depreciation as at 31 December	**(97,374)**	**(65,172)**
Net Book Value 31 December	**1,248,958**	**1,349,798**

As at 31 December 2024, the fair value of the investment property is GEL 1,346,141 (2023: GEL 2,339,778), which was determined based on the valuation performed by the Company's internal values using the market approach.

14. Property, equipment and intangible assets

In Georgian Lari	Furniture and equipment	Vehicles	Intangible Assets	Total
Cost				
31.12.2022	**73,771**	**19,200**	**100,133**	**193,104**
Additions 2023	2,580	-	28,904	**31,484**
31.12.2023	**76,351**	**19,200**	**129,037**	**224,588**
Additions 2024	356	-	-	356
31.12.2024	**76,707**	**19,200**	**129,037**	**224,944**
Accumulated depreciation				
31.12.2022	**47,683**	**16,591**	**48,680**	**112,955**
Depreciation charge 2023	15,250	2,609	19,094	36,953
31.12.2023	**62,934**	**19,200**	**67,774**	**149,908**
Depreciation charge 2024	8,975	-	19,409	28,384
31.12.2024	**71,909**	**19,200**	**87,183**	**178,292**
Net book value				
31.12.2023	**13,417**	**-**	**61,263**	**74,680**
31.12.2024	**4,798**	**-**	**41,854**	**46,652**

15. Other assets

In Georgian Lari	December 31, 2024	December 31, 2023 (restated)
Salvages	97,910	117,229
Other tax prepayment	207,708	34,413
Receivable from regression	121,670	116,290
Prepayments to Compulsory Insurance Centre	23,528	23,529
Prepayments	66,604	10,409
Other assets	1,771	-
Total other assets	**519,191**	**301,870**

16. Other financial liabilities

In Georgian Lari	December 31, 2024	December 31, 2023 (restated)
Payable to ISSSG	254,473	188,134
Payables for professional services	192,097	184,063
Payables to Agents	68,335	218,799
Other creditors	56,058	15,470
Total other financial liabilities	**570,963**	**606,466**

17. Other liabilities

In Georgian Lari	December 31, 2024	December 31, 2023 (restated)
Accruals for employee compensation	548,097	391,007
Income taxes payable	-	28,958
Advances received	170,705	21,346
Other liabilities	1,146	19,950
Total other liabilities	**719,948**	**461,261**

18. Equity

	Number of outstanding shares	Ordinary shares	Total
At 1 January 2023	**6,000,000**	**6,000,000**	**6,000,000**
At 31 December 2023	**6,000,000**	**6,000,000**	**6,000,000**
At 31 December 2024	**6,000,000**	**6,000,000**	**6,000,000**

As at 31 December 2024 the total authorized number of ordinary shares is 6,000,000 (2023: 6,000,000), with a par value of GEL 1 per share (2023: GEL 1 per share). As at 31 December 2024 the number of ordinary issued shares is 6,000,000 (2023: 6,000,000 shares). All issued ordinary shares are fully paid. Each ordinary share carries one voting right.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

In accordance with Georgian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with local regulatory standards.

No dividends were declared or paid in 2024 and 2023.

19. Insurance revenue

In Georgian Lari	2024	2023
Casco	3,533,582	2,190,874
Life	2,755,674	2,070,760
Property	2,184,402	850,380
Aviation	13,816,203	9,717,192
Compulsory incurance of Third-party liability	2,484,587	2,674,588
Other	908,962	1,309,605
Total insurance revenue	**25,683,410**	**18,813,399**

Insurance revenues increased by 37% (6.9 million GEL) in 2024. Among them: Aviation insurance increased by 42% (4.1 million GEL), Property insurance increased by 157% (1.3 million GEL) and CASCO insurance increased by 61% (1.3 million GEL).
The growth was driven by an active business process, which led to both the expansion of a new customer base and the growth of existing customers' business.

20. Insurance service expenses

In Georgian Lari	2024	2023 (Restated)
Incurred claims-Aviation	-	(108,179,679)
Incurred claims ex aviation	(4,898,250)	(2,840,037)
Directly attributable expenses	(490,176)	(406,081)
Changes that relate to past service - adjustments to LfIC-Aviation	(38,223,966)	-
Changes that relate to past service - adjustments to LfIC-Ex aviation	397,521	345,939
Losses on onerous contracts and reversal of those losses	-	-
Insurance acquisition cost	(449,162)	(1,143,389)
Subrogation and salvage	196,403	299,829
Total insurance service expenses	**(43,467,630)**	**(111,923,418)**

The significant change in insurance expenses is due to 4 insurance cases in the aviation portfolio in 2023, the total loss for which was recognized in the financial statements for 2023 in the amount of GEL 108.2 million.
For these insurance cases, 3 losses were paid out in 2023 and 2024 for a total of GEL 144.6 million, resulting in an additional loss of GEL 38.2 million in 2024. At the end of 2024, there was 1 unresolved loss on the balance sheet in the amount of GEL 1.8 million.

It is worth noting that all aviation contracts represent fronting contracts, which means that 100% of the risk is ceded to the reinsurer. The Company itself does not pay any of the claims that insured clients make. These expenses are presented in insurance service expenses in accordance with IFRS 17, which requires that insurance and reinsurance contracts are not offset and are presented separately.

21. Result from reinsurance contracts held

In Georgian Lari	2024	2023 (Restated)
Reinsurance expenses	(17,617,233)	(11,830,782)
Reinsurance share in claim incurred-Aviation	-	107,464,400
Reinsurance share in claim incurred-ex Aviation	2,636,041	2,400,080
Changes that relate to past service - adjustments to AfIC-Aviation	38,223,966	-
Changes that relate to past service - adjustments to AfIC-ex Aviation	(288,743)	(224,839)
Total insurance service expenses	**22,954,031**	**97,808,859**

22. Interest revenue calculated using the effective interest rate method

In Georgian Lari	2024	2023
Interest income from deposits with banks	2,378,583	1,980,820
Interest income from debt securities	74,656	42,000
Total interest revenue calculated using effective interest rate method	**2,453,239**	**2,022,820**

23. Salaries and other employee benefits

In Georgian Lari	2024	2023
Salaries	1,423,994	968,123
Bonuses	625,917	549,453
Insurance and other benefits	25,751	21,790
Total salaries and other employee benefits	**2,075,662**	**1,539,366**

24. General and administrative expenses

In Georgian Lari	2024	2023
Audit and consulting	202,040	221,556
Supervisory fee	254,473	188,134
Rent	88,948	65,940
Post, Telecomm, Utilities	34,952	37,715
Marketing	51,413	33,554
Software	33,205	24,000
Amortization	16,924	19,094
Depreciation	36,472	49,882
Business trip	21,244	15,904
Repair & Maintenance	9,654	9,446
Bank fees and other commissions	12,035	6,779
Other admin costs	25,600	40,731
Total general and administrative expenses	**786,960**	**712,735**

As at 31 December 2024 the GEL 192,097 fees incurred for audit provided by Auditors/Audit Firms as defined in the Law of Georgia on Accounting, Reporting and Auditing amounted to GEL 192,097 (2023: GEL 221,556).

25. Other operating expense, net

In Georgian Lari	**2024**	**2023**
CIC* management fee	238,830	282,742
Property tax expense	13,888	13,997
Other operating income	(87,739)	(33,526)
Other expense	20,567	71,063
Total other operating expenses, net	**185,546**	**334,276**

**CIC – Compulsory Insurance Center*

26. Income tax expense

Income tax expense comprises of the following:

In Georgian Lari	**2024**	**2023**
Current tax charge	-	(546,187)
Deferred tax charge	-	(30,752)
Income tax expense for the year	**-**	**(576,939)**

On 13 May 2016 the Parliament of Georgia passed a bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law has entered into force in 2016 and is effective for tax periods starting after 1 January 2017 for all entities except for financial institutions (such as banks, insurance companies, microfinance organizations, pawnshops), for which the law was planned to become effective from 1 January 2019.

On 28 December 2018, the law was further amended. The Financial Institution's transition to the new taxation system has to become effective from 1 January 2023, instead of 1 January 2019 but in December 2022 abovementioned announced was postponed once more. Due to the nature of the new taxation system described above, the financial institutions registered in Georgia will not be subject to income tax attributable to the period profit (before distribution in a form of dividend or other forms of profit distributions) from 1 January 2024 and hence, no deferred income tax assets and liabilities will arise, there on.

Following the enactment of the latest amendment, the Company recalculated its deferred tax assets at 31 December 2023, derecognized its deferred tax assets and liabilities for the periods after 1 January 2024 and made the relevant recognition of deferred tax expense in the profit and loss for 2023. As IAS 12 Income Taxes requires, the Company used 0% tax rate applicable for undistributed profits in respect of assets and liabilities expected to be realized or settled in the periods when the new regulation becomes effective.

27. Capital management

(a) Capital management objectives, policies and approach

The main objective of capital management is to monitor and maintain, at all times, an appropriate level of capital which is commensurate with the company's risk profile. The capital management of the Company has the following objectives:

- Compliance with the requirements of the Insurance State Supervision Services of Georgia;
- Maintain financial strength to support new business growth and to satisfy the requirements of policyholders, regulator and other stakeholders;
- Maintaining the composition and structure of the assets accepted to cover insurance liabilities, when due and to exceed regulatory requirements; and
- Maintaining the required level of stability of the company thereby providing a degree of security to policyholders.

It is in the Company's interest to maintain adequate capital resources at all times and to fulfil respective minimum regulatory capital requirements. The primary source of capital used by the Company is financed through the issuance of shares. Maintaining a good capital base in the future is of crucial importance to the Company, both to allow the Company to take advantage of profitable growth opportunities and to cushion the effects of large loss events.

As part of the process monitoring and managing its capital, the Company has implemented controls over conformity of the composition and structure of the assets, enabling the Company to constantly maintain a minimum level of funds, placed in top Georgian banks.

The insurance sector in Georgia is regulated by the Insurance State Supervision Service of Georgia ("ISSSG"). The ISSSG imposes minimum capital requirements for insurance companies. These requirements are put in place to ensure sufficient solvency margins.

ISSSG sets regulatory capital requirements in Georgia. ISSSG requirement is to maintain capital of GEL 7,200 thousand of which 100% percent should be kept at the banking institutions licensed in Georgia.

JSC BB Insurance was in compliance with capital requirements set by ISSSG during 2024 and 2023.

(b) Regulatory requirements

According to the ISSSG directive №04, issued on 20 April 2015, the minimum capital throughout the period should be not less than GEL 2,200 thousand and the Company should, at all times, maintain total of this amount in either cash and cash equivalents or in bank balances. From December 2021, the minimum capital requirement increased to GEL 7,200 thousand.

The Company was in compliance with the externally imposed capital requirements as at 31 December 2024 and 2023.

On 16 September 2016, ISSSG issued directives №15 and №16 on the determination of the Regulatory Solvency Margin ("RSM") and Regulatory Capital, respectively. The laws also impose the requirements on maintaining minimum Regulatory Capital benchmarking against RSM.

From 31 December 2018 the minimum Regulatory Capital requirement was the highest between 100% of RSM or GEL 4,200 thousand. Starting from 31 December 2021 the minimum Regulatory Capital is the highest between 100% of RSM or GEL 7,200 thousand.

The Regulatory Capital is determined based on the IFRS equity in the statement of financial position, with certain deductions such as investments in subsidiaries and associates, unsecured loans and borrowings, etc. as prescribed by the ISSSG directive №16.

As at 31 December 2024 and 2023, the Company was in full compliance with the required level of Regulatory Capital.

28. Insurance risk management

(a) Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from individuals or organizations that are directly subject to the risk. Such risks mainly relate to life, motor and other non-health segments, such as, property, liability, cargo, travel or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The Company also has exposure to market risk through its insurance and investment activities. The Company manages its insurance risk through the use of reinsurance of risk concentrations, underwriting limits, approval procedures for transactions and monitoring of emerging issues.

(i) Underwriting strategy

The Company's underwriting strategy seeks diversity so that the Company's portfolio at all times includes several classes of non-correlating risks and that each class of risk, in turn, is spread across a large number of policies. Management believes that this approach reduces the variability of the outcome.

The underwriting strategy is set out in the Company's insurance risk management policies. The strategy is implemented through underwriting guidelines that determine detailed underwriting rules for each type of product. The guidelines contain insurance concepts and procedures, descriptions of inherent risk, terms and conditions, rights and obligations, documentation requirements, template agreement/policy examples, rationale of applicable tariffs and factors that would affect the applicable tariff. The tariff calculations are based on probability and variation.

Adherence to the underwriting guidelines is monitored by the Deputy General Director on an on-going basis, also on a regular basis the board of directors monitors the trends of loss ratio and business profitability. Regular analysis triggers BOD to react accordingly, and to provide changes in the products pricing/specifications in order to maintain the desired loss ratio.

(ii) Reinsurance strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The Company buys Treaty reinsurance for the biggest lines of business, Life, Casco, Cargo, GTPL and Property and also Facultative Reinsures every risk in the above-mentioned products that fall out of the Treaty Reinsurance limitations.

28. Insurance risk management (continued)

Ceded reinsurance contains credit risk, and such reinsurance recoverable are reported after deductions for known insolvencies and uncollectible items. The Company monitors the financial condition of reinsurers on an on-going basis and reviews its reinsurance arrangements and reinsurer international ratings periodically.

(b) Terms and conditions of insurance contracts and nature of risks covered

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below. In addition, the following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

(i) Motor insurance

Product features

The Company has two types of Motor insurance, fully comprehensive insurance ("Casco") and motor third party liability insurance ("MTPL"). Under Casco contracts, corporate entities and individuals are reimbursed for any loss of, or damage caused to their vehicles. MTPL contracts provide indemnity cover to the owner of the motor vehicle against compensation payable to third parties for property damage, death or personal injury. Motor insurance includes short tail coverage. Claims that are typically made quickly are those that indemnify the policyholder against motor physical damage or loss. Claims that take longer to finalize, and are more difficult to estimate, relate to bodily injury claims.

The mandatory border motor third party liability insurance ("BMTPL") in Georgia is provided by Compulsory Insurance Centre ("CIC"). CIC is a non-profit organization established according to the Civil Code of Georgia in January 2018 and its main function and responsibilities are to provide MTPL non-stop client services, realization of insurance policies and regulation of losses according to the Administrative law of Georgia which obliges the holder/driver of the foreign-registered motor vehicle registered in a foreign country to insure civil liability for the motor vehicle in ownership, during the full period of stay in Georgia. The compulsory insurance shall cover damages arising as a result of an insured event caused by the participation of the said vehicle or for reasons related to it.

The CIC is founded by insurers participating in the co-insurance system in order to manage compulsory insurance, these are 18 Georgian insurance companies including the Company. The centre manages the sale of policies, manages the claims and distributes its profit and/or losses incurred equally among its board member companies.

Management of risk

In general, motor claims reporting lags are minor, if any, and claim complexity is relatively low. Overall, the claims liabilities for this line of business create a moderate estimations risk. The Company monitors and reacts to trends in repair costs, injury awards and the frequency of theft and accident claims.

The frequency of claims is affected by adverse weather conditions, and the volume of claims is higher in the winter months. Motor lines of insurance are underwritten based on the Company's current experience.

28. Insurance risk management

(ii) Property insurance

Product features

The Company writes property insurance. This is comprised of corporate and retail property insurance. Property insurance indemnifies the policyholder, subject to any limits or excesses, against the loss or damage to their own tangible property.

The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. The claim will thus be notified promptly and can be settled without delay. Property business is therefore classified as short-tailed.

Management of risk

The key risks associated with this product are underwriting risk, competitive risk and claims experience risk (including the variable incidence of natural disasters). The Company is also exposed to the risk of exaggeration and dishonest action by claimants.

Underwriting risk is the risk that the Company does not charge premiums appropriate for the different properties it insures. Many commercial property proposals comprise a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky.

These risks are managed primarily through the pricing and reinsurance processes. The Company uses strict underwriting criteria to ensure that the risk of losses is acceptable to the Company. The Company reinsures its property risks by way of Excess of Loss, Surplus and Nat Cat treaties.

(iii) Life insurance

Product features

The Company writes life insurance contracts where the event giving a rise to claim is the death or permanent disability of the beneficiary and the policyholder is insured for the remaining credit towards financial institution of for a pre-determined amount.

Management of risk

The Company’s underwriting strategy is to ensure that risks are well diversified by industry sectors and geography. The Company also has right to reject payment in case a fraudulent claim is identified. The Company uses reinsurance contracts for all life insurance risks and the exposure of risk is limited to 10% of total claim. One of the key risks associated with this product is the lag between the accident date and reporting date of the claim. Because of this risk, incurred but not reported claims reserve is set up for life insurance contracts, calculated according to the chain-ladder statistical methodology.

28. Insurance risk management

(iv) Aviation insurance

Product features

The Company issues aviation insurance contracts. The risks covered are damages made to aircraft hull, harm done to aircraft passengers and crew, harm or damage done to third parties and their property.

Management of risk

All aviation contracts represent fronting contracts, which means that 100% of the risk is ceded to the reinsurer. The Company itself does not pay any of the claims that insured clients make. 100% of written GWP is transferred to reinsurers, whereas the Company received commission income from the reinsurers.

(c) Concentrations of insurance risk

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a number of related contracts with similar risk features and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual classes or contract tranches.

Concentrations of risk can arise in both high-severity, low frequency events, such as natural disasters and in situations where underwriting is biased towards a particular company, such as a particular geography.

The Company's key methods in managing these risks are two-fold. Firstly, the risk is managed through appropriate underwriting. Underwriters are not permitted to underwrite risks unless the expected profits are commensurate with the risks assumed. Secondly, the risk is managed through the use of reinsurance. The Company purchases reinsurance coverage for various classes of its motor, life and property business. The Company assesses the costs and benefits associated with the reinsurance programme on an on-going basis.

(d) Reinsurance risk

The Company cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual and portfolio risks. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes. When selecting a reinsurer, the Company considers their relative creditworthiness. The creditworthiness of the reinsurer is assessed mainly from publicly available information.

29. Fair values and risk management

(a) Fair value of financial assets and liabilities

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets and financial liabilities. Fair values have been determined for disclosure purposes.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) Assets and liabilities not measured at fair value but for which fair value is disclosed:

	As at 31 December 2024			
In Georgian Lari	**Level 1**	**Level 2**	**Level 3**	**Carrying value**
FINANCIAL ASSETS				
Cash and cash equivalents	553,297	-	-	**553,297**
Deposits with banks	-	21,232,133	-	**21,232,133**
Investment in securities held to maturity	-	929,188	-	**929,188**
NON-FINANCIAL ASSETS				
Investment properties	-	-	1,346,141	**1,346,141**
TOTAL ASSETS	**553,297**	**22,161,321**	**1,346,141**	**24,060,759**
LIABILITIES				
Other financial liabilities	-	-	570,963	**570,963**
TOTAL LIABILITIES	-	-	**570,963**	**570,963**

29. Fair values and risk management

	As at 31 December 2023			
In Georgian Lari	**Level 1**	**Level 2**	**Level 3**	**Carrying value**
FINANCIAL ASSETS				
Cash and cash equivalents	1,355,459	-	-	**1,355,459**
Deposits with banks	-	16,753,880	-	**16,753,880**
Investment in securities held to maturity	-	301,782	-	**301,782**
NON-FINANCIAL ASSETS				
Investment properties	-	-	2,339,778	**2,339,778**
TOTAL ASSETS	**1,355,459**	**17,055,662**	**2,339,778**	**20,750,899**
LIABILITIES				
Other financial liabilities (Restated)	-	-	606,466	**606,466**
TOTAL LIABILITIES	-	-	**606,466**	**606,466**

All financial instruments are carried at amortized cost.

Management believes that the fair value of the Company's financial assets and liabilities approximates their carrying amounts due to short maturities of most of the aforementioned instruments. Interest rates of investment securities held to maturity are tied to National Bank of Georgia rates and therefore carrying amount approximates fair value.

The valuation technique, inputs used in the fair value measurement for investment property and related sensitivity to reasonably possible changes in those inputs are as follows:

	Fair value at 31 December				
In Georgian Lari	**2024**	**2023**	**Valuation technique**	**Inputs used**	**Relationship of unobservable inputs to fair value**
ASSETS					
NON-FINANCIAL ASSETS					
- Investment property	1,346,141	2,339,778	Market comparable approach	Price per square meter	The higher the price per square meter, the higher the fair value

(b) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

29. Fair values and risk management

(i) Risk management framework

The Supervisory Board together with the Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies and reporting regularly to the shareholders on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Supervisory Board monitors the Company's management compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Company's exposure to credit risk is monitored on an ongoing basis.

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

In Georgian Lari	31 December 2024	31 December 2023
Deposits with Banks	21,232,133	16,753,880
Cash and cash equivalents	553,297	1,355,459
Investment in debt securities	929,188	301,782
Total credit exposure	**22,714,618**	**18,411,121**

Management normally fully provides for impaired premium receivables after they are 365 days overdue.

29. Fair values and risk management

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Company. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The Company's liquidity positions are reviewed by the management on a monthly basis.

Maturity profiles

The Company uses maturity analysis in managing its liquidity risk. Most of the Company's financial liabilities are contractually due to be settled in a year after the reporting date, Management estimates that the timing of cash outflows from insurance contract liabilities does not exceed one year.

	As at 31 December 2024				
Georgian Lari	**Demand and less than 1 month**	**1 month to 6 months**	**6 to 12 months**	**More than 1 year**	**Total**
Assets					
Cash and cash equivalents	553,297	-	-	-	**553,297**
Deposits with Banks	675,969	1,379,665	10,204,437	8,972,062	**21,232,133**
Investment in debt securities	-	-	929,188	-	**929,188**
Total financial assets	**1,229,266**	**1,379,665**	**11,133,625**	**8,972,062**	**22,714,618**
Liabilities					
Other financial liabilities	570,963	-	-	-	**570,963**
Total financial liabilities	**570,963**	**-**	**-**	**-**	**570,963**
Net liquidity gap	**658,303**	**1,379,665**	**11,133,625**	**8,972,062**	**22,143,655**
Cumulative liquidity gap	**658,303**	**2,037,968**	**13,171,593**	**22,143,655**	

	As at 31 December 2023				
Georgian Lari	**Demand and less than 1 month**	**1 month to 6 months**	**6 to 12 months**	**More than 1 year**	**Total**
Assets					
Cash and cash equivalents	1,355,459	-	-	-	**1,355,459**
Deposits with Banks	338,723	993,941	6,336,332	9,084,884	**16,753,880**
Investment in debt securities	-	-	301,782	-	**301,782**
Total financial assets	**1,694,182**	**993,941**	**6,638,114**	**9,084,884**	**18,411,121**
Liabilities					
Other financial liabilities	606,466	-	-	-	**606,466**
Total financial liabilities	**606,466**	**-**	**-**	**-**	**606,466**
Net liquidity gap	**1,087,716**	**993,941**	**6,638,114**	**9,084,884**	**17,804,655**
Cumulative liquidity gap	**1,087,716**	**2,081,657**	**8,719,771**	**17,804,655**	

29. Fair values and risk management

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. To mitigate the Company's exposure to market risk policies and procedures are in place to set and monitor asset allocation and portfolio limit structures.

(v) Currency risk

The Company's assets and liabilities are denominated in more than one currency. If the assets and liabilities in one currency do not match, the Company has an open currency position ("OCP") and is exposed to potentially unfavourable changes in exchange rates.

Management is responsible for continuously monitoring the development of exchange rates and foreign currency markets. The Company aims to close currency positions and ensures that an open currency position remains within the limits at all times.

The Company is exposed to currency risk mainly on insurance receivables and payables denominated in USD and EUR. The Company's exposure to foreign currency risk was as follows:

	31.12.2024		**31.12.2023**	
In Georgian Lari	**USD denominated**	**EUR denominated**	**USD denominated**	**EUR denominated**
Cash and cash equivalents	210,978	6,451	20,858	-
Reinsurance contract assets	632,408	17,039		-
Reinsurance contract liabilities	(344,912)	-	(1,775,343)	-
Net Exposure	**498,474**	**23,490**	**(1,754,485)**	**-**

The following significant exchange rates have been applied:

	Average Rate	**Reporting date spot rate**
In GEL	**2024**	**31 December 2024**
USD	2.7208	2.8068
EUR	2.9440	2.9306

	Average Rate	**Reporting date spot rate**
In GEL	**2023**	**31 December 2023**
USD	2.6278	2.6894
EUR	2.8416	2.9753

29. Fair values and risk management

Sensitivity analysis

A reasonably possible strengthening (weakening) of GEL, as indicated below, against USD and EUR at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss after tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant:

	Strengthening	**Weakening**
In Georgian Lari	**Profit or (Loss) and Equity**	**Profit or (Loss) and Equity**
31 December 2024		
USD (20% movement)	(99,695)	99,695
EUR (20% movement)	(4,698)	4,698
31 December 2023		
USD (20% movement)	350,897	(350,897)
EUR (20% movement)	-	-

(vi) Interest rate risk

Fluctuations in market interest rates may affect adversely the financial position and the results of operations of the Company.

As of 31 December 2024 and 2023 the Company had no exposure to floating rate interest bearing instrument, therefore, management believes that the Company does not have significant exposure to interest rate risk.

30. Contingencies

(a) Legal proceedings

As of 31 December 2024 the company had one ongoing lawsuit amounting to 36,370 GEL with an individual as the plaintiff. This lawsuit has been concluded in favour of Company Insurance in both the first and second instance courts. The claimant has appealed the decision to the Supreme Court, and the matter is ongoing.

The company believes that the claimant's demand is without merit and it does not consider probable any outflow of economic benefits as the result of this claim. Accordingly, the Company did not recognize any provision for this litigation as at 31 December 2023.

(b) Taxation contingencies

Georgian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. A tax year remains open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

In accordance with Georgian transfer pricing legislation, there are reporting and documentation requirements. Tax authorities may assess additional tax charges in respect of certain transactions, including but not limited to transactions with related parties, if they consider transactions to be priced not at arm's length.

Given the legislation and practice, the application and interpretation of tax legislation, particularly in respect of transfer pricing and transactions with related parties, remains subject to uncertainty and it is possible that material adjustments to tax liabilities may arise in the future. Management has reached certain judgements and interpretations in relation to compliance with all relevant tax legislation and in accordance with the guidance on accounting for uncertain tax items. The management believes that the judgments and interpretations made can be believed to be fair after considering all the relevant facts at the date of these financial statements.

31. Related parties

(a) Key management remuneration

Key management includes Directors (executive).

	2024		2023	
	Expense	Accrued Liability	Expense	Accrued Liability
Salaries and bonuses	1,005,626	337,585	984,631	301,969
Insurance	2,311	-	2,150	-
Total key management compensation	**1,007,937**	**337,585**	**986,781**	**301,969**

(b) Transactions with related parties

The outstanding balances and related expense and income as for the year ended 31 December 2024 and 2023 with related parties are as follows:

	2024			2023		
In Georgian Lari	Entities Under Common Control*	Parent Company	Other*	Entities Under Common Control*	Parent Company	Other*
Assets						
Cash and cash equivalents	-	273,649	-	-	1,166,484	-
Bank deposits	-	436,800	-	-	161,294	-
Insurance contract assets	1,170,294	206,847	28,506	741,825	182,354	15,510
Total assets	**1,170,294**	**917,296**	**28,506**	**741,825**	**1,510,132**	**15,510**
Liabilities						
Insurance contract liabilities	1,295,871	727,894	241,532	692,282	242,741	177,117
Total liabilities	**1,295,871**	**727,894**	**241,532**	**692,282**	**242,741**	**177,117**
Off – Balance; Guarantee received		*365,226*			*35,000*	

As of December 31, 2024, and 2023, the company had a received guarantee of 35,000 GEL, issued in favor of the Compulsory Insurance Centre (CIC) by JSC BasisBank. This guarantee serves to cover claims and obligations that BB Insurance may incur in the event of non-fulfillment of its liabilities.

In 2024 received guarantees portfolio of the company rised. As of 31 December 2024 the rest amount of the guarantees received (330,226 GEL) were issued to ensure the fulfillment of obligations undertaken by BB Insurance through successful tender bids. The guarantees were provided by BasisBank in favor of various beneficiaries, including government organizations of Georgia and entities under government control.

	2024			2023		
In Georgian Lari	**Entities Under Common Control***	**Parent Company**	**Other***	**Entities Under Common Control***	**Parent Company**	**Other***
Income Statement						
Insurance revenue	1,770,086	2,754,511	364,630	914,869	2,263,628	291,708
Insurance service expense	(1,289,863)	(807,411)	(13,350)	(417,327)	(677,472)	-
Interest income	-	60,609	-	-	51,148	-
Total	**480,223**	**2,007,709**	**351,280**	**497,542**	**1,637,304**	**291,708**

Bank deposit placed with related parties earn average annual interest rate of 11.4% (2023: 11.5%).

** - Entities under common control includes JSC Basis Bank's subsidiaries. Other related parties mostly comprise members of Hualing Group (subsidiaries of ultimate shareholder, etc) and Management and Supervisory board of the Company.*

32. Events after the reporting period

There have been no events after the reporting period.

MANAGEMENT REPORT

CEO Letter

Dear Valued Customers and Shareholders,

As we close another remarkable year, I am proud to share the outstanding achievements of BB Insurance in 2024. Our unwavering commitment to excellence, innovation, and financial strength has propelled us forward, reinforcing our position as a dynamic and leading player in the insurance market.

2024 was a year of unprecedented growth for BB Insurance. Our gross written premium (GWP) surged by over 59%, reaching GEL 33 million, while our net profit exceeded GEL 4.6 million, marking an impressive 30% increase. These results reflect not only our robust financial performance but also our ability to adapt to market demands and seize new opportunities.

A key milestone in 2024 was the strategic realignment of BB Group's subsidiary companies. By harmonizing organizational structures, we established a joint management business model, enhancing group-wide synergies, improving strategic coordination, and unlocking new cross-selling opportunities. This transformation also resulted in significant cost efficiencies, particularly in human resources, further strengthening our operational effectiveness.

Our commitment to customer-centricity remains at the heart of our strategy. In 2024, we reaffirmed our dedication to swift and efficient claims processing. Notably, we successfully settled the largest aviation hull claim in Georgia's history, reimbursing GEL 110 million. This achievement not only underscores our ability to act swiftly on claims but also highlights the financial resilience of BB Insurance and the robust support of our reputable A-rated reinsurers. Their solid backing and rapid response enabled us to jointly facilitate one of the most significant aviation claim settlements ever recorded in the country.

Looking to the future, we are committed to maintaining our rapid growth trajectory and continuing to exceed expectations. We will expand our product portfolio, introduce innovative insurance solutions, and enhance service channels to provide an even more seamless experience for our customers. Through digital transformation and customer-centric innovations, we aim to set new industry standards and redefine insurance excellence. We promise to surprise our customers with new offerings and personalized solutions, ensuring that BB Insurance remains their trusted partner for years to come.

As we embark on this exciting journey, we remain steadfast in our mission to drive sustainable growth and deliver exceptional value to our customers and stakeholders. The best is yet to come.

Thank you for your trust and support.

Warm regards,

Konstantine Sulamanidze
CEO
2 May 2025
Tbilisi, Georgia

MANAGEMENT REPORT

CEO Letter

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Thank you for your trust and support.

Warm regards,

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Konstantine Sulamanidze
CEO
2 May 2025
Tbilisi, Georgia

Company Strategy and Mission Statement

Our Vision - Be client's preferred financial services provider in Georgia by delivering simple and transparent services

Our Mission - Make insurance business simple and easy for everyone

Our Values - Simplicity, Transparency, Innovations

Our Strategic Objectives – establish ourselves as a stable and reliable partner to our customers and stakeholders.

At our core, transparency is paramount. In all our dealings with customers and partners, we uphold this principle to uphold the vision and values of both the company and the BB Group.

Development Strategy

At BB Insurance, we are not just growing—we are redefining the insurance landscape. Built on the strong foundation of JSC BasisBank and fully utilizing the power of the BB Group (Insurance, Bank and Leasing businesses), we have created an integrated financial ecosystem that puts us ahead of the competition. Unlike other market players, we don't just operate within a group—we maximize its potential through our Bancassurance (BIM) model. This strategic advantage enables us to provide seamless, efficient, and customer-focused financial solutions, elevating the standards of the industry and driving long-term sustainable growth. Our ability to fully leverage the synergies within the BB Group allows us to deliver unparalleled convenience, competitive pricing, and a uniquely customer-oriented service approach that sets us apart from traditional insurance providers.

Corporate clients are at the core of our strategy. Businesses rely on us not just as an insurer but as a trusted partner in risk management. We understand their need for robust, comprehensive coverage that ensures uninterrupted operations, financial stability, and long-term security. That is why we have developed a diverse and dynamic portfolio of corporate insurance solutions, including Cargo, Business Interruption, General Third-Party Liability, Bankers Blanket Bond, and Aviation-related risk insurances. Our expertise in these specialized areas has positioned BB Insurance as a company, providing businesses with the certainty they need to operate with confidence.

At the same time, our retail segment plays a crucial role in our expansion strategy. Individuals and small businesses require insurance solutions that are straightforward, accessible, and adaptable to their needs. By offering simple, transparent, and easily understandable insurance products, we strengthen customer trust and loyalty. Our user-friendly digital solutions, personalized service approach, and competitive pricing ensure that we remain the preferred choice for various retail customers seeking financial protection.

2024 marked a significant milestone for BB Insurance as we took a major step forward by restructuring our subsidiary companies under a joint management model. This strategic transformation has not only streamlined operations but also optimized coordination between BB Insurance, BasisBank, and BB Leasing. This synergy has opened up new cross-selling opportunities within the BB Group, allowing us to provide a seamless and fully integrated experience for our clients.

As a result of this transformation, we have achieved significant efficiency improvements and cost reductions, particularly in human resource management. The shift to a unified business model has enhanced group-wide strategic thinking, allowing us to refine our offerings, expand our client base, and increase operational efficiency while maintaining a strong focus on customer satisfaction. These advancements have made BB Insurance an even stronger financial player.

One of our key priorities is ensuring that claims are processed and settled swiftly and efficiently. Our commitment to prompt claims handling has always been a defining feature of our operations, and in 2024, we set a new benchmark in the industry. We made history by successfully settling Georgia's largest aviation hull claim, reimbursing GEL 110 million. This achievement not only highlights our financial resilience but also underscores our ability to handle even the most complex claims with precision and urgency.

Such rapid and effective claims settlements would not be possible without the unwavering support of our globally recognized, A-rated reinsurers. Their financial strength, stability, and swift response capabilities have enabled us to process high-value claims efficiently, ensuring our clients receive timely compensation. This high level of reinsurance backing enhances our credibility, demonstrating that the trust we offer our customers is reinforced by some of the world's most reputable reinsurance firms. Our partnership with these elite reinsurers allows us to manage risks effectively, further reinforcing BB Insurance as the go-to provider for secure and reliable coverage.

A key pillar of our long-term strategy is our dedication to working with High rated reinsurers who meet the highest international standards. By carefully selecting only the most reputable reinsurance partners, we ensure that our clients' policies are backed by institutions with proven financial stability and an impeccable track record in risk management. This means that when our clients choose BB Insurance, they are not only placing their trust in us but also in a global network of strong and financially secure reinsurance partners who stand behind every policy we issue.

This level of security distinguishes BB Insurance in the Georgian market, as many insurers operate with less robust reinsurance backing. Our commitment to working with only reputable reinsurers provides an additional layer of protection for our policyholders, allowing them to have absolute confidence in our ability to deliver on our promises.

BB Insurance has experienced an exceptional trajectory of growth, and we are committed to maintaining this momentum in the years ahead. Our dedication to efficiency and customer-centric service delivery will continue to be the driving forces behind our success.

Looking forward, we are committed to expanding our product range to cater to evolving customer needs. Jointly with our Group we are investing in cutting-edge digital sales channels that will enhance accessibility and convenience, making it easier than ever for customers to engage with us and purchase insurance products tailored to their needs. The Bancassurance (BIM) model will remain at the heart of our strategy, allowing us to further enhance collaboration within the BB Group and leverage its extensive resources to drive growth.

We are entering a new era where insurance must be faster, smarter, and more customer-focused than ever before. Whether through streamlined digital platforms, faster claims processing, or new, innovative product offerings, BB Insurance is committed to exceeding customer expectations and setting new industry standards.

By staying true to our values of trust, reliability, and excellence, we will continue to strengthen our market position, expand our reach, and redefine the insurance experience for businesses and individuals alike. The future of BB Insurance is one of continued success, and we look forward to serving our customers with the same passion, dedication, and integrity that have brought us this far.

Parent company

JSC BasisBank ("BB"), the 100% owner of BB Insurance, is one of the first commercial banks in Georgia, with a market presence of 30 years. Supported by its subsidiaries, BB Insurance and BB Leasing, Bank offers tailored banking, insurance, and leasing services to its Business and Retail clients. With a strong pool of over 900 employees and a network of 38 branches, Bank serves over 200,000 Business and Retail clients, incorporating ESG principles into its strategy, culture, and day-to-day operations.

Steady organic growth of the bank, backed with a solid capital base and strong financial support from partner IFIs, was boosted with successful acquisition of retail and corporate businesses in 2022, which lead the Bank to dynamic transformation phase and the bank started mapping new strategic objectives and marking further advancements on the market.

History of Basisbank

Basisbank was founded 1993 in Tbilisi by a group of visionary mathematicians with a single service center and goal to create a stable financial institution in the country.

In 2008, 15% of Basisbank's shares were acquired by EBRD, which kick-started organizational re-modelling processes, targeting more agile and efficient structure incorporating best international practices.

In 2012, 90% of Basisbank's shares were acquired by one of the largest private investors in Georgia, Xinjiang Hualing Industry & Trade (Group) Co Ltd (hereinafter Hualing Group), lately increasing the shareholding to 92%. BB's progress on the market since the entrance of Hualing Group was considerable - the main task was to ensure speedy growth, retain sound financials and pre-tax earnings history and achieve these targets with careful risk management practices to retain sustainability of the long-term development path. After the entrance of the new shareholder, the bank had been recording accelerated growth on the market for several succeeding years.

In 2017, the Bank embarked on a fundamental transformation of re-drawing its business perimeter by reaching those areas, which were not covered by ordinary banking business. To fully encompass the business opportunities and compete on profitable market, a decision on extension through Insurance and Leasing market was made. Being one of the top performers in business financing, providing key segments of the economy with affordable and responsible financial resources and services, Basisbank has become a powerful financial group, encompassing banking, insurance and leasing businesses.

In 2022 organic growth was successfully boosted by acquisition of VTB Bank Georgia's portfolios, acquiring total loan portfolio of GEL 787mln and Deposit Portfolio of GEL 665mln. As a result, Basisbank became 4th bank on the market, increasing total assets, loan portfolio and customer base by acquiring over 135k new clients, 24 new locations and over 350 new employees.

2023 and 2024 were another challenging yet fulfilling years for the Bank. The Strategic Transformation process of becoming a universal bank and covering all client segments and sub-segments, made the bank rethink its operations, processes and adjusted strategy for greater growth. Bank started implementing agile structure for strategic directions, to adjust to rapidly changing environment and began implementing new digital banking solutions.

By the end of 2024, BasisBank ranks 4^{th} among Georgian banks with its assets of GEL 4.1 billion and equity of GEL 632 million. In 2024 BB recorded a profit of GEL 87 million after taxes, while its Loans and Deposits portfolios amounted to GEL 2.96 billion and 2.54 billion respectively.

BB is rated by FITCH: On December 19^{th}, 2024, Fitch Ratings has affirmed bank's long-term Issuer Default Rating (IDR) at 'B+' and Outlook on the IDR was changed to Stable. The Viability Rating (VR) has been affirmed at 'b+'.

Majority shareholder of the BB Group is Xinjiang Hualing Industry & Trade (Group) Co Ltd - the Chinese conglomerate which stands as a foreign investor with one of the largest investments in the country. Hualing Group bought 90% of the Bank's stakes in 2012 and today owns 92%. The majority shareholder of Hualing Group is Hualing Group Investment Holding (Xinjiang) Co., which owns 54.55% of the company. Enhua Mi, former 99% owner of Hualing Group, now owns 45.44% of the company. 100% shareholder of Hualing Group Investment Holding (Xinjiang) Co. is Mr. Zaiqi Mi, who also owns 6.14% in Basisbank, which makes him 56.27% beneficiary shareholder of the Bank. Mi Enhua is 41.75% beneficiary shareholder of the Bank.

The areas of Hualing Group's interests are broad and comprehensive including Real Estate Development and Management, Commodity Markets Development and Management, Financial Services, Agribusiness etc. Hualing Group is operating on the Georgian market since 2006 and its investments are over USD 550 million. Main business company is involved in Georgia are construction of infrastructure facilities, a large-scale modern commerce market, financial services, hospitality and tourism.

Company report

Overview of operating environment

The World Bank expects global growth to hold steady at 2.7% in 2025-2026. Global risks remain tilted to the downside despite the possibility of some upside surprises. Heightened policy uncertainty, adverse trade policy shifts, escalating conflicts, geopolitical tensions, pressures on inflation that could lead to longer-lasting monetary easing than expected, and consequently weaker growth in major economies represent key downside risks to the outlook. On the upside, faster progress on disinflation and stronger demand in key economies could result in greater-than-expected global activity.

Geopolitical tensions continue to pose a critical risk. The invasion of Ukraine remains a significant factor in shaping the Europe and Central Asia regional outlook. The global environment is highly uncertain, and the outlook is subject to significant downside risks.

In Georgia, political and social polarization sharply increased after parliamentary elections in October 2024. However, despite political tensions, economic growth remains robust. Strong services sector performance (notably tourism and information and communications technology), construction as well as strong exports were key drivers of solid economic growth for Georgia. Strong credit expansion and economic activity have exceeded expectations, leading to 9.5% economic growth in 2024. So, Georgia proved its resilience to multiple shocks.

NBG's prudent approach to monetary policy, has helped maintaining low and stable inflation in the country, below the target level of 3%. NBG followed gradual exit from tight monetary policy in 2024. However, currently elevated level of economic growth bears inflationary risks, which are compounded by various supply-side factors and heightened uncertainty at the domestic, regional and global levels. Considering these factors, the NBG remains prudent to maintain a gradual pace of monetary policy normalization.

Public finances remain strong. Robust economic growth has resulted in fiscal overperformance. As of December 2024, the government debt amounted to 35.5% of GDP (estimated). However, amid prolonged political uncertainty, Georgia's external balances have weakened.

The Lari depreciated by approximately 4.4% against the U.S. dollar in 2024, mainly driven by negative market sentiments, prompting the NBG to intervene in the foreign exchange market to stabilize volatility. These interventions resulted in net sales of an estimated $435 million, contributing to a 25.4% year-on-year decline in foreign currency reserves, which as of December 2024 stand at $3.4 billion. However, reserves have shown a gradual recovery in the last two months of 2024.

In 2024, the international trade of Georgia amounted to $23.44 billion, 8.3% higher compared to 2023. The exports amounted to 6.56 billion (7.8% higher), while the imports stood at $16.87 billion (8.1% higher). Due to weaker external demand, the trade deficit widened by 8.9% y/y.

The widening trade deficit was partially balanced by the continued recovery in tourism in 2024. Tourism revenues amounted to $4.43 billion in 2024, which is a 7.3% annual increase, and a 35.4% increase compared to the pre-pandemic 2019 level.

Meanwhile, FDI and remittances showed an annual decrease in 2024. Foreign Direct Investments (FDI) in Georgia decreased by 39.8% annually and amounted to $0.97 billion in 9M 2024. As for the total amount of money transfers, this amounted to $3.36 billion which is 18.9% less compared to the previous year.

Domestic political and Geopolitical risks are likely to remain adverse which can negatively affect the macroeconomic outlook. Despite political tensions, Georgian economic outlook is strong. It is expected the economic growth to remain still strong, albeit moderate compared to 2024. Inflation may gradually increase close to the target in 2025, but it is expected that NBG will maintain a cautious monetary policy stance preventing additional cutting of rates until domestic and Geo-political pressures subside.

Insurance market overview

The Georgian insurance sector continues its strong growth trajectory in 2024, driven by sustained economic expansion and increasing awareness of the importance of financial protection. Building upon the positive economic indicators of the previous year, the insurance industry has seen another year of significant advancement. Gross Written Premium (GWP) has grown by approximately 18% year-on-year, reaching GEL 1.26 billion, demonstrating the market's resilience and its potential for further development.

Despite this growth, the insurance sector remains underpenetrated, accounting for only 1.4% of Georgia's Gross Domestic Product (GDP). This relatively low figure underscores the vast potential for deeper market integration and expansion. Increased regulatory enhancements, digital transformation, and a focus on consumer education are all contributing to the sector's gradual evolution and increasing relevance.

Key Trends Shaping the Insurance Market in 2024:

1. **Market Expansion and Structure:** The Georgian insurance market continues to develop steadily, with both Health and non-health insurance segments experiencing growth. As more businesses and individuals recognize the importance of risk management, demand for tailored insurance solutions is rising.
2. **Regulatory Developments:** The regulatory landscape has continued to evolve, with ongoing efforts to enhance consumer protection, ensure financial stability, and foster healthy market competition. The Insurance Supervision Service of Georgia (ISSG) is gradually intensified its oversight, introducing new compliance measures aimed at improving transparency and solvency standards. These regulatory advancements are strengthening trust in the industry.
3. **Market Competition and Players:** The insurance market in Georgia remains competitive, with both domestic and international insurers actively providing diverse products and services. As the market matures, insurers are focusing on differentiation strategies, leveraging specialized coverage offerings, customer-centric services, and digital innovation to strengthen their market positions. In 2024, we have seen acquisitions occurring within the system, resulting in the Bank of Georgia Group now operating four insurance companies in the market.
4. **Risk Management and Reinsurance:** Risk management practices are becoming more sophisticated, with insurers placing a stronger emphasis on reinsurance to enhance financial stability and mitigate risk exposure. In 2024, a notable development has been the emergence of domestic insurance companies offering reinsurance services to local market players. This shift marks a significant milestone in the evolution of Georgia’s insurance sector, providing insurers with more flexible and competitive risk-sharing options. At the same time, partnerships with highly reputable, A-rated international reinsurers continue to reinforce the industry's credibility, ensuring that clients benefit from strong financial backing and reliable claim settlements.
5. **Rising Claims Regulation Costs and Pricing Adjustments:** In 2024, claims regulation costs have increased, leading to a notable rise in insurance product pricing. This trend has been particularly evident in the Casco and health insurance sectors, where insurers have adjusted their premiums to reflect the higher costs associated with claims processing and payouts. These pricing adjustments highlight the importance of sustainable underwriting practices and the need for continued market efficiency improvements.

The Need for Compulsory Motor Third-Party Liability (MTPL) Insurance:

One of the key challenges still facing the Georgian insurance sector is the absence of mandatory Motor Third-Party Liability (MTPL) insurance. The lack of compulsory MTPL coverage presents a significant gap in the market, leaving many road users financially unprotected in the event of accidents.

As Georgia moves forward in its efforts to achieve European Union (EU) membership status, aligning with international insurance standards is becoming a priority. The introduction of MTPL insurance legislation is expected to serve as a major catalyst for industry growth. Such legislation would not only ensure financial security for third parties affected by traffic accidents but also promote safer roads and a more structured insurance framework in the country.

According to information shared by the Insurance Supervision Service of Georgia (ISSG), the MTPL law has already been drafted, and further approvals are expected to take place in 2025. The anticipated implementation of MTPL laws will mark a crucial step in harmonizing Georgia’s insurance regulations with

European best practices. Enforcing mandatory third-party coverage will boost consumer confidence, attract further investment into the sector, and drive greater innovation in motor insurance products.

To sum-up, the Georgian insurance market in 2024 is characterized by sustained growth, increasing competition, and significant regulatory advancements. While challenges remain, particularly regarding market penetration and compulsory insurance regulations, the industry is on a promising trajectory

The company's performance for 2024

In 2024, BB Insurance achieved remarkable growth, further strengthening its position in the Georgian insurance market. The company's Gross Written Premiums (GWP) surged by over 60%, reaching GEL 33 million, while net profit grew by an impressive 30%, exceeding GEL 4.6 million. This outstanding performance underscores BB Insurance's strategic expansion, effective risk management, and continued commitment to innovation.

As a relatively new player in the insurance industry, BB Insurance successfully navigated a dynamic market landscape, leveraging its disciplined approach to risk management and customer-centric strategy. The year saw a substantial increase in the company's insurance business, reflecting both a higher volume and value of underwritten policies. This expansion highlights BB Insurance's success in broadening its customer base and enhancing its product offerings.

A key driver of the company's financial strength was its prudent capital management, with resources strategically allocated to high-yield investments such as debt securities and bank deposits. This approach ensured liquidity, supported asset growth, and reinforced BB Insurance's solid capital position, preparing it for future opportunities and challenges.

BB Insurance also continued to benefit from its affiliation with BB Group, ensuring extensive accessibility through its network of branches in major cities and regions across Georgia. The company's ongoing investment in digitalization further enhanced customer experience, streamlining remote services and making the claims reimbursement process more efficient and flexible.

In 2023, BB Insurance implemented internal accounting policies in accordance with IFRS 17 standards and in 2024 gradually started the implementation of the latest IFRS accounting principles in its daily operations. This transition enhances transparency, improves financial reporting accuracy, and aligns the company with international best practices.

Key areas of growth in 2024:

- **Aviation Insurance**: remained the primary contributor, generating GEL 20 million, reflecting an 81% year-over-year (YoY) increase. Holding a dominant 58.7% market share, the company effectively met the increasing demand for both cargo and civil aviation insurance, backed by strong partnerships with reputable reinsurers.
- **Motor insurance**: also saw substantial growth, BB insurance has increased both the number and volume in Auto insurance direction. Number of clients using our auto insurance products grew by 36.2%, while GWP rising 74% and reaching 4.9 million.
- **Life insurance**: recorded a 33% increase, reaching 2.8 million.

These results highlight BB Insurance's continued expansion across key segments, reinforcing its strong market position.

Key financial indicators for 2024:

- **Net Profit**: BB Insurance posted a net profit exceeding GEL 4.6 million, a 30% increase from the previous year, reflecting the company's strong operational performance and strategic efficiency.
- **Return on Equity (ROE)**: The ROE improved to 23.51%, up from 20.22% in 2023, showcasing BB Insurance's ability to generate higher returns on equity and enhance shareholder value.

BB Insurance's impressive performance in 2024 reaffirms its position as a key player in the Georgian insurance market. With a focus on innovation, strategic expansion, and disciplined financial management, the company is well-positioned for continued growth in the years ahead.

Corporate governance

BB Insurance operates under a robust governance structure comprising three key governing bodies: the General Meeting of Shareholders, the Supervisory Board, and the Board of Directors.

The General Meeting of Shareholders serves as the highest governing body, convening to make pivotal decisions for the company. These decisions include amendments to the charter, issuance of stocks, election of the Supervisory Board, profit distribution, and capital adjustments.

The Supervisory Board, elected by the General Meeting of Shareholders, oversees the company's operational policies and provides strategic guidance to its leadership. Comprised of four members, including one independent member with no business-oriented relations with BB Group, the Supervisory Board ensures the establishment of robust internal control and risk management systems. It appoints the General Director and deputies, selects the company's auditor, and exercises oversight over executive bodies. In alignment with regulatory requirements, an Audit Committee operates within the Supervisory Board, responsible for:

a) Overseeing the process of financial statement preparation
b) Exercising control over quality, managing risks, and ensuring the effectiveness of internal audits, particularly in cases necessitating scrutiny of financial information
c) Monitoring the execution of financial statements/consolidated financial statements audits in the context of quality control oversight, with due consideration to identified findings
d) Upholding compliance with the requirements of Georgian legislation concerning the preservation of the auditor's/auditing firm's independence, auditing, and accounting standards.

The Board of Directors, acting within the parameters defined by the Supervisory Board, ensures the day-to-day functioning of the company. Led by the General Director and supported by four Deputy General Directors overseeing operations, risk, finance and Commercial activity (currently vacant). The Board of Directors holds the authority to make decisions on behalf of the company and engage with third parties within their prescribed scope of authority.

As of 2024, we have extended this governance model to our sibling company, BB Leasing, incorporating a similar organizational structure. This strategic alignment has facilitated the creation of a joint management team, enabling a more integrated approach to operations across the group. By fostering synergies between BB Group companies, this initiative enhances operational efficiency, strengthens our market position, and drives more aggressive cross-selling efforts, ultimately supporting our long-term growth strategy.

This governance structure underscores BB Insurance's commitment to transparency, accountability, and effective leadership, equipping the company to navigate complex challenges and pursue strategic growth opportunities with confidence.

Composition of BB Insurance Supervisory Board:

Mi Zaiqi - Chairman

In parallel with being the Chairman of the Supervisory Board of JSC BB Insurance, Mi Zaiqi is the Chairman of the Supervisory Board of BB Leasing.

Holds a BA from University of California. 2011 to present: Deputy Director of GM Office in Xinjiang Hualing Trade and Industry Group Co., Ltd and Director of GM Office in Georgia Branch Office of Xinjiang Hualing Trade and Industry Group Co., Ltd. 2010-2011: worked as an assistant to GM in Xinjiang Hualing Real Estate Development Co., Ltd. 2005 to 2006: worked as an assistant to GM at Xinjiang Hualing Grand Hotel Co., Ltd.

David Tsaava - Member

Member of the Supervisory Board of BB Insurance since December 2017. Member of the Supervisory Board of Basisbank's other subsidiary - BB Leasing, from the same period to the present. 2015-2018: Member of the Basisbank Supervisory Board.

Mr. Tsaava has 20 years of experience working in the banking sector. He started career with Basisbank in 2004, on a position of a Lending Expert, and produced gradual career ladder climb by achieving promotion to Deputy General Director, Corporate banking in 2008 and to the General Director in 2010. He Holds PhD degree in Business Administration

Li Hui - Member

In addition to being a member of the Supervisory Board of JSC BB Insurance, Li Hui is the Deputy General Director of JSC Basisbank for Lending and a member of the Supervisory Board of JSC BB Leasing.

2015-2018: Member of the Supervisory Board of JSC Basisbank. Li Hui has been working in the financial sector since 1993. In 2005-2012 she was in charge of loan approval in Credit Management Department of Urumqi City Commercial Bank. At different times, she held the position of Deputy Manager of Credit Department and Deputy Director in Urumqi Chengxin Credit Cooperatives.

Li Hui holds a Bachelor’s Degree in Accounting from Financial University of China.

Zaza Robakidze – independent Member (Chairman of the Audit Committee)

Zaza Robakidze, a proficient banking expert with over 25 years of sector experience, accepted the position of the Member of Supervisory Board in late 2018. He has also been serving as Chairman of Basisbank’s Audit Committee since 2012. Zaza Robakidze spent several years working at the National Bank of Georgia on various positions, from Economist to Head of Supervision Department. Zaza Robakidze holds a Master’s Degree in Economics.

Composition of BB Insurance Management Board:

Konstantine Sulamanidze – Chief Executive Office

Konstantine Sulamanidze is an accomplished CEO with extensive leadership experience spanning over 20 years across the banking, insurance, and leasing industries, as well as supervisory agencies within the financial sector. He brings a wealth of expertise and strategic insight to his role at BB Insurance and BB Leasing.

From 2016 to 2018, Konstantine Sulamanidze served as the Head of the Insurance State Supervision Service of Georgia, where he played a pivotal role in shaping regulatory frameworks and ensuring compliance within the insurance sector. Prior to this, he held the position of CEO at Progress Bank from 2008 to 2014, overseeing the bank's operations and strategic direction.

Before his tenure at Progress Bank, Konstantine Sulamanidze held various senior management positions at Bank Republic Societe Generale's group member, culminating in his role as Director of Lending from 2005 to 2008. He also held key management positions at VTB Bank Georgia from 2002 to 2005, contributing to the bank's growth and success during his tenure.

Konstantine Sulamanidze holds a PhD in Finance, underscoring his deep understanding of financial markets and principles. In addition, he earned an MBA degree from Hult International Business School in 2015, further enhancing his strategic management and leadership capabilities.

With his extensive background and expertise, Konstantine Sulamanidze is well-equipped to lead BB Insurance and BB Leasing towards continued growth and success in the dynamic financial landscape.

Vano Bagoshvili – Chief financial Officer

Chief financial Officer of "BB Insurance" since March 2023. The Head of Asset-Liability Management Departments at JSC Basisbank.

Vano Bagoshvili has been working in banking business for 20 years, from which for 3 years – at BB Insurance and at Basisbank, and for 17 years – at VTB Bank Georgia. For more than 17 years he held various managerial positions: In 2012-2022 he was Head of Reporting Department; In 2008-2012 – Deputy Head of Financial Department; In 2008 – Deputy Head of Sales Network Department.

Vano Bagoshvili holds an MBA degree in finance and banking, which he got in 2006 from Tbilisi State University. Before that, in 2005 he got Bachelor’s degree from the same Tbilisi State University in Finance, Banking and Insurance.

Shota Svanadze – Chief Risk Officer

Before becoming the Chief Risk Officer at BB Insurance in 2018, Shota Svanadze was the Deputy Director of Aldagi Insurance Company. Over the years, since 2004, he has held various managerial positions at the same company.

Shota Svanadze has 20 years of experience working in the field of insurance. In 2013, he received a degree in finance management from the Free University, in 2008 he passed the Basic Management Program (Pre-MBA) of the same university and ESM. In 2004 he received a bachelor's degree in international economics from the Georgian Technical University.

Levan Pitiurishvili – Chief Operations Office

Before becoming the Chief Operations Officer in 2018 at BB Insurance, Levan Pitiurishvili was Head of Back Office Department in BB Insurance. He has been working in banking business for 15 years. He changed several managerial positions in both JSC Bank Republic and JSC Bank of Georgia, as Head of Back Office Division and as Deputy Head of settlements. He received the Certification of Professional Accountants and Auditors (ACCA) in 2006. Levan Pitiurishvili received a degree in preventive medicine.

Risk profile and risk management system

BB Insurance's risk profile is characterized by its robust and comprehensive approach to risk management, which is seamlessly integrated into every facet of the company's operations. Our risk management system is designed to identify, assess, and mitigate potential risks, ensuring that we offer products that are both effective and aligned with our customers' needs, while also protecting the company from adverse financial outcomes.

Key Components of Our Risk Management Approach:

- Comprehensive Risk Assessment:

Our risk assessment processes are thorough, ensuring that each product offered undergoes rigorous evaluation to determine its alignment with our defined risk appetite. This includes constant monitoring of internal and external risk factors that could impact the financial stability and operational efficiency of the company.

- Credit Risk Management:

We place significant emphasis on managing credit risk, particularly in relation to receivables from direct insurance operations. Through prompt and diligent adjustments to unearned premium reserves, we proactively minimize the potential for loss by addressing situations where policyholders may be unable or unwilling to continue paying premiums.

- Dynamic Response to Unforeseen Circumstances:

Our risk management framework is designed to be adaptable in the face of unforeseen circumstances. We acknowledge that while our statistical analyses are robust, actual claims experience may sometimes exceed expectations. To address this, we have tailored our underwriting and reinsurance guidelines, prioritizing the corporate sector for its more predictable risk profile. This allows for a more nuanced and effective approach to risk mitigation.

- Liquidity Management:

Liquidity is a critical aspect of our financial management. We ensure that funds are readily available to meet all cash flow obligations through ongoing reviews of liquidity positions by management. This proactive monitoring enhances our ability to effectively navigate potential financial uncertainties and maintain operational stability.

- Market Risk Management:

In managing market risk from both insurance and investment activities, BB Insurance employs a diverse range of strategies. These include setting conservative underwriting limits, continuously monitoring emerging issues, and ensuring a well-diversified portfolio. These strategies are designed to minimize risk concentrations and protect the company from adverse market volatility.

- Reinsurance Strategy:

BB Insurance strengthens its risk management practices by partnering with highly rated, top-tier reinsurance companies, both for life and non-life insurance. Our partnerships with reputable international reinsurance providers bolster our capacity to manage large risks and ensure financial stability. This has proven successful, as demonstrated by the resolution of significant claims through reinsurance agreements.

- Notable Achievements in Risk Management:

In 2024, BB Insurance successfully settled a GEL 110.2 million claim resulting from a major accident, marking the largest claim settlement within the Georgian insurance industry for the year. This achievement reflects our strategic approach to risk management and the reliability of our reinsurance partnerships. It highlights our ability to effectively manage large-scale claims and showcases the effectiveness of our risk mitigation strategies.

- Commitment to Financial Stability and Client Protection:

Our reinsurance agreements are structured with the goal of maintaining the highest standards of financial stability. Through these agreements, we ensure the protection of both our clients and stakeholders, reinforcing our position as a reliable and resilient player in the Georgian insurance market.

Conclusion:

BB Insurance's risk management practices are fundamental to our long-term success and stability. Our proactive approach to identifying, assessing, and mitigating risks, combined with strategic partnerships and a commitment to liquidity and financial prudence, ensures that we continue to be a trusted provider of insurance solutions. Our clients and stakeholders can be confident in our ability to manage risks effectively, safeguarding their interests and our reputation in the market.

The Company's Structure