

BB Insurance JSC

International Financial Reporting Standards
Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2025

BB Insurance JSC

Table of Contents

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2025.....	1
INDEPENDENT AUDITOR'S REPORT.....	2-4
STATEMENT OF FINANCIAL POSITION.....	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	6
STATEMENT OF CASH FLOWS.....	7
STATEMENT OF CHANGES IN EQUITY.....	8
NOTES TO THE FINANCIAL STATEMENTS.....	9-41
1. INTRODUCTION.....	9
2. OPERATING ENVIRONMENT.....	9
3. MATERIAL ACCOUNTING POLICY INFORMATION.....	10
4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.....	19
5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS.....	20
6. NEW AND REVISED IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE.....	20
7. CASH AND CASH EQUIVALENTS.....	21
8. DEPOSITS WITH BANKS.....	21
9. INVESTMENT IN DEBT SECURITIES.....	22
10. INSURANCE CONTRACT ASSETS AND LIABILITIES.....	23
11. REINSURANCE CONTRACT ASSETS AND LIABILITIES.....	24
12. INVESTMENT PROPERTY.....	25
13. OTHER ASSETS.....	25
14. OTHER FINANCIAL LIABILITIES.....	25
15. OTHER LIABILITIES.....	25
16. EQUITY.....	26
17. INSURANCE REVENUE.....	26
18. INSURANCE SERVICE EXPENSES.....	27
19. RESULT FROM REINSURANCE CONTRACTS HELD.....	27
20. INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST RATE METHOD.....	27
21. SALARIES AND OTHER EMPLOYEE BENEFITS.....	27
22. OTHER OPERATING EXPENSES.....	28
23. INCOME TAX EXPENSE.....	28
24. CAPITAL MANAGEMENT.....	29
25. INSURANCE RISK MANAGEMENT.....	30
26. FAIR VALUES AND RISK MANAGEMENT.....	33
27. CONTINGENCIES.....	39
28. RELATED PARTIES.....	40
29. EVENTS AFTER THE REPORTING PERIOD.....	41
MANAGEMENT REPORT.....	42

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 2025

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 2025, 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 2025 were approved by the Management Board of the Company on 9 March, 2026.

On behalf of the Management Board:

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

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 2025

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 2025, 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 2025 were approved by the Management Board of the Company on 9 March, 2026.

On behalf of the Management Board:



Konstantine Sulamanidze
CEO
Tbilisi, Georgia



Vano Bagoshvili
CFO
Tbilisi, Georgia

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 2025, 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 2025, 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements for the year ended at December 31, 2024 was audited by another auditor, who expressed an unmodified opinion on those financial statements on May 2, 2025.

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.

Other Information (*Continued*)

We are required to express an opinion whether certain parts of the Annual Report comply with the financial statements and to consider whether the Annual Report includes the information required by article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the information given in the Annual Report complies with the requirements of article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

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 International Financial Reporting Standards (IFRS), 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

Mikheil Abaiadze / Certified Auditor / Partner
Audit firm registration number: SARAS-F-320544
Auditor's registration number: SARAS-A-865011

Date: March 9, 2026
Tbilisi, Georgia



BB Insurance JSC

Statement of Financial Position As at 31 December 2025

<i>In Georgian Lari</i>	Note	31 December, 2025	31December, 2024
ASSETS			
Cash and cash equivalents	7	932,046	553,297
Deposits with Banks	8	26,518,954	21,232,133
Investment in debt securities	9	2,398,388	929,188
Insurance contract assets	10	1,006,996	82,040
Reinsurance contract assets	11	3,102,147	964,353
Investment Property	12	-	1,248,958
Property, equipment, and intangible assets		26,324	46,652
Other Assets	13	678,111	519,191
TOTAL ASSETS:		34,662,966	25,575,812
LIABILITIES			
Insurance contract liabilities	10	5,446,460	2,037,576
Reinsurance contract liability	11	1,041,479	344,912
Other financial liabilities	14	376,648	570,963
Other liabilities	15	741,562	719,948
TOTAL LIABILITIES:		7,606,149	3,673,399
EQUITY			
Share capital	16	6,000,000	6,000,000
Retained earnings		21,056,817	15,902,413
TOTAL EQUITY:		27,056,817	21,902,413
TOTAL LIABILITIES & EQUITY		34,662,966	25,575,812

Approved for issue and signed on behalf of the Management Board on 9 March, 2026.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia


The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

Statement of Financial Position As at 31 December 2025

<i>In Georgian Lari</i>	Note	31 December, 2025	31 December, 2024
ASSETS			
Cash and cash equivalents	7	932,046	553,297
Deposits with Banks	8	26,518,954	21,232,133
Investment in debt securities	9	2,398,388	929,188
Insurance contract assets	10	1,006,996	82,040
Reinsurance contract assets	11	3,102,147	964,353
Investment Property	12	-	1,248,958
Property, equipment, and intangible assets		26,324	46,652
Other Assets	13	678,111	519,191
TOTAL ASSETS:		34,662,966	25,575,812
LIABILITIES			
Insurance contract liabilities	10	5,446,460	2,037,576
Reinsurance contract liability	11	1,041,479	344,912
Other financial liabilities	14	376,648	570,963
Other liabilities	15	741,562	719,948
TOTAL LIABILITIES:		7,606,149	3,673,399
EQUITY			
Share capital	16	6,000,000	6,000,000
Retained earnings		21,056,817	15,902,413
TOTAL EQUITY:		27,056,817	21,902,413
TOTAL LIABILITIES & EQUITY		34,662,966	25,575,812

Approved for issue and signed on behalf of the Management Board on 9 March, 2026.



Konstantine Sulamanidze
CEO
Tbilisi, Georgia



Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

Statement of Profit or Loss and Other Comprehensive Income As at 31 December 2025

<i>In Georgian Lari</i>	Note	2025	2024
Insurance revenue	17	30,240,018	25,683,410
Insurance service expense	18	(8,910,877)	(43,467,630)
Result from reinsurance contracts held	19	(15,800,097)	22,954,031
Insurance service result		5,529,044	5,169,811
Salaries & other employee benefits	21	(2,351,843)	(2,075,662)
Other operating expenses	22	(1,359,054)	(1,040,788)
Gain from disposal of investment property		353,670	68,282
Operating profit		2,171,817	2,121,643
Interest revenue calculated using the effective interest rate method	20	2,975,944	2,453,239
Net foreign exchange income/(expense)	-	6,643	33,132
Profit before tax		5,154,404	4,608,014
Income tax expense	-	-	-
Profit for the year		5,154,404	4,608,014
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,154,404	4,608,014

Approved for issue and signed on behalf of the Management Board on 9 March, 2026.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

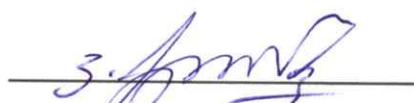
Statement of Profit or Loss and Other Comprehensive Income As at 31 December 2025

<i>In Georgian Lari</i>	Note	2025	2024
Insurance revenue	17	30,240,018	25,683,410
Insurance service expense	18	(8,910,877)	(43,467,630)
Result from reinsurance contracts held	19	(15,800,097)	22,954,031
Insurance service result		5,529,044	5,169,811
Salaries & other employee benefits	21	(2,351,843)	(2,075,662)
Other operating expenses	22	(1,359,054)	(1,040,788)
Gain from disposal of investment property		353,670	68,282
Operating profit		2,171,817	2,121,643
Interest revenue calculated using the effective interest rate method	20	2,975,944	2,453,239
Net foreign exchange income/(expense)	-	6,643	33,132
Profit before tax		5,154,404	4,608,014
Income tax expense	-	-	-
Profit for the year		5,154,404	4,608,014
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,154,404	4,608,014

Approved for issue and signed on behalf of the Management Board on 9 March, 2026.



Konstantine Sulamanidze
CEO
Tbilisi, Georgia



Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

Statement of Cash Flows for the Year Ended 31 December 2024

<i>In Georgian Lari</i>	2025	2024
Cash flows from operating activities		
Insurance premium received	19,329,378	18,615,824
Reinsurance premium paid	(6,262,910)	(10,073,454)
Net insurance premium received	13,066,468	8,542,370
Commission received from reinsurers	239,968	315,133
Cash received from subrogation and recoveries	427,777	176,207
Reinsurance received from claims paid	629,948	262,499
Interest received on bank current accounts	66,681	90,130
Insurance claims paid	(7,768,079)	(3,720,684)
Salaries and benefits paid	(2,377,361)	(2,128,341)
Agent fee paid	(371,725)	(553,895)
Cash paid to other suppliers of goods and services	(210,067)	(141,220)
Other operating expenses paid	(1,345,492)	(716,362)
Net cash flows from operating activities before income tax	2,358,119	2,125,837
Income tax paid	(7,794)	(220,018)
Net cash flows from operating activities	2,350,324	1,905,819
Cash flows used in investing activities		
Placement on bank deposits	(15,950,000)	(10,577,714)
Withdrawal of bank deposits	10,727,714	7,200,000
Interest received	3,390,085	1,193,373
Investment in assets held to maturity	(2,000,000)	(600,000)
Acquisition of property and equipment and intangible assets	(999)	-
Disposal of investment property	1,864,054	68,282
Net cash flows used in investing activities	(1,969,146)	(2,716,059)
Effect of exchange rates changes on cash and cash equivalents	(1,840)	8,169
Net increase/(decrease) in cash and cash equivalents	379,338	(802,071)
Cash and cash equivalents at the beginning of the year	554,019	1,356,090
Cash and cash equivalents at the end of the year	933,357	554,019

During the years ended 31 December 2025 and 31 December 2024, the Company performed the following non-cash transactions. These non-cash transactions were excluded from the statement of cash flows and presented separately below:

<i>In Georgian Lari</i>	2025	2024
Promissory note was exchanged to another promissory note of the same issuer	300,000	300,000
Impairment effect on cash and cash equivalents	(1,312)	(722)

Approved for issue and signed on behalf of the Management Board on 9 March 2026.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC


Statement of Cash Flows for the Year Ended 31 December 2024

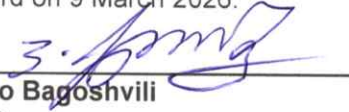
<i>In Georgian Lari</i>	2025	2024
Cash flows from operating activities		
Insurance premium received	19,329,378	18,615,824
Reinsurance premium paid	(6,262,910)	(10,073,454)
Net insurance premium received	13,066,468	8,542,370
Commission received from reinsurers	239,968	315,133
Cash received from subrogation and recoveries	427,777	176,207
Reinsurance received from claims paid	629,948	262,499
Interest received on bank current accounts	66,681	90,130
Insurance claims paid	(7,768,079)	(3,720,684)
Salaries and benefits paid	(2,377,361)	(2,128,341)
Agent fee paid	(371,725)	(553,895)
Cash paid to other suppliers of goods and services	(210,067)	(141,220)
Other operating expenses paid	(1,345,492)	(716,362)
Net cash flows from operating activities before income tax	2,358,119	2,125,837
Income tax paid	(7,794)	(220,018)
Net cash flows from operating activities	2,350,324	1,905,819
Cash flows used in investing activities		
Placement on bank deposits	(15,950,000)	(10,577,714)
Withdrawal of bank deposits	10,727,714	7,200,000
Interest received	3,390,085	1,193,373
Investment in assets held to maturity	(2,000,000)	(600,000)
Acquisition of property and equipment and intangible assets	(999)	-
Disposal of investment property	1,864,054	68,282
Net cash flows used in investing activities	(1,969,146)	(2,716,059)
Effect of exchange rates changes on cash and cash equivalents	(1,840)	8,169
Net increase/(decrease) in cash and cash equivalents	379,338	(802,071)
Cash and cash equivalents at the beginning of the year	554,019	1,356,090
Cash and cash equivalents at the end of the year	933,357	554,019

During the years ended 31 December 2025 and 31 December 2024, the Company performed the following non-cash transactions. These non-cash transactions were excluded from the statement of cash flows and presented separately below:

<i>In Georgian Lari</i>	2025	2024
Promissory note was exchanged to another promissory note of the same issuer	300,000	300,000
Impairment effect on cash and cash equivalents	(1,312)	(722)

Approved for issue and signed on behalf of the Management Board on 9 March 2026.


Konstantine Sulamanidze
 CEO
 Tbilisi, Georgia


Vano Bagoshvili
 CFO
 Tbilisi, Georgia

The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

Statement of Changes in Equity for the Year Ended 31 December 2025

<i>In Georgian Lari</i>	Share Capital	Retained Earnings	Total Equity
Balance as at 1 January 2023	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
Profit 2025	-	5,154,404	5,154,404
Balance as at 31 December 2025	6,000,000	21,056,817	27,056,817

Approved for issue and signed on behalf of the Management Board on 9 March 2026.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

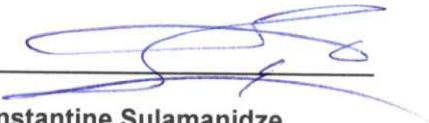
The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

Statement of Changes in Equity for the Year Ended 31 December 2025

<i>In Georgian Lari</i>	Share Capital	Retained Earnings	Total Equity
Balance as at 1 January 2023	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
Profit 2025	-	5,154,404	5,154,404
Balance as at 31 December 2025	6,000,000	21,056,817	27,056,817

Approved for issue and signed on behalf of the Management Board on 9 March 2026.



Konstantine Sulamanidze
CEO
Tbilisi, Georgia



Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-41 form an integral part of these financial statements.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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 2025, and 2024, 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 2025 and 2024 ultimate shareholders of the Company’s immediate parent were:

	<u>2025</u>	<u>2024</u>
Xinjiang Hualing Industry & Trade (Group) Co Ltd	91.694%	91.891%
Mr. Mi Zaiqi	6.131%	6.144%
Other minority shareholders	2.175%	1.965%

Ultimate beneficial owner and ultimate controlling party. As at 31 December 2025, the ownership and control structure of Xinjiang Hualing Industry & Trade (Group) Co. Ltd. is as follows:

- Xinjiang Shangwu Assets Operation Co., Ltd. holds a 51% ownership interest in Xinjiang Hualing Industry & Trade (Group) Co. Ltd.
- Xinjiang Shangwu Assets Operation Co., Ltd. is controlled by Xinjiang Commercial Logistics (Group) Co., Ltd., which in turn is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Xinjiang Uygur Autonomous Region.

In addition, Mr. Mi Zaiqi holds a total effective ownership interest of approximately 51.061%, comprising both direct and indirect interests, including:

- A direct ownership interest of 6.131%, and Indirect ownership interests of approximately 44.930% through related entities, including Hualing Group Investment Holding (Xinjiang) Co., Ltd., a wholly owned entity of Mr. Mi Zaiqi.

While Mr. Mi Zaiqi is a significant minority shareholder and influential stakeholder, ultimate control over Xinjiang Hualing Industry & Trade (Group) Co., Ltd. resides with the Xinjiang SASAC.

As of 31 December 2024, the ultimate beneficiaries with more than 5% of ownership 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

2 Operating Environment (*Continued*)

Following 9.4% real GDP growth in 2024, Georgia maintained strong economic performance with 7.2% real GDP growth in 2025, according to the preliminary estimates. Georgia's macroeconomic indicators remain robust, supported by prudent government and fiscal policies, resilient consumption and a strong financial sector. IMF estimates growth of 5.3% in 2026.

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 remained elevated throughout 2025 following the parliamentary elections held in October 2024. Nevertheless, despite continued political tensions, economic growth stayed resilient. Strong performance in the services sector—particularly tourism and information and communications technology—along with robust construction activity and solid export growth, continued to underpin Georgia's economic expansion, demonstrating the economy's resilience to multiple external and domestic shocks.

The National Bank of Georgia's prudent monetary policy stance helped maintain overall price stability in the country. After remaining below the 3% target in the previous period, inflation picked up moderately, with annual inflation reaching 4% in 2025. Despite this increase, inflationary pressures remained contained, reflecting effective policy management and well-anchored inflation expectations. NBG continued its cautious monetary policy stance in 2025, following the gradual exit from tight monetary conditions initiated in 2024, when the Monetary Policy Rate was reduced from 9.5% to 8.0%. The policy rate remained unchanged at 8.0% throughout 2025, reflecting the central bank's prudent approach and commitment to a measured pace of monetary policy normalization while safeguarding price stability and macroeconomic resilience.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

3. Material Accounting Policy Information (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

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 Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. Material Accounting Policy Information (*continued*)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

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 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

There have been no new standards adopted in the current year that had a material impact on the financial statements.

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

The following standards and amendments are not yet effective but may have a material impact on the financial statements of the Company in the future.

Amendments to IFRS 9 and IFRS 7 Amendments to the classification and Measurement of Financial Instruments

These amendments change the requirements as to when a financial liability can be derecognized when it is settled via electronic transfer as well as when cash flows can be considered simply payments of principal and interest and hence the ability to classify assets as at amortized cost.

Whilst the Company is still assessing the impacts, the current expectation is that the amendments relating to the timing of derecognition of the liabilities may impact Company's financial liabilities, however, the amendment relating to the classification of financial assets is not expected to have an impact on the Company.

The amendments are applicable for the 2026 Financial Statements.

IFRS 18 Presentation and Disclosure of Financial Statements

This standard will replace IAS 1 *Presentation of Financial Statements*. Whilst many of the requirements will remain consistent, the new standard will have impact on the presentation of the Statement of Profit and Loss and consequential impact on the Statement of Cash Flows. It will also require the disclosure of non-IFRS management performance measures and may impact the level of aggregation and disaggregation throughout the primary financial statement and the notes.

IFRS 18 applies to periods beginning on or after 1 January 2027 and will be applied retrospectively. The company is still currently assessing the impact that IFRS 18 will have on the Company.

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

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

There are no other new standards or amendments that are expected to have a material impact on the Company.

7. Cash and Cash Equivalents

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
Current Accounts	933,358	554,019
Less: credit loss allowance	(1,312)	(722)
Total cash and cash equivalents	932,046	553,297

Credit ratings of cash and cash equivalents were as follows:

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
BB	53,680	128,750
B+	748,581	223,479
B	129,786	201,068
Total	932,046	553,297

Over the year, the company's cash flow increased by GEL 0.4 million. During 2025 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 2025, the volume of funds placed in term deposits increased by GEL 5.3 million (see Note 8 - Deposits in banks).

8. Deposits with Banks

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
JSC Credo Bank	24,874,857	14,561,435
JSC Pasha Bank Georgia	1,010,992	6,334,279
JSC Bank of Georgia	434,767	-
JSC BasisBank	322,858	438,539
Less: credit loss allowance	(124,520)	(102,120)
Total deposits with Banks	26,518,954	21,232,133

As at 31 December 2025 and 2024 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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

8. Deposits with Banks (*continued*)

Credit ratings of placements with banks were as follows:

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
B+	322,138	436,801
B	25,763,402	20,795,332
BB	433,414	-
Total	26,518,954	21,232,133

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 11.2% (2024: 11.4%). Refer to Note 28.

The remaining maturity and average interest rates of deposits as at 31 December 2025 and 2024 were as follows:

<i>In Georgian Lari</i>	December 31, 2025		December 31, 2024	
	Avg. %	Amount	Avg. %	Amount
From 1 to 6 months	12.5%	1,526,958	12.7%	2,055,634
From 6 to 12 months	12.7%	15,676,285	13.7%	10,204,437
From 12 to 24 months	13.8%	9,315,710	12.0%	8,972,062
Total	13.1%	26,518,954	12.9%	21,232,133

As at 31 December 2025, 322,138 GEL (2024: 436,800 GEL) from deposits placed in parent company (BasisBank JSC) was pledged under a Guarantee agreement received from the parent total amount 277,004 GEL (2024: 402,896 GEL). Refer to Note 28.

9. Investment in Debt Securities

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
Promissory notes from JSC MicroBank Crystal	2,106,672	632,541
Promissory notes from JSC MFO Swiss Capital	300,115	300,115
Less: credit loss allowance	(8,399)	(3,468)
Total investments in debt securities	2,398,388	929,188

As at 31 December 2025 the rating of JSC MicroBank Cristal was B and the rating of JSC Swiss Capital - B- (at the 31 December, 2024 the rating of JSC Cristal was B and 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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

10. 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
	Excluding loss component	Loss component	Incurred claim	Non-financial risk adjustment	
<i>In Georgian Lari</i>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	(1,401,791)	-	(74,780,099)	(139,890)	(76,321,780)
31.12.2023	(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 - adjustments to LfIC	-	-	(37,948,769)	122,324	(37,826,445)
Losses on onerous contracts	-	-	-	-	-
Net foreign exchange income	11,498	-	-	-	11,498
Total changes in statement of profit and loss and OCI	25,694,908	-	(43,214,717)	(154)	(17,519,963)
<i>Cash Flows</i>					
Premiums received	(23,094,095)	-	-	-	(23,094,095)
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)
31.12.2024	1,199,022	-	(3,014,514)	(140,044)	(1,955,536)
Insurance revenue	(30,240,018)	-	-	-	(30,240,018)
Insurance service expenses					
Incurred claim	-	-	(10,389,618)	(273,787)	(10,663,405)
Directly attributable expenses	-	-	(511,708)	-	(511,708)
Changes that relate to past service and reversal of those losses	-	-	2,016,413	29,857	2,046,270
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Net foreign exchange income	6,001	-	-	-	6,001
Total changes in statement of profit and loss and OCI	(30,234,017)	-	(8,884,913)	(243,930)	(39,362,860)
<i>Cash Flows</i>					
Premiums received	28,287,033	-	-	-	28,287,033
Claims paid	-	-	8,110,322	-	8,110,322
Directly attributable expenses paid	-	-	481,577	-	481,577
31.12.2025	(747,962)	-	(3,307,528)	(383,974)	(4,439,464)
Insurance contract assets	1,006,996	-	-	-	1,006,996
Insurance contract liabilities	(1,754,958)	-	(3,307,528)	(383,974)	(5,446,460)

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

11. 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		for Asset/(Liability) for Incurred Claims		Total
	Excluding loss- recovery component	Loss- recovery component	Reinsurance share incurred claim	Non- infinancial risk adjustment	
<i>In Georgian Lari</i>					
Reinsurance contract assets	(1,019,184)	-	75,492,339	73,282	74,546,437
Reinsurance contract liabilities	-	-	-	-	-
31.12.2023	(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 claim incurred	-	-	2,567,344	68,697	2,636,041
Changes that relate to past service - adjustments to AfIC	-	-	37,999,701	(64,478)	37,935,223
Net foreign exchange income (expense)	(19,137)	-	-	-	(19,137)
Total changes in statement of profit and loss and OCI	(17,636,370)	-	40,567,045	4,219	22,934,894
Reinsurance premiums paid	16,800,633	-	-	-	16,800,633
Reinsurance share in incurred claim paid	-	-	(113,662,523)	-	(113,662,523)
Reinsurance share in subrogation and	-	-	-	-	-
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)
31.12.2024	(1,854,921)	-	2,396,861	77,501	619,441
Reinsurance expenses	(20,406,289)	-	-	-	(20,406,289)
Result from reinsurance contracts held					
Reinsurance share in incurred claim	-	-	6,585,640	179,885	6,765,525
Changes that relate to past service - adjustments to AfIC	-	-	(2,145,234)	(14,099)	(2,159,333)
Net foreign exchange income (expense)	6,085	-	-	-	6,085
Total changes in statement of profit and loss and OCI	(20,400,204)	-	4,440,406	165,786	(15,794,012)
Reinsurance premiums paid	21,633,591	-	-	-	21,633,591
Reinsurance share in incurred claim paid	-	-	(4,398,352)	-	(4,398,352)
Reinsurance share in subrogation and	-	-	-	-	-
31.12.2025	(621,534)	-	2,438,915	243,287	2,060,668
Reinsurance contract assets	425,625	-	2,433,235	243,287	3,102,147
Reinsurance contract liabilities	(1,047,159)	-	5,680	-	(1,041,479)

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

12. Investment property

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
Cost as at 1 January	1,346,332	1,414,970
Disposal	(1,346,332)	(68,638)
Cost as at December 31	-	1,346,332
Accumulated depreciation as at 1 January	(97,374)	(65,172)
Depreciation charge	(17,017)	(32,202)
Disposal	114,39	
Accumulated depreciation as at 31 December	-	(97,374)
Net Book Value 31 December	-	1,248,958

13. Other assets

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
Receivable from regression	380,720	121,670
Salvages	165,992	97,910
Other tax prepayment	64,837	207,708
Prepayments	41,289	66,604
Prepayments to Compulsory Insurance Centre	23,529	23,528
Other assets	1,744	1,771
Total other assets	678,111	519,191

14. Other financial liabilities

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
Payable to ISSSG	302,010	254,473
Payables for professional services	63,604	192,097
Payables to Agents	11,034	68,335
Other creditors	-	56,058
Total other financial liabilities	376,648	570,963

15. Other liabilities

<i>In Georgian Lari</i>	December 31, 2025	December 31, 2024
Accruals for employee compensation	713,669	548,097
Advances received	27,110	170,705
Income taxes payable	783	-
Other liabilities	-	1,146
Total other liabilities	741,562	719,948

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

16. Equity

	Number of outstanding shares	Ordinary shares	Total
At 1 January 2024	6,000,000	6,000,000	6,000,000
At 31 December 2024	6,000,000	6,000,000	6,000,000
At 31 December 2025	6,000,000	6,000,000	6,000,000

As at 31 December 2025 the total authorized number of ordinary shares is 6,000,000 (2024: 6,000,000), with a par value of GEL 1 per share (2024: GEL 1 per share). As at 31 December 2025 the number of ordinary issued shares is 6,000,000 (2024: 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 2025 and 2024.

17. Insurance revenue

<i>In Georgian Lari</i>	2025	2024
Aviation	14,328,453	13,816,203
Casco	6,943,846	3,533,582
Life	3,169,845	2,755,674
Compulsory insurance of Third-party liability	2,361,206	2,484,587
Property	2,156,440	2,184,402
Other	1,280,228	908,962
Total insurance revenue	30,240,018	25,683,410

Insurance revenues increased by 18% (4.6 million GEL) in 2025. Among them: Aviation insurance increased by 4% (0.51 million GEL), Life insurance increased by 15% (0.41 million GEL) and CASCO insurance increased by 97% (3.41 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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

18. Insurance service expenses

<i>In Georgian Lari</i>	2025	2024
Incurring claims ex aviation	(10,663,405)	(4,898,250)
Directly attributable expenses	(511,708)	(490,176)
Changes that relate to past service - adjustments to LfIC-Aviation	1,820,630	(38,223,966)
Changes that relate to past service - adjustments to LfIC-Ex aviation	225,640	397,521
Insurance acquisition cost	(389,956)	(449,162)
Subrogation and salvage	607,922	196,403
Total insurance service expenses	(8,910,877)	(43,467,630)

19. Result from reinsurance contracts held

<i>In Georgian Lari</i>	2025	2024
Reinsurance expenses	(20,406,289)	(17,617,233)
Reinsurance share in claim incurred-ex Aviation	6,765,525	2,636,041
Changes that relate to past service - adjustments to AfIC-Aviation	(1,820,630)	38,223,966
Changes that relate to past service - adjustments to AfIC-ex Aviation	(338,703)	(288,743)
Total insurance service expenses	(15,800,097)	22,954,031

20. Interest revenue calculated using the effective interest rate method

<i>In Georgian Lari</i>	2025	2024
Interest income from deposits with banks	2,780,312	2,378,583
Interest income from debt securities	195,631	74,656
Total interest revenue calculated using effective interest rate method	2,975,944	2,453,239

21. Salaries and other employee benefits

<i>In Georgian Lari</i>	2025	2024
Salaries	1,355,829	1,423,994
Bonuses	930,826	625,917
Insurance and other benefits	65,187	25,751
Total salaries and other employee benefits	2,351,843	2,075,662

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

22. Other Operating expenses

<i>In Georgian Lari</i>	2025	2024
Audit and consulting	181,395	202,040
Supervisory fee	304,372	254,473
Rent	102,200	88,948
Post, Telecomm, Utilities	32,719	34,952
Marketing	63,818	51,413
Software	42,480	33,205
Amortization	18,035	16,924
Depreciation	23,014	36,472
Business trip	22,477	21,244
Repair & Maintenance	1,464	9,653
Bank fees and other commissions	14,535	12,035
CIC Governance Fee*	355,181	238,830
Other admin costs	197,365	40,598
Total general and administrative expenses	1,359,054	1,040,788

As at 31 December 2025 the GEL 63,604 fees incurred for audit provided by Auditors/Audit Firms as defined in the Law of Georgia on Accounting, Reporting and Auditing (2024: GEL 192,097).

*CIC – Compulsory Insurance Center

23. Income tax expense

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

24. 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 2025 and 2024.

(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 2025 and 2024.

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 2025 and 2024, the Company was in full compliance with the required level of Regulatory Capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

25. 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

25. Insurance risk management (*Continued*)

(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 19 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

25. Insurance risk management (*Continued*)

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.

(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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

25. Insurance risk management (Continued)

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.

26. 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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

26. Fair values and risk management (*Continued*)

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

As at 31 December 2025				
<i>In Georgian Lari</i>	Level 1	Level 2	Level 3	Carrying value
FINANCIAL ASSETS				
Cash and cash equivalents	932,046	-	-	932,046
Deposits with banks	-	26,518,954	-	26,518,954
Investment in securities held to maturity	-	2,398,388	-	2,398,388
NON-FINANCIAL ASSETS				
Investment properties	-	-	-	-
TOTAL ASSETS	932,046	28,917,342	-	29,849,388
LIABILITIES				
Other financial liabilities	-	-	376,648	376,648
TOTAL LIABILITIES	-	-	376,648	376,648
As at 31 December 2024				
<i>In Georgian Lari</i>	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	-	-	1,248,958	1,248,958
TOTAL ASSETS	553,297	22,161,321	1,248,958	23,963,576
LIABILITIES				
Other financial liabilities	-	-	570,963	570,963
TOTAL LIABILITIES	-	-	570,963	570,963

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

26. Fair values and risk management (Continued)

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:

<i>In Georgian Lari</i>	Fair value at 31 December		Valuation technique	Inputs used	Relationship of unobservable inputs to fair value
	2025	2024			
ASSETS					
NON-FINANCIAL					
- Investment property	-*	1,346,141	Market comparable approach	Price per square meter	The higher the price per square meter, the higher the fair value

* As at the end of the reporting period, the Company's investment property has been fully disposed of.

(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.

(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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

26. Fair values and risk management (*Continued*)

Credit exposure

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

<i>In Georgian Lari</i>	31 December 2025	31 December 2024
Deposits with Banks	26,518,954	21,232,133
Cash and cash equivalents	932,046	553,297
Investment in debt securities	2,398,388	929,188
Total credit exposure	29,849,388	22,714,618

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

(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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

26. Fair values and risk management (*Continued*)

As at 31 December 2025					
<i>Georgian Lari</i>	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	932,046	-	-	-	932,046
Deposits with Banks	-	1,526,958	15,676,285	9,315,710	26,518,954
Investment in debt securities	-	-	2,398,388	-	2,398,388
Total financial assets	932,046	1,526,958	18,074,673	9,315,710	29,849,388
Liabilities					
Other financial liabilities	376,648	-	-	-	376,648
Total financial liabilities	376,648	-	-	-	376,648
Net liquidity gap	555,398	1,526,958	18,074,673	9,315,710	29,472,740
Cumulative liquidity gap	555,398	2,082,356	20,157,029	29,472,740	
As at 31 December 2024					
<i>Georgian Lari</i>	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	

(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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

26. Fair values and risk management (*Continued*)

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:

<i>In Georgian Lari</i>	31.12.2025		31.12.2024	
	USD denominated	EUR denominated	USD denominated	EUR denominated
Cash and cash equivalents	587,945	1,711	210,978	6,451
Reinsurance contract assets	2,899,241	6,424	632,408	17,039
Reinsurance contract liabilities	(1,041,479)	-	(344,912)	-
Net Exposure	2,445,706	8,135	498,474	23,490

The following significant exchange rates have been applied:

<i>In GEL</i>	<u>Average Rate</u> 2025	<u>Reporting date spot rate</u> 31 December 2025
USD		2.7422
EUR		3.0960

<i>In GEL</i>	<u>Average Rate</u> 2024	<u>Reporting date spot rate</u> 31 December 2024
USD		2.7208
EUR		2.9440

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:

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

26. Fair values and risk management (*Continued*)

<i>In Georgian Lari</i>	Strengthening		Weakening	
	Profit (Loss) Equity	or and	Profit (Loss) Equity	or and
31 December 2025				
USD (20% movement)		(489,141)		489,141
EUR (20% movement)		(1,627)		1,627
31 December 2024				
USD (20% movement)		(99,695)		99,695
EUR (20% movement)		(4,698)		4,698

(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 2025 and 2024 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.

27. Contingencies

(a) Legal proceedings

As of 31 December 2025, in all ongoing and completed court cases—except for one dispute that was resolved in favor of the insurer—the insurer acted as the claimant. The majority of the completed cases were resolved in favor of the insurer, in certain instances through default judgments, settlement agreements, or the court's decision to leave the claim without consideration upon the insurer's request, as the defendant had settled the outstanding debt. In one case, the claim was not admitted for consideration by the court. With respect to the ongoing cases, taking into account the grounds of the claims and the evidence available in the respective proceedings, the Company believes that these cases will be resolved in favor of the insurer.

The Company considers the claims to be substantiated and expects that they will be satisfied in favor of the insurer. Accordingly, the Company does not consider it probable that any outflow of economic benefits will result from these claims. Consequently, as of 31 December 2025, the Company has not recognized any provision in relation to these legal proceedings.

(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.

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

27. Contingencies (*continued*)

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.

28. Related parties

(a) Key management remuneration

Key management includes Directors (executive).

	2025		2024	
	Expense	Accrued Liability	Expense	Accrued Liability
Salaries and bonuses	1,160,011	452,969	1,005,626	337,585
Insurance	2,269	-	2,311	-
Total key management compensation	1,162,280	452,969	1,007,937	337,585

(b) Transactions with related parties

The outstanding balances and related expense and income as for the year ended 31 December 2025 and 2024 with related parties are as follows:

	2025			2024		
	Entities Under Common Control*	Parent Company	Other*	Entities Under Common Control*	Parent Company	Other*
<i>In Georgian Lari</i>						
Assets						
Cash and cash equivalents	-	748,581	-	-	273,649	-
Bank deposits	-	322,138	-	-	436,800	-
Insurance contract assets	1,425,306	225,971	8,135	1,170,294	206,847	28,506
Total assets	1,425,306	1,296,690	8,135	1,170,294	917,296	28,506
Liabilities						
Insurance contract liabilities	1,861,559	499,647	22,707	1,295,871	727,894	241,532
Total liabilities	1,861,559	499,647	22,707	1,295,871	727,894	241,532
<i>Off – Balance; Guarantee received</i>		251,822			365,226	

BB Insurance JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

28. Related parties (continued)

As of December 31, 2025, and 2024, the company had a received guarantee of 251,822 GEL and 365,226 GEL, as follows, issued in favour 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-fulfilment of its liabilities.

During the year ended 31 December 2025, the Company's guarantees portfolio decreased by GEL 113,404.

	2025			2024		
	Entities Under Common Control*	Parent Company	Other*	Entities Under Common Control*	Parent Company	Other*
<i>In Georgian Lari</i>						
Income Statement						
Insurance revenue	2,680,667	3,029,673	31,389	1,770,086	2,754,511	364,630
Insurance service expense	(1,736,945)	(151,812)	(26,292)	(1,289,863)	(807,411)	(13,350)
Interest income	-	63,774	-	-	60,609	-
Total	943,721	2,941,635	5,097	480,223	2,007,709	351,280

Bank deposit placed with related parties earn average annual interest rate of 11.2% (2024: 11.4%).

* - 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.

29. Events after the reporting period

There have been no events after the reporting period.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

CEO Letter

Dear Valued Customers and Shareholders,

As we conclude 2025, I am pleased to reflect on another year of strong performance and strategic progress for BB Insurance. The past year was defined by disciplined growth, operational resilience, and an unwavering focus on our clients—principles that continue to underpin our long-term success.

In 2025, BB Insurance achieved particularly significant growth in its core product line, Auto Insurance. Premiums in this segment increased by an impressive 58%, reaffirming our strong market positioning and the trust placed in us by a rapidly expanding customer base. Importantly, this growth did not come at the expense of service quality. On the contrary, client-centricity and fast claims settlement remained our top priorities. During the year, we successfully settled more than 2,400 claims — 74% as many as in 2024—while fully maintaining our high standards for swift and efficient reimbursement. This achievement is a source of great pride for our team and a key reason our clients continue to value BB Insurance as a reliable and responsive partner.

Corporate insurance also remained a cornerstone of our activities in 2025. Through prudent underwriting, strong risk management, and close cooperation with corporate clients, we delivered a solid net profit of GEL 5.2 million, further strengthening the Company's financial position and sustainability. Our reinsurance strategy continued to focus exclusively on cooperation with reputable A-rated international reinsurers. In 2025, we further diversified our panel of such partners, enhancing financial security, stability, and confidence for our clients, even in the most complex and large-scale risk scenarios.

A major milestone of the year was achieved in partnership with our parent company, Basisbank. We successfully integrated BB Insurance products into the bank's mobile banking platform. This innovation now enables clients to verify and manage their insurance policies digitally, review policy details, and track claims reimbursement processes directly through mobile banking—significantly improving transparency, accessibility, and overall customer experience.

None of these achievements would have been possible without our dedicated and highly professional team. I would like to express my sincere gratitude to our staff, whose commitment, expertise, and client-focused mindset continue to be the driving force behind BB Insurance's success.

I would also like to thank our customers for their trust and loyalty. Your confidence motivates us to continuously improve, innovate, and deliver insurance solutions that truly add value.

As we look ahead, we remain committed to sustainable growth, service excellence, and strengthening our role as a trusted insurance partner in Georgia. We are confident that the foundations built in 2025 will enable even greater achievements in the years to come.

Warm regards,

Konstantine Sulamanidze
CEO

9 March 2026
Tbilisi, Georgia

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

CEO Letter

Dear Valued Customers and Shareholders,

As we conclude 2025, I am pleased to reflect on another year of strong performance and strategic progress for BB Insurance. The past year was defined by disciplined growth, operational resilience, and an unwavering focus on our clients—principles that continue to underpin our long-term success.

In 2025, BB Insurance achieved particularly significant growth in its core product line, Auto Insurance. Premiums in this segment increased by an impressive 58%, reaffirming our strong market positioning and the trust placed in us by a rapidly expanding customer base. Importantly, this growth did not come at the expense of service quality. On the contrary, client-centricity and fast claims settlement remained our top priorities. During the year, we successfully settled more than 2,400 claims — 74% as many as in 2024—while fully maintaining our high standards for swift and efficient reimbursement. This achievement is a source of great pride for our team and a key reason our clients continue to value BB Insurance as a reliable and responsive partner.

Corporate insurance also remained a cornerstone of our activities in 2025. Through prudent underwriting, strong risk management, and close cooperation with corporate clients, we delivered a solid net profit of GEL 5.2 million, further strengthening the Company's financial position and sustainability. Our reinsurance strategy continued to focus exclusively on cooperation with reputable A-rated international reinsurers. In 2025, we further diversified our panel of such partners, enhancing financial security, stability, and confidence for our clients, even in the most complex and large-scale risk scenarios.

A major milestone of the year was achieved in partnership with our parent company, Basisbank. We successfully integrated BB Insurance products into the bank's mobile banking platform. This innovation now enables clients to verify and manage their insurance policies digitally, review policy details, and track claims reimbursement processes directly through mobile banking—significantly improving transparency, accessibility, and overall customer experience.

None of these achievements would have been possible without our dedicated and highly professional team. I would like to express my sincere gratitude to our staff, whose commitment, expertise, and client-focused mindset continue to be the driving force behind BB Insurance's success.

I would also like to thank our customers for their trust and loyalty. Your confidence motivates us to continuously improve, innovate, and deliver insurance solutions that truly add value.

As we look ahead, we remain committed to sustainable growth, service excellence, and strengthening our role as a trusted insurance partner in Georgia. We are confident that the foundations built in 2025 will enable even greater achievements in the years to come.

Warm regards,



Konstantine Sulamanidze
CEO

9 March 2026
Tbilisi, Georgia

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

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

In 2025, BB Insurance continued to implement a development strategy focused on sustainable growth, financial stability, and enhanced customer protection, in line with regulatory requirements and prudent risk management principles. The Company operates within the BB Group ecosystem, leveraging close cooperation with JSC Basisbank and BB Leasing under a Bancassurance (BIM) model that supports operational efficiency, distribution diversification, and improved customer access to insurance products.

Corporate insurance remained a strategically significant business line during the reporting year. BB Insurance provides a diversified range of corporate insurance products, including Cargo, Business Interruption, General Third-Party Liability, Bankers Blanket Bond, and Aviation-related risks. These products are underwritten based on conservative risk assessment methodologies and are supported by adequate reinsurance protection. Corporate insurance activities contributed materially to the Company's profitability and portfolio stability in 2025.

Retail insurance, particularly Auto Insurance, demonstrated substantial growth during the year. The increase in written premiums was accompanied by a higher volume of reported claims. Despite this growth, the Company maintained established claims handling standards, ensuring timely and efficient claims assessment and settlement. In 2025, BB Insurance settled more than 3,000 claims, approximately double the volume of the previous year, without deterioration in average settlement timelines. Claims management efficiency remains a key operational and reputational priority for the Company.

As part of the BIM strategy and digital development agenda, BB Insurance, in cooperation with JSC Basisbank, completed the integration of insurance products into the bank's mobile banking system in 2025. This functionality enables customers to verify insurance coverage, review policy details related to leasing and banking products, and monitor claims reimbursement processes through digital channels. The integration supports transparency, operational efficiency, and improved customer communication, while remaining compliant with data protection and regulatory requirements.

Risk transfer and capital protection continue to be supported by a conservative reinsurance policy. BB Insurance cooperates exclusively with internationally recognized A-rated reinsurers. During 2025, the Company further diversified its reinsurance panel, reducing concentration risk and strengthening claims-paying capacity. This approach enhances solvency resilience and provides additional assurance to policyholders regarding the Company's ability to meet its obligations, including in high-severity loss scenarios.

Looking forward, BB Insurance will continue to focus on controlled portfolio growth, digitalization of distribution and servicing processes, and effective risk management. The BIM model will remain a core strategic framework, enabling closer integration within the BB Group while ensuring compliance with regulatory, solvency, and consumer protection standards.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

The Company remains committed to maintaining adequate capital levels, efficient claims settlement practices, and transparent communication with customers and supervisory authorities, thereby supporting long-term stability and trust in the Georgian insurance market.

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 over 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 around 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.

The Bank’s Steady organic growth, backed with a solid capital base and strong financial support from partner international financial institutions, was further accelerated by the successful acquisition of retail and corporate businesses in 2022. This milestone marked the beginning of an intensive transformation phase, during which the Bank advanced organizational redesign, strengthened digital capabilities, harmonized its product offering and improved operational scalability. By 2025, the active phase of transformation has been largely completed, and our strategic focus has shifted towards business value creation and operational efficiency, monetizing scale, embedding a performance-oriented culture, and strengthening our ability to compete effectively in the market.



History of Basisbank

Basisbank was founded 1993 in Tbilisi by a group of visionary mathematicians. Starting with a single service center, the Bank was established with a clear ambition to build a stable financial institution supporting Georgia’s economic development. In 2008, the European Bank for Reconstruction and Developments (EBRD) acquired a 15% equity stake in Basisbank. This milestone supported the Bank’s institutional modernisation, with a focus on strengthening governance, improving efficiency and embedding international best practices.

In 2012, Xinjiang Hualing Industry & Trade (Group) Co., Ltd (“Hualing Group”), one of the largest private investors in Georgia, acquired a 90% stake in Basisbank, later increasing its shareholding to 92%. Following this strategic investment, the Bank entered a period of accelerated growth and franchise strengthening, while maintaining sound financials, disciplined risk management and a sustainable long-term growth and profitability.

In 2017, Basisbank initiated a strategic transformation aimed at expanding its business perimeter and strengthening its universal banking proposition. To capture new opportunities and better serve customers across their financial needs, the Group expanded into complementary business lines through the development of insurance and leasing activities. Building on its strong position in business financing and its commitment to responsible banking, Basisbank evolved into a broader financial group combining banking, insurance, and leasing services.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

In 2022, Basisbank accelerated its organic growth through the acquisition of VTB Bank Georgia's portfolios, adding a loan portfolio of GEL 787million and a Deposit Portfolio of GEL 665 million. This transaction represented a step-change in scale, positioning Basisbank as the 4th largest bank in Georgia, increasing total assets, loan portfolio and customer base by acquiring over 135 thousand new clients, 24 new locations and more than 350 new employees.

In 2023-2025, the Bank continued its transformation and strengthened execution capabilities. The strategic shift toward becoming a full-scale universal bank required further refinement of the operating model to enable scalable growth. During this period, the Bank introduced agile organizational structures across priority areas and accelerated implementation of new digital banking solutions in response to evolving customer expectations and a rapidly changing operating environment.

By the end of 2025, Basisbank ranks 4th among Georgian banks, with total assets of GEL 4.93 billion and equity of GEL 726.5 million. The Bank reported a profit of GEL 123.0 million, with its Loans and Deposits portfolios reaching GEL 3.32 billion and GEL 3.45 billion respectively, reflecting sustained momentum, record profitability and continued strengthening of its franchise.

BB is rated by Fitch Ratings. : On 29 December 2025, Fitch affirmed the Bank's Long-Term Issuer Default Rating (IDR) at 'B+' with a Stable Outlook and reaffirmed the Viability Rating (VR) at 'b+' . .

The majority shareholder of BB Group is Xinjiang Hualing Industry & Trade (Group) Co., Ltd ("Hualing Group"), a Chinese investor with one of the largest investment footprints in the country. Hualing Group acquired a controlling stake in the Bank in 2012 and currently holds 91.692% of Basisbank's shares, while Mr. Zaiqi Mi holds 6.13% directly and minority shareholders hold 2.17%. As of December 2025, 49.00% of Hualing Group is beneficially owned by Mr. Zaiqi Mi, comprising 22.27% held directly and 26.72% held indirectly through his 100% ownership of Hualing Group Investment Holding (Xinjiang) Co. Ltd. The remaining 51.00% of Hualing Group is held by Xinjiang Shangwu Assets Operation Co. Ltd, which is indirectly 100% owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Xinjiang Uyghur Autonomous Region of China. Accordingly, Mr. Zaiqi Mi's beneficial interest in Basisbank totals 51.06%, comprising 6.13% held directly and 44.93% held indirectly through his shareholding in Hualing Group.

Hualing Group has diversified interests across Real Estate Development and Management, Commodity Markets Development and Management, Financial Services, Agribusiness and other sectors. The Group has been active in Georgia since 2006, with investments exceeding USD 550 million. It is engaged across infrastructure and real estate development, modern commerce platforms, financial services, hospitality and tourism.

Company report

Overview of operating environment

In 2025, inflationary risks remain tilted to both directions, amid persistently high global uncertainty triggered by ambiguous trade policy followed by the US, heightening the risk of global economic fragmentation and creating risks of supply chains disruptions. Such developments could accelerate the emergence of stagflationary conditions worldwide. Additionally, renewed geopolitical tensions in the Middle East pose a significant threat to global energy markets. Any escalation in the region would likely place upward pressure on oil prices, intensifying imported inflation for energy-dependent economies such as Georgia.

Domestic factors also merit close attention under the high-inflation scenario. Although a temporary rise in the price level above the 3% target is expected, driven primarily by base effects and short-term volatility in food prices, the sustained persistence of inflation above target could lead to a drift in inflation expectations. Should these risks materialize, maintaining price stability would require a tighter monetary policy stance than currently assumed in the baseline forecast. Thus, the NBG maintains monetary policy rate unchanged at 8.0%.

At the same time, dollar remains relatively weak against major currencies that partially mitigates pressure on the consumer price index.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

In 10m2025, average inflation amounted to 3.9%, while average core inflation stood at 2.4%. According to the NBG forecast, the inflation is projected to stabilize around 3% over the medium term.

Following the strong economic activity for past two years, in 2025 the GDP growth slowly normalized toward its natural level amid tighter financial conditions, reflected in market interest rates. Slower economic growth pace mitigating demand-side pressure on the price level. In 10m2025, the economic growth rate amounted to 7.6%.

In 10m2025, exports increased by 6.8% y/y and reached US\$5.84 bn, while imports grew by 9.0% y/y to US\$ 15.0 bn. As a result, the trade deficit widened by 10.4% y/y to US\$ 9.16 bn. During the same period, international remittances amounted to US\$ 3.0 bn, up by 7.1% y/y. However, inflows remained 15% below the 2023 level. In 9m2025, tourism related foreign currency inflows totaled US\$ 3.64 bn, up by 5.1% y/y, while the foreign direct investments increased by 11.0% y/y to US\$ 1.30 bn, of which 74% consisted of reinvested earnings. Thus, compared to the previous year, foreign currency inflows through the aforementioned channels amounted to a negative US\$ 2.18 bn¹, and the deficit widened by 16% on an annual basis.

A globally weakened US dollar and the aforementioned currency inflows enabled the NBG to accumulate foreign currency reserves in 2025. As of October, foreign currency reserves amounted to US\$4.23 bn, an increase of 29.0% compared to the end of the previous year. However, the reserve level remains below that of 2023, when it stood at US\$ 5.0 bn. We expect that the NBG will continue its foreign currency reserve accumulation policy, which will support the sovereign rating and overall financial stability.

So, in 2025, currency inflows remain weak, fiscal stimulus remained contractionary, with the budget deficit remaining positive but close to zero and credit activity remains moderate with 10.3% annual growth. Thus, we anticipate GDP growth to normalize, reaching 7.2% in 2025 and 6-6.5% in 2026.

Insurance market overview

The Georgian insurance sector continued its positive growth trend in 2025, supported by steady economic activity, expanding financial services, and increasing public awareness of insurance as a risk management tool. Building on the momentum of previous years, the market recorded another year of expansion. Gross Written Premium (GWP) increased by approximately **16% year-on-year**, reaching an estimated **GEL 1.46 billion**, confirming the sector's resilience and its capacity for further development.

Despite this progress, insurance penetration remains relatively low. In 2025, total insurance premiums accounted for approximately **1.4% of Georgia's Gross Domestic Product (GDP)**. This level continues to indicate significant untapped potential for market deepening. Ongoing regulatory improvements, digitalization of insurance services, and gradual enhancement of consumer awareness remain key drivers supporting the sector's long-term development.

Key Trends Shaping the Insurance Market in 2025:

1. Market Expansion and Structure:

The Georgian insurance market continued its gradual expansion in 2025, with growth observed across both health and non-health insurance segments. Demand for insurance products increased as corporate clients and individuals placed greater emphasis on financial protection and structured risk management. Insurers continued to refine product offerings to better address sector-specific and customer-specific needs.

2. Regulatory Developments:

The regulatory framework continued to evolve during 2025, with a focus on strengthening consumer protection, solvency oversight, and market transparency. The Insurance Supervision Service of Georgia (ISSG) further enhanced supervisory practices and monitoring mechanisms. These developments contributed to improved governance standards and reinforced confidence in the insurance sector.

¹ Excluded reinvestments as it enter both the current and ¹ financial accounts with opposite signs and bear no relevance for assessing the cash flow balance.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

3. Market Competition and Players:

Competition within the Georgian insurance market remained strong. Both domestic and internationally affiliated insurers actively operated across multiple product lines. Market participants increasingly focused on operational efficiency, digital distribution, and service quality as key differentiation factors. Structural changes observed in prior years, including consolidation within financial groups, continued to shape competitive dynamics in 2025.

4. Rising Claims Regulation Costs and Pricing Adjustments:

Claims-related costs remained elevated in 2025, continuing the trend observed in previous years. As a result, insurers maintained a cautious approach to pricing, particularly in motor (Casco) and health insurance segments. Premium adjustments reflected the need to preserve underwriting sustainability while balancing affordability and market competitiveness.

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

The absence of mandatory Motor Third-Party Liability (MTPL) insurance continued to represent a structural challenge for the Georgian insurance market in 2025. Without compulsory MTPL coverage, a significant portion of road users remains exposed to financial risk in the event of traffic accidents.

As Georgia advances in its European integration process, harmonization with EU insurance standards remains a policy priority. The introduction of compulsory MTPL insurance is widely viewed as a key reform that would enhance consumer protection, improve road safety outcomes, and support the structured development of the motor insurance segment.

The company's performance for 2025

In 2025, BB Insurance achieved remarkable growth in its core business direction AUTO INSURANCE, further strengthening its position in the Georgian insurance market. The company's Gross Written Premiums in this direction (GWP) surged by over 58%, In overall Insurance GWP reaching GEL 24 million, while net profit exceeded GEL 5.2 million. This outstanding performance underscores BB Insurance's strategic expansion, effective risk management, and continued commitment to innovation.

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.

Key areas of Business in 2025 were:

- **Aviation Insurance:** generating GEL 6.2 million. Holding a 20% 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:** saw substantial growth in 2025, BB insurance has increased both the number and volume in Auto insurance direction. Number of clients using our auto insurance products grew by 35%, while GWP rising 58% and reaching 7.6 million.
- **Life insurance:** recorded a 15% increase, reaching 3.2 million.

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

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

Key financial indicators for 2025:

- **Net Profit:** BB Insurance posted a net profit exceeding GEL 5.2 million, reflecting the company's strong operational performance and strategic efficiency.
- **Return on Equity (ROE):** The ROE in 2025 was 21.1%, showcasing BB Insurance's ability to generate higher returns on equity and enhance shareholder value.

BB Insurance's impressive performance in 2025 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.

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.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

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 more than 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 23 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.

BB Insurance JSC

Management Report FOR THE YEAR ENDED DECEMBER 31, 2025

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 more than 20 years, from which for 4 years – at BB Insurance and at Basisbank, and for 17 years – at VTB Bank Georgia. For more than 18 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 more than 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 more than 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.

- **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

