BB Insurance JSC

International Financial Reporting Standards
Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2023

BB Insurance JSC

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BB Insurance JSC

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2023

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 2023, 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.

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 2023 were approved by the Management Board of the Company on 10 June 2024.

On behalf of the Management Board:

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Management of JSC BB Insurance

Opinion

We have audited the financial statements of JSC BB Insurance (hereinafter - the "Company"), which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Report but does not include the financial statements and our auditor's report thereon. The Management Report is expected to be made available to us after the date of this auditor's report.

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.

Deloitte.

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 ("IFRSs"), 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 skepticism throughout the audit. We also:

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

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

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

Jamal Hasanov
On Behalf of Deloitte & Touche LLC

10 June 2024
Tbilisi, Georgia

BB Insurance JSC

Statement of Financial Position
As at 31 December 2023

In Georgian Lari	Note	31 December 2023	31 December 2022 (restated)*	31 December 2021 (restated)*
Cash and cash equivalents	6	1,355,459	430,079	448,975
Deposits with Banks	7	16,753,880	13,035,782	10,064,612
Investment in debt securities	8	301,782	298,701	300,230
Reinsurance contract assets	9	75,333,191	2,461,473	1,667,988
Insurance contract assets	9	136,180	-	-
Property, equipment, and intangible assets	11	74,680	80,149	113,496
Investment property	10	1,349,798	1,624,309	1,657,459
Other Assets	12	185,580	91,100	114,215
TOTAL ASSETS:		**95,490,550**	**18,021,593**	**14,366,975**
Share capital	15	6,000,000	6,000,000	6,000,000
Retained earnings		10,853,107	7,757,195	5,714,789
TOTAL EQUITY:		**16,853,107**	**13,757,195**	**11,714,789**
Insurance contract liabilities	9	77,498,241	3,313,174	2,021,241
Reinsurance contract liability	9	167,482	7,347	87,436
Other financial liabilities	13	387,667	274,797	166,956
Other liabilities	14	584,053	669,080	376,553
TOTAL LIABILITIES:		**78,637,443**	**4,264,398**	**2,652,186**
TOTAL LIABILITIES & EQUITY		**95,490,550**	**18,021,593**	**14,366,975**

** Refer to Note 3 for details regarding the restatement.*

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

______________________________ ______________________________

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

BB Insurance JSC

Statement of Profit or Loss and Other Comprehensive Income
As at 31 December 2023

In Georgian Lari	Note	2023	2022 (restated)*
Insurance revenue	16	18,813,399	16,086,211
Insurance service expense	16	(113,079,989)	(3,886,059)
Insurance service result before reinsurance contracts held		**(94,266,590)**	**12,200,152**
Allocation of reinsurance premiums	16	(13,130,248)	(11,421,498)
Amounts recoverable from reinsurers	16	111,654,386	2,459,590
Net income/(expense) from reinsurance contracts held		**98,524,138**	**(8,961,908)**
Insurance service result		**4,257,548**	**3,238,244**
Interest revenue calculated using the effective interest method	17	2,022,820	1,517,531
Impairment loss on financial assets		(28,936)	(26,988)
Net foreign exchange gain/(loss)		7,796	(909)
Total investment income		**2,001,680**	**1,489,634**
Salaries & other employee benefits	18	(1,539,366)	(1,301,350)
General and administrative expenses	19	(712,735)	(616,810)
Other operating expense	20	(334,276)	(296,359)
Profit before tax		**3,672,851**	**2,513,359**
Income tax expense	21	(576,939)	(470,953)
Profit for the year		**3,095,912**	**2,042,406**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,095,912**	**2,042,406**

** Refer to Note 3 for details regarding the restatement.*

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

______________________________ ______________________________

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

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BB Insurance JSC

Statement of Cash Flows
for the Year Ended 31 December 2023

In Georgian Lari	**2023**	**2022**
Cash flows from operating activities		
Insurance premium received	9,920,062	7,706,079
Reinsurance premium paid	(2,686,315)	(1,833,767)
Net insurance premium received	**7,233,747**	**5,872,312**
Commission received from reinsurers	929,461	475,101
Cash received from subrogation and recoveries	225,829	264,423
Reinsurance received from claims paid	1,084,905	130,723
Interest received on bank current accounts	73,633	58,226
Insurance claims paid	(3,207,951)	(2,446,322)
Salaries and benefits paid	(1,871,562)	(1,633,278)
Agent fee paid	(590,414)	(335,605)
Cash paid to other suppliers of goods and services	(136,435)	(130,549)
Other operating expenses paid	(446,841)	(464,412)
Net cash flows from operating activities before income tax	**3,294,372**	**1,790,619**
Income tax paid	(569,281)	(266,043)
Net cash flows from operating activities	**2,725,091**	**1,524,576**
Cash flows used in investing activities		
Placement on bank deposits	(16,000,000)	(12,398,224)
Withdrawal of bank deposits	12,398,224	9,570,000
Interest received	1,802,298	1,291,130
Acquisition of property and equipment and intangible assets	(31,484)	-
Disposal of investment property	35,148	-
Net cash flows used in investing activities	**(1,795,814)**	**(1,537,094)**
Effect of exchange rates changes on cash and cash equivalents	(3,897)	(6,378)
Net increase/(decrease) in cash and cash equivalents	**925,380**	**(18,896)**
Cash and cash equivalents at the beginning of the year	**430,079**	**448,975**
Cash and cash equivalents at the end of the year	**1,355,459**	**430,079**

During the years ended 31 December 2023 and 31 December 2022, the Company performed the following non-cash transactions. These non-cash transactions were excluded from the statement of cash flows and presented separately below:

In Georgian Lari	**2023**	**2022**
Promissory note was exchanged to another promissory note of the same issuer	302,217	298,701

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

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CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

BB Insurance JSC

Statement of Changes in Equity
for the Year Ended 31 December 2023

In Georgian Lari	**Share Capital**	**Retained Earnings**	**Total Equity**
At 31 December 2021, as previously reported	**6,000,000**	**5,969,900**	**11,969,900**
Impact of initial application of IFRS 17		(255,111)	(255,111)
Impact of initial application of IFRS 9	-	-	-
Restated balance as at 1 January 2022	**6,000,000**	**5,714,789**	**11,714,789**
Profit for 2022 (restated)	-	2,042,406	2,042,406
Restated Balance as at 31 December 2022	**6,000,000**	**7,757,195**	**13,757,195**
Profit for 2023	-	3,095,912	3,095,912
Balance as at 31 December 2023	**6,000,000**	**10,853,107**	**16,853,107**

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

______________________________ ______________________________

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

1. Reporting entity

(a) Organization and operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2023 for JSC BB Insurance (the “Company”).

JSC BB Insurance was incorporated on 11 December 2017 and is domiciled in Georgia.

Registering body is 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 2023, and 2022, 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 2023, and 2022, ultimate shareholders of the Company were Xinjiang Hualing Industry & Trade (Group) Co Ltd incorporated in People’s Republic of China (2023: 91.548% and 2022: 92.770%), Mr. Mi Zaiqi (2023: 6.461.% and 2022: 6.547%) and other minority shareholders (2023: 1.991% and 2022: 0.682%). The parent is ultimately controlled by Mr. Mi Enhua, China, with 91.5119% of stake in 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.

(b) Georgian business 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, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia. The consolidated and separate 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.

As per preliminary estimates Georgia reached 7% growth of GDP in 2023. Considering the base effect of double-digit growth in 2021 and 2022, Georgia macroeconomic indicators remain strong, supported by strong government and fiscal policies, increased consumption, and strong financial sector.

Despite stability risks, increased against the backdrop of the Russia-Ukraine war, the positive spillovers on economic activity from the massive migration is pushing consumption and is expected to continue in mid-term. IMF estimates growth of 4.7% in 2024 and 5.2% in 2025.

The annual inflation in Georgia stands below the target of 3% since April 2023 and amounted to 0.4% in December 2023. While the average annual inflation of 2023 amounted to 2.6%. This has been the result of lower commodity prices as well as decreased international shipping costs on the international markets and appreciated Lari against the main trading partners' currencies. The sanctions imposed on Russia create main risks to the disruptions in supply chain, affecting food and energy product prices globally.

Inflation is expected to remain around 3% targeted by central bank. To contribute to the stabilization of inflation around its target rate in the medium term, NBG has gradually decreased the Monetary Policy Rate in from 11% 2023 down to 9% in December 2023. The factors contributing to the decline in inflation are expected to remain over the short term but subsequently stabilize which would push inflation close to the target by the end of the year. This is expected to be coupled with the normalization of aggregate demand accompanied by gradually reduction in monetary policy rate.

Geopolitical risks with regards to Russia remain high, more in the context of international scrutiny with regard to sanction enforcements, but the Government and the National bank are committed to mitigate these risks and number of measures had been taken in order to protect the market.

In December 2023, the European Council granted Georgia EU candidate country status, representing an important step in the accession process. The candidate status improves the prospects of Georgias economic growth and investments.

The individual financial statements reflect management's evaluation of how the Georgian business environment impacts the Company's operations and financial standing. It's important to note that the future business landscape may deviate from management's current assessment.

BB Insurance have some exposures with transportation companies ensuring their trailers and transported goods and often the rout goes through Russia and Ukraine. However, routes are not insured against war risk, which is an exclusion. Thus, the war has no impact on risks side.

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.

2. Basis of accounting

a) Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of premises.

This marks the first set of the Company's annual financial statements wherein the application of IFRS 9 *Financial Instruments and IFRS 17 Insurance Contracts* has been implemented. Noteworthy adjustments to significant accounting policies are elaborated upon in Note 4.

b) 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.

c) 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.

3. Changes in accounting policies

The Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below:

IFRS 17 Insurance Contracts

Recognition, measurement, and presentation of insurance contracts - IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts held. It introduces a model that measures groups of insurance contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the

Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (“CSM").

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Company applies the Premium Allocation Approach (“PAA") to simplify the measurement of contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company’s previous accounting treatment related to recognition of revenues from insurance contracts. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts held other than reinsurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

Transition - Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, on 1 January 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts held as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied.
- recognised any resulting net difference in equity.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

Classification of financial assets and financial liabilities - IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans, and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

IFRS 9 has not had a significant effect on the Company's accounting policies for financial assets or liabilities.

Impairment of financial assets - IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39

Restatement

The following table summarises the impact of IFRS 17 and IFRS 9 on the Company's statement of financial position as of 31 December 2022:

	Impact of adoption of IFRS 17 and IFRS 9			
	As previously reported	**Impact of adoption of IFRS 17**	**Impact of adoption of IFRS 9**	**As restated**
Cash and cash equivalents	430,303	-	(224)	430,079
Deposits with Banks	13,061,132	-	(25,350)	13,035,782
Investment securities held to maturity	300,115	-	(300,115)	-
Investment in debt securities	-	-	298,701	298,701
Insurance receivables	6,113,393	(6,113,393)	-	-
Reinsurance receivables	406,434	(406,434)	-	-
Ceded share of insurance contract reserves	6,883,603	(6,883,603)	-	-
Reinsurance contract assets	-	2,461,473	-	2,461,473
Investment property	1,624,309	-	-	1,624,309
Property, equipment, and intangible assets	80,149	-	-	80,149
Other assets	91,103	(3)	-	91,100
Total assets	**28,990,541**	**(10,941,957)**	**(26,988)**	**18,021,593**
Insurance contract reserves	8,373,129	(8,373,129)	-	-
Insurance contract liabilities	-	3,313,174	-	3,313,174
Reinsurance contract liability	-	7,347	-	7,347
Reinsurance commission reserve	544,080	(544,080)	-	-
Insurance and reinsurance payables	4,973,108	(4,973,108)	-	-
Other financial liabilities	274,797	-	-	274,797
Other liabilities	520,136	148,944	-	669,080
Total liabilities	**14,685,249**	**(10,420,852)**	-	**4,264,398**
Issued capital	6,000,000	-	-	6,000,000
Retained earnings (accumulated losses)	8,305,291	(521,108)	(26,988)	7,757,195
Total Equity	**14,305,291**	**(521,108)**	**(26,988)**	**13,757,195**

The following table summarises the impact of IFRS 17 and IFRS 9 on the Company's statement of financial position as at 1 January 2022:

	Impact of adoption of IFRS 17 and IFRS 9			
	As previously Reported	**Impact of adoption of IFRS 17**	**Impact of adoption of IFRS 9**	**As restated**
Cash and cash equivalents	448,975	-	-	448,975
Deposits with Banks	10,064,612	-	-	10,064,612
Investment securities held to maturity	300,230	-	(300,230)	-
Investment in debt securities	-	-	300,230	300,230
Insurance receivables	5,541,225	(5,541,225)	-	-
Reinsurance receivables	210,973	(210,973)	-	-
Ceded share of insurance contract reserves	5,926,793	(5,926,793)	-	-
Reinsurance contract assets	-	1,667,988	-	1,667,988
Investment property	1,657,459	-	-	1,657,459
Property, equipment, and intangible assets	113,496	-	-	113,496
Other assets	119,715	(5,500)	-	114,215
Total assets	**24,383,478**	**(10,016,503)**	**-**	**14,366,975**
Insurance contract reserves	6,912,263	(6,912,263)	-	-
Insurance contract liabilities	-	2,021,241	-	2,021,241
Reinsurance contract liability	-	87,436	-	87,436
Reinsurance commission reserve	470,835	(470,835)	-	-
Insurance and reinsurance payables	4,568,484	(4,568,484)	-	-
Other financial liabilities	166,956	-	-	166,956
Other liabilities	295,040	81,513	-	376,553
Total liabilities	**12,413,578**	**(9,761,392)**	**-**	**2,652,186**
Issued capital	6,000,000	-	-	6,000,000
Retained earnings (accumulated losses)	5,969,900	(255,111)		5,714,789
Total Equity	**11,969,900**	**(255,111)**	**-**	**11,714,789**

The following table summarises the impact of IFRS 17 and IFRS 9 on the Company's statement of profit or loss and other comprehensive income for the year ended 2022:

	Impact of adoption of IFRS 17 and IFRS 9			
	As previously Reported	**Impact of adoption of IFRS 17**	**Impact of adoption of IFRS 9**	**As restated**
Gross written premiums	17,198,673	(17,198,673)	-	-
Written premiums ceded to reinsurers	(12,260,881)	12,260,881	-	-
Change in the gross reserve for unearned	(1,112,463)	1,112,463	-	-
Reinsurers' share of change in the reserve of	867,249	(867,249)	-	-
Claims settled	(2,709,854)	2,709,854	-	-
Reinsurance shares in claims settled	1,616,099	(1,616,099)	-	-
Change claims provision	(348,404)	348,404	-	-
Reinsurance shares in change in outstanding	89,562	(89,562)	-	-
Subrogation and recoveries	634,788	(634,788)	-	-
Interest income	1,517,531	-	-	1,517,531
Other acquisition expenses	(350,228)	350,228	-	-
Reinsurance commission income	606,933	(606,933)	-	-
Impairment charge	(314,736)	314,736	-	-
Salaries & other employee benefits	(1,723,802)	422,452	-	(1,301,350)
General and administrative expenses	(681,692)	64,882	-	(616,810)
Other operating expenses	(221,522)	(74,838)	-	(296,360)
Insurance revenue	-	16,086,211	-	16,086,211
Insurance service expense	-	(3,886,058)	-	(3,886,058)
Allocation of reinsurance premiums	-	(11,421,498)	-	(11,421,498)
Amounts recoverable from reinsurers	-	2,459,590	-	2,459,590
Impairment loss on financial assets	-	-	(26,988)	(26,988)
Net foreign exchange income/(expense)	(909)	-	-	(909)
Income tax expense	(470,953)	-	-	(470,953)
Profit for the year	**2,335,391**	**(265,997)**	**(26,988)**	**2,042,406**

4. Material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted on the accounting policy information disclosed in certain instances.

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 amortised cost in the functional currency at the beginning of the period, adjusted for effective interest, impairment and payments during the period, and the amortised 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 recognised in profit or loss.

Insurance contracts - IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated comparative information for 2022 applying the full retrospective transition approach prescribed in the standard. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contract and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the groups estimates of the present value of future cash flow that are expected to arise as the group fulfils the contracts, an explicit risk adjustment for non- financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the change in the liabilities for remaining coverage that relate to services for which the company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. in addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Company applies the PAA to simplify the measurement of contacts when measuring liabilities for remaining coverage, the PAA is similar to the Companies previous accounting treatment. However, when measuring for liabilities incurred claims, the group now discount the future cash flows and includes an explicit risk adjustment for non- financial risk.

The nature of the changes in accounting policies can be summarized, as follows:

(i) Classification of contracts

The Company issues insurance contracts that transfer insurance risk. Insurance contracts uncertain future event (the “insured event”) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include property, motor, liability, and others. These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damage because of a policyholder’s actions.

(ii) Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together and dividing each portfolio into annual cohorts (i.e. by year of issue). The Company identifies portfolio per lines of businesses of insurance and reinsurance contracts as generally all insurance contracts issued by the company has similar risks and characteristics.

(iii) Recognition and measurement of contracts

The Company recognises insurance contracts issued 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 becomes due.
- If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.

The Company recognises reinsurance contracts held as it entered 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 recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

Substantive obligation to provide services ends when:

a) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

b) Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

(iv) Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

(v) Measurement

Premium Allocation Approach (PAA), which is a simplified measurement model under IFRS 17, is used to measure portfolio of the Company. The Company reasonably expects that using PAA would produce a measurement of the liability for remaining coverage for the company that would not differ materially from the one that would be produced applying the general measurement model requirements; or
The coverage period of each contract is equal or less than one year.

Premium Allocation Approach (PAA), which is a simplified measurement model under IFRS 17, is used to measure reinsurance assets held by the Company as they bear same characteristics as underlying insurance contracts. On initial recognition of each group of insurance contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any insurance acquisition cash flows at that date, including any amount arising from the derecognition at that date of any asset recognised for insurance acquisition cash flows paid before that date, plus or minus any other assets or liabilities previously recognised for cash flows related to that group.

For reinsurance contracts held on initial recognition, the company measures the remaining coverage at the amount of ceding premiums paid.

(vi) Subsequent measurement under PAA

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a) the LRC; and
b) the Liability Incurred Claims ("LIC"), comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

c) the asset for remaining coverage, comprising of the ceding premiums payable and reinsurance commission receivable; and
d) the asset for incurred claims, comprising the FCF related to past service allocated to the group at the reporting date expected to be recovered from reinsurers.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. The determination of the discount rate that reflects the characteristics of the cash flow and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage and subrogation recoveries are included as a reduction to future cash outflows of the estimates of incurred claims liability. The allowance is the amount that can reasonably be recovered from the asset.

(vii) Onerous contract assessment

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the general measurement model **)**GMM**(**, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the estimates of the fulfilment cash flows of future revenues. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and those relating to the future revenue. The onerous contract assessment is carried out on quarterly basis at cohort level. Where the Company recognises 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. The Company calculates the loss- recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

(viii) De-recognition and contract modification

The Company derecognises a contract when it is extinguished i.e., when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows.

(ix) Acquisition & Attributable Cost

Insurance acquisition cash flows are the costs that are directly associated with selling and handling acquired contracts. The Company considers expenses for the underwriting department, expenses for sales department, and commission expenses as acquisition costs. The Company has in place an allocation technique to allocate the costs based on direct to indirect ratios. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses and are not allocated to the groups of contracts.

Presentation

(i) **Insurance revenue:**

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the basis of the passage of time.

(ii) **Insurance service expenses:**

Insurance service expenses include the following:

a) Incurred claims for the period.
b) Other incurred directly attributable expenses.
c) Insurance acquisition cash flows.
d) Changes that relate to past service – changes in the FCF relating to the LIC.
e) Changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

(iii) **Net expenses from reinsurance contracts:**

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts. Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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.

Classification and subsequent measurement of financial assets - On initial recognition, a financial asset is classified as measured at: amortised 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 amortised 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 amortised 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 amortised 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 amortised costs.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

Derecognition Financial assets - The Company derecognises 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 recognised 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 derecognised.

Financial liabilities - The Company derecognises financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises 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 recognised at fair value.

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

Offsetting - Financial assets and financial liabilities are offset, and the net amount presented in the separate statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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 capitalised, 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 recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity.

An impairment loss recognised 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 recognised 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 capitalised computer software and licenses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Capitalised 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.

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

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

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 realising 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.

Measurement of ECLs - ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets - On each reporting date, the Company assesses whether financial assets carried at amortised 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 reorganisation; or

- the disappearance of an active market for security because of financial difficulties.

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

Income tax - comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

On 13 May 2016 the Parliament of Georgia passed the 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 will become effective from 1 January 2024.

The new system of corporate income taxation does not imply exemption from Corporate Income Tax (CIT), rather CIT taxation is shifted from the moment of earning the profits to the moment of their distribution; i.e. the main tax object is distributed earnings. The Tax Code of Georgia defines Distributed Earnings (DE) to mean profit distributed to shareholders as a dividend. However, some other transactions are also considered as DE, for example non-arm's length cross-border transactions with related parties and/or with persons exempted from tax are also considered as DE for CIT purposes. In addition, the tax object includes expenses or other payments not related to the entity's economic activities, free of charge supply and over-limit representative expenses.

The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid.

Deferred tax - is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities until 1 January 2024, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available until 1 January 2024 against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Due to the nature of the new taxation system described above, the financial institutions registered in Georgia will not have any differences between the tax bases of assets and their carrying amounts from 1 January 2024 and hence, no deferred income tax assets and liabilities will arise, there on.

Interest income and expenses and fee and commission income - are recognised in profit or loss as they accrue, taking into account the effective interest rate of the asset/liability. Interest income and expense includes the amortisation 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 fees and commission income is recognised when the corresponding service is provided. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements on 1 January 2022 and 31 December 2022 had an effect on statement of financial position and statement of profit or loss.

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

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The Management does not expect that the adoption of the Amendments listed above will have a material impact on the financial statements of the Company in future periods, unless such transactions arise in future periods.

6. Cash and Cash Equivalents

In Georgian Lari	December 31, 2023	December 31, 2022
Current Accounts	1,356,090	430,303
Less: credit loss allowance	(631)	(224)
Total cash and cash equivalents	**1,355,459**	**430,079**

Credit ratings of cash and cash equivalents were as follows:

In Georgian Lari	December 31, 2023	December 31, 2022
BB	51,587	4,519
B	-	421,817
B+	1,166,037	-
Not Rated	137,835	3,743
Total	**1,355,459**	**430,079**

7. Deposits with Banks

In Georgian Lari	December 31, 2023	December 31, 2022
JSC Credo Bank	12,451,886	9,657,008
JSC Pasha Bank Georgia	4,194,208	3,239,875
JSC BasisBank	161,294	54,830
JSC TBC Bank	-	109,419
Less: credit loss allowance	(53,508)	(25,350)
Total deposits with Banks	**16,753,880**	**13,035,782**

As at 31 December 2023 and 2022 out of total amount of deposit placed in banks 7,200,000 GEL is attributable to minimum capital requirements set by the Insurance State Supervision Service of Georgia.

Credit ratings of placements with banks were as follows:

In Georgian Lari	December 31, 2023	December 31, 2022
BB	-	109,419
B	-	54,829
B+	160,401	-
Not Rated	16,593,479	12,896,884
Total	**16,753,880**	**13,061,132**

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 annual interest rate of 11% (2022: 11%). Refer to Note 26.

The remaining maturity and average interest rates of deposits as at 31 December 2023 and 2022 were as follows:

In Georgian Lari	December 31, 2023		December 31, 2022	
	Avg. %	**Amount**	**Avg. %**	**Amount**
From 1 to 6 months	13.0%	1,332,664	12.7%	1,119,123
From 6 to 12 months	13.3%	6,638,114	14.3%	11,916,659
From 12 to 24 months	14.0%	8,783,102	-	-
Total	**13.48%**	**16,753,880**	**14.2%**	**13,035,782**

As at 31 December 2023, 161,294 GEL (2022: 54,829 GEL) from deposits placed in parent company (BasisBank JSC) was pledged under a Guarantee agreement received from the parent. Refer to Note 26.

8. Investment in Debt Securities

In Georgian Lari	December 31, 2023	December 31, 2022
Promissory notes	303,567	300,115
Less: credit loss allowance	(1,785)	(1,414)
Total investments in debt securities	**301,782**	**298,701**

Investment securities held to maturity comprise promissory notes from “JSC Swiss Capital” with the rating of B- and face value of GEL 300,000 (2022: promissory notes purchased from “JSC Swiss Capital” with the rating of B- and the face value of GEL 300,000). In September 2023, upon its maturity the old promissory note was exchanged for another promissory note of the same issuer with the same face value. Maturity of the promissory note held as of 31 December 2023 is 14 September 2024.

9. Insurance and Reinsurance Contracts

Insurance contracts issued as of 31 December were as follows:

	December 31, 2023			December 31, 2022			December 31, 2021		
In Georgian Lari	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Motor	-	956,706	956,706	-	873,792	873,792	-	839,818	839,818
Property	-	460,648	460,648	-	223,677	223,677	-	252,854	252,854
Life	-	853,967	853,967	-	852,083	852,083	-	457,983	457,983
Aviation	-	74,869,038	74,869,038	-	1,056,692	1,056,692	-	241,718	241,718
Other	(136,180)	357,883	221,703	-	306,930	306,930	-	228,867	228,867
Total insurance contracts	**(136,180)**	**77,498,241**	**77,362,061**	**-**	**3,313,174**	**3,313,174**	**-**	**2,021,241**	**2,021,241**

Re-Insurance contracts held as of 31 December were as follows:

	December 31, 2023			December 31, 2022			December 31, 2021		
In Georgian Lari	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabiliti**	**Net**
Motor	(223,901)	-	(223,901)	(745,129)	-	(745,129)	(865,452)	-	(865,452)
Property	(71,021)	-	(71,021)	(2,940)	-	(2,940)	-	79,319	79,319
Life	(580,820)	-	(580,820)	(589,217)	-	(589,217)	(491,894)	-	(491,894)
Aviation	(74,259,334)	-	(74,259,334)	(901,097)	-	(901,097)	(174,796)	-	(174,796)
Other	(198,115)	167,482	(30,633)	(223,090)	7,347	(215,743)	(135,846)	8,118	(127,728)
Total Re-insurance	**(75,333,191)**	**167,482**	**(75,165,709)**	**(2,461,473)**	**7,347**	**(2,454,126)**	**(1,667,988)**	**87,436**	**(1,580,552)**

9. Insurance and Reinsurance Contracts (continued)

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position as at 31 December, 2023 is set out in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	**Excluding loss component**	**Loss component**	**Estimates of value of future cash flows**	**Risk Adjustment**	**Assets for insurance acquisition**	**Total**
insurance Motor						
Insurance contract liabilities as of 1 January 2023	(43,391)	56,359	860,824	-	-	873,792
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**(43,391)**	**56,359**	**860,824**	**-**	**-**	**873,792**
Insurance revenue	**(4,865,463)**	**-**	**-**	**-**	**-**	**(4,865,463)**
Insurance service expenses	**190,597**	**64,560**	**1,865,199**	**-**	**-**	**2,120,356**
- Incurred claims and other expenses	-	-	913,719	-	-	913,719
- Amortisation of insurance acquisition	190,597	-	-	-	-	190,597
- Losses on onerous contracts and	-	64,560	-	-	-	64,560
- Changes to liabilities for incurred	-	-	951,479	-	-	951,479
Insurance service result	**(4,674,865)**	**64,560**	**1,865,199**	**-**	**-**	**(2,745,107)**
Effect of movements in exchange rates	(6,213)	-	-	-	-	(6,213)
Total changes in the statement of comprehensive income Cash flows	**(4,681,078)**	**64,560**	**1,865,199**	**-**	**-**	**(2,751,319)**
Premiums received	5,034,307	-	-	-	-	5,034,307
Claims and other expenses paid	-	-	(2,009,306)	-	-	(2,009,306)
Total cash flows	**5,034,307**	**-**	**(2,009,306)**	**-**	**-**	**3,025,001**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(190,768)	-	-	-	-	-190,768
Net insurance contract (assets)/liabilities as at 31 December 2023	**119,070**	**120,919**	**716,716**	**-**	-	**956,706**
Insurance contract liabilities as at 31 December 2023	119,070	120,919	716,716	-	-	956,706
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	**119,070**	**120,919**	**716,716**	**-**	**-**	**956,706**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Motor						
Reinsurance contract assets as at 1 January 2023	1,091,663	(11,293)	(1,825,499)	0	0	(745,129)
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**1,091,663**	**-11,293**	**(1,825,499)**	**0**	**0**	**(745,129)**
An allocation of reinsurance premiums	**1,193,638**	**-**	**-**	**-**	**-**	**1,193,638**
Amounts recoverable from reinsurers for incurred claims	**(220,270)**	**(117)**	**(834,617)**	**-**	**-**	**(1,055,005)**
- Amounts recoverable for incurred claims and other expenses	-	-	(1,373,708)	-	-	(1,373,708)
- Other incurred directly attributable expenses	(220,270)	-	-	-	-	(220,270)
- Loss-recovery on onerous underlying contracts and adjustments	-	(117)	-	-	-	(117)
- Changes to amounts recoverable for incurred claims	-	-	539,092	-	-	539,092
Net income or expense from reinsurance contracts held	**973,367**	**(117)**	**(834,617)**	**-**	**-**	**138,633**
Effect of movements in exchange rates	17,257	-	39,266	-	-	56,523
Total changes in the statement of comprehensive income	**990,625**	**(117)**	**(795,351)**	**-**	**-**	**195,156**
Premiums paid	(1,068,181)	-	-	-	-	(1,068,181)
Amounts received	-	-	1,286,407	-	-	1,286,407
Total cash flows	**(1,068,181)**	**-**	**1,286,407**	**-**	**-**	**218,227**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	107,845	-	-	-	-	107,845
Net reinsurance contract (Assets)/liabilities at 31 December 2023	**1,121,952**	**(11,410)**	**(1,334,443)**	**-**	**-**	**(223,901)**
Reinsurance contract assets as at 31 December 2023	1,121,952	(11,410)	(1,334,443)	-	-	(223,901)
Reinsurance contract liabilities as at 31 December 2023	-	-	-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	**1,121,952**	**(11,410)**	**(1,334,443)**	**-**	**-**	**(223,901)**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	Excluding loss component	Loss component	Estimates of value of future cash flows	Risk Adjustment	Assets for insurance acquisition	Total
insurance Property						
Insurance contract liabilities as of 1 January 2023	134,242	-	89,435	-	-	223,677
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**134,242**	**-**	**89,435**	**-**	**-**	**223,677**
Insurance revenue	**(850,380)**	**-**	**-**	**-**	**-**	**(850,380)**
Insurance service expenses	**24,058**	**128,684**	**961,724**	**-**	**-**	**1,114,467**
- Incurred claims and other expenses	-	-	809,506	-	-	809,506
- Amortisation of insurance acquisition	24,058	-	-	-	-	24,058
- Losses on onerous contracts and	-	128,684	-	-	-	128,684
- Changes to liabilities for incurred	-	-	152,218	-	-	152,218
Insurance service result	**(826,321)**	**128,684**	**961,724**	**-**	**-**	**264,087**
Effect of movements in exchange rates	(102)	-	-	-	-	(102)
Total changes in the statement of comprehensive income Cash flows	**(826,424)**	**128,684**	**961,724**	**-**	**-**	**263,985**
Premiums received	899,515	-	-	-	-	899,515
Claims and other expenses paid	-	-	(898,941)	-	-	(898,941)
Total cash flows	**899,515**	**-**	**(898,941)**	**-**	**-**	**574**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(27,588)	-	-	-	-	(27,588)
Net insurance contract (assets)/liabilities as at 31 December	**179,745**	**128,684**	**152,218**	**-**	**-**	**460,648**
Insurance contract liabilities as at 31 December 2023	179,745	128,684	152,218	-	-	460,648
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	**179,745**	**128,684**	**152,218**	**-**	**-**	**460,648**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Property						
Reinsurance contract assets as at 1 January 2023	84,252	-	(87,192)	-	-	(2,940)
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**84,252**	**-**	**(87,192)**	**-**	**-**	**(2,940)**
An allocation of reinsurance premiums	**715,801**	**-**	**-**	**-**	**-**	**715,801**
Amounts recoverable from reinsurers for incurred claims	**(93,968)**	**(112,754)**	**(772,695)**	**-**	**-**	**(979,417)**
- Amounts recoverable for incurred claims and other expenses	-	-	(178,527)	-	-	(178,527)
- Other incurred directly attributable expenses	(93,968)	-	-	-	-	(93,968)
- Loss-recovery on onerous underlying contracts and adjustments	-	(112,754)	-	-	-	(112,754)
- Changes to amounts recoverable for incurred claims	-	-	(594,168)	-	-	(594,168)
Net income or expense from reinsurance contracts held	**621,833**	**(112,754)**	**(772,695)**	**-**	**-**	**(263,616)**
Effect of movements in exchange rates	2,428	-	-	-	-	2,428
Total changes in the statement of comprehensive income	**624,260**	**(112,754)**	**(772,695)**	**-**	**-**	**(261,189)**
Premiums paid	(523,815)	-	-	-	-	(523,815)
Amounts received	-	-	681,360	-	-	681,360
Total cash flows	(523,815)	-	681,360	-	-	157,545
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	35,563	-	-	-	-	35,563
Net reinsurance contract (assets)/liabilities as at 31 December 2023	**220,260**	**(112,754)**	**(178,527)**	**-**	**-**	**(71,021)**
Reinsurance contract assets as at 31 December 2023	220,260	(112,754)	(178,527)	-	-	(71,021)
Reinsurance contract liabilities as at 31 December 2023	-	-	-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	**220,260**	**(112,754)**	**(178,527)**	**-**	**-**	**(71,021)**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	Excluding loss component	Loss component	Estimates of value of future cash flows	Risk Adjustment	Assets for insurance acquisition	Total
insurance Life						
Insurance contract liabilities as of 1 January 2023	(143,888)	-	995,971	-	-	852,083
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**(143,888)**	**-**	**995,971**	**-**	**-**	**852,083**
Insurance revenue	**(2,070,760)**	**-**	**-**	**-**	**-**	**(2,070,760)**
Insurance service expenses	**38,988**	**-**	**631,051**	**-**	**-**	**670,039**
- Incurred claims and other expenses	-	-	(434,386)			(434,386)
- Amortisation of insurance acquisition	38,988	-	-	-	-	38,988
- Losses on onerous contracts and	-	-	-	-	-	-
- Changes to liabilities for incurred claims	-	-	1,065,437	-	-	1,065,437
Insurance service result	**(2,031,772)**	**-**	**631,051**	**-**	**-**	**(1,400,720)**
Effect of movements in exchange rates	2,508	-	-	-	-	2,508
Total changes in the statement of comprehensive income Cash flows	**(2,029,263)**	**-**	**631,051**	**-**	**-**	**(1,398,212)**
Premiums received	2,000,669	-	-	-	-	2,000,669
Claims and other expenses paid	-	-	(561,585)	-	-	(561,585)
Total cash flows	**2,000,669**	**-**	**(561,585)**	**-**	**-**	**1,439,084**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(38,988)	-	-	-	-	(38,988)
Net insurance contract (assets)/liabilities as at 31 December 2023	**(211,470)**	**-**	**1,065,437**	**-**	**-**	**853,967**
Insurance contract liabilities as at 31 December 2023	(211,470)	-	1,065,437	-	-	853,967
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	**(211,470)**	**-**	**1,065,437**	**-**	**-**	**853,967**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	**Excluding loss-recovery component**	**Loss- recovery component**	**Estimates of present value of future cash flows**	**Risk Adjustment**	**Assets for insurance acquisition cash flows**	**Total**
Re-insurance Life						
Reinsurance contract assets as at 1 January 2023	168,583	-	(757,799)	-	-	(589,217)
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**168,583**	**-**	**(757,799)**	**-**	**-**	**(589,217)**
An allocation of reinsurance premiums	**661,810**	**-**	**-**	**-**	**-**	**661,810**
Amounts recoverable from reinsurers for incurred claims	**(53,033)**	**-**	**(415,000)**	**-**	**-**	**(468,033)**
- Amounts recoverable for incurred claims and other expenses	-	-	(690,671)	-	-	(690,671)
- Other incurred directly attributable expenses	(53,033)	-	-	-	-	(53,033)
- Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-	-
- Changes to amounts recoverable for incurred claims	-	-	275,671	-	-	275,671
Net income or expense from reinsurance contracts held	**608,777**	**-**	**(415,000)**	**-**	**-**	**193,776**
Effect of movements in exchange rates	(1,497)	-	-	-	-	(1,497)
Total changes in the statement of comprehensive income	**607,280**	**-**	**(415,000)**	**-**	**-**	**192,279**
Premiums paid	(721,538)	-	-	-	-	(721,538)
Amounts received	-	-	482,129	-	-	482,129
Total cash flows	**(721,538)**		**482,129**			**(239,409)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	55,526	-	-	-	-	55,526
Net reinsurance contract (assets)/liabilities as at 31 December 2023	**109,850**		**(690,671)**	**-**	**-**	**(580,820)**
Reinsurance contract assets as at 31 December 2023	109,850		(690,671)	-	-	(580,820)
Reinsurance contract liabilities as at 31 December 2023	-		-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	**109,850**		**(690,671)**	**-**	**-**	**(580,820)**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	Excluding loss component	Loss component	Estimates of value of future cash	Risk Adjustment	Assets for insurance acquisition	Total
insurance Aviation						
Insurance contract liabilities as of 1 January 2023	1,056,692	-	-	-	-	1,056,692
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**1,056,692**	**-**	**-**	**-**	**-**	**1,056,692**
Insurance revenue	**(9,717,310)**	**-**	**-**	**-**	**-**	**(9,717,310)**
Insurance service expenses	**859,292**	**35,666,899**	**72,513,034**	**-**	**-**	**109,039,226**
- Incurred claims and other expenses	-	-	34,363,154	-	-	34,363,154
- Amortisation of insurance acquisition cash	859,292	-	-	-	-	859,292
- Losses on onerous contracts and reversals	-	35,666,899	-	-	-	35,666,899
- Changes to liabilities for incurred claims	-	-	38,149,880	-	-	38,149,880
Insurance service result	**(8,858,018)**	**35,666,899**	**72,513,034**	**-**	**-**	**99,321,915**
Effect of movements in exchange rates	(17,545)	-	-	-	-	(17,545)
Total changes in the statement of comprehensive income Cash flows	**(8,875,563)**	**35,666,899**	**72,513,034**	**-**	**-**	**99,304,370**
Premiums received	9,536,758	-	-	-	-	9,536,758
Claims and other expenses paid	-	-	(34,363,154)	-	-	(34,363,154)
Total cash flows	**9,536,758**	**-**	**(34,363,154)**	**-**	**-**	**(24,826,396)**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(665,628)	-	-	-	-	(665,628)
Net insurance contract (assets)/liabilities as at 31 December 2023	**1,052,259**	**35,666,899**	**38,149,880**	**-**	**-**	**74,869,038**
Insurance contract liabilities as at 31 December 2023	1,052,259	35,666,899	38,149,880	-	-	74,869,038
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	**1,052,259**	**35,666,899**	**38,149,880**	**-**	**-**	**74,869,038**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Aviation						
Reinsurance contract assets as at 1 January 2023	(901,097)	-	-	-	-	(901,097)
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**(901,097)**	**-**	**-**	**-**	**-**	**(901,097)**
An allocation of reinsurance premiums	**9,717,310**	**-**	**-**	**-**	**-**	**9,717,310**
Amounts recoverable from reinsurers for incurred claims	**(900,705)**	**(35,666,899)**	**(72,512,780)**	**-**	**-**	**(109,080,384)**
- Amounts recoverable for incurred claims and other expenses	-	-	(38,149,880)	-	-	(38,149,880)
- Other incurred directly attributable expenses	(900,705)	-	-	-	-	(900,705)
- Loss-recovery on onerous underlying contracts and adjustments	-	(35,666,899)	-	-	-	(35,666,899)
- Changes to amounts recoverable for incurred claims	-	-	(34,362,900)	-	-	(34,362,900)
Net income or expense from reinsurance contracts held	**8,816,605**	**(35,666,899)**	**(72,512,780)**	**-**	**-**	**(99,363,074)**
Effect of movements in exchange rates	25,516	-	-	-	-	25,516
Total changes in the statement of comprehensive income	**8,842,121**	**(35,666,899)**	**(72,512,780)**	**-**	**-**	**(99,337,558)**
Premiums paid	(9,320,985)	-	-	-	-	(9,320,985)
Amounts received	-	-	34,362,900	-	-	34,362,900
Total cash flows	**(9,320,985)**	**-**	**34,362,900**	**-**	**-**	**25,041,915**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	937,406	-	-	-	-	937,406
Net reinsurance contract (assets)/liabilities as at 31 December 2023	**(442,555)**	**(35,666,899)**	**(38,149,880)**	**-**	**-**	**(74,259,334)**
Reinsurance contract assets as at 31 December 2023	-	-	-	-	-	-
Reinsurance contract liabilities as at 31 December 2023	(442,555)	(35,666,899)	(38,149,880)	-	-	(74,259,334)
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	**(442,555)**	**(35,666,899)**	**(38,149,880)**	**-**	**-**	**(74,259,334)**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	Excluding loss component	Loss component	Estimates of value of future cash flows	Risk Adjustment	Assets for insurance acquisition	Total
insurance Other						
Insurance contract liabilities as of 1 January 2023	257,976	-	48,954	-	-	306,930
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**257,976**	**-**	**48,954**	**-**	**-**	**306,930**
Insurance revenue	**(1,309,487)**	**-**	**-**	**-**	**-**	**(1,309,487)**
Insurance service expenses	**30,452**	**382**	**105,067**	**-**	**-**	**135,902**
- Incurred claims and other expenses	-	-	29,387	-	-	29,387
- Amortisation of insurance acquisition	30,452	-	-	-	-	30,452
- Losses on onerous contracts and	-	382	-	-	-	382
- Changes to liabilities for incurred claims	-	-	75,680	-	-	75,680
Insurance service result	**(1,279,035)**	**382**	**105,067**	**-**	**-**	**(1,173,586)**
Effect of movements in exchange rates	(10,583)	-	-	-	-	(10,583)
Total changes in the statement of comprehensive income Cash flows	**(1,289,618)**	**382**	**105,067**	**-**	**-**	**(1,184,169)**
Premiums received	1,214,654	-	-	-	-	1,214,654
Claims and other expenses paid	-	-	(78,595)	-	-	(78,595)
Total cash flows	**1,214,654**	**-**	**(78,595)**	**-**	**-**	**1,136,059**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(37,117)	-	-	-	-	(37,117)
Net insurance contract (assets)/liabilities as at 31 December 2023	**145,895**	**382**	**75,426**	**-**	**-**	**221,703**
Insurance contract liabilities as at 31 December 2023	289,726	382	67,775	-	-	357,883
Insurance contract assets as at 31 December 2023	(143,831)	-	7,651	-	-	(136,180)
Net insurance contract (assets)/ liabilities as at 31 December 2023	**145,895**	**382**	**75,426**	**-**	**-**	**221,703**

9. Insurance and Reinsurance Contracts (continued)

In Georgian Lari	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Other						
Reinsurance contract assets as at 1 January 2023	(223,090)	-	-	-	-	(223,090)
Reinsurance contract liabilities as at 1 January 2023	26,289	-	(18,942)	-	-	7,347
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**(196,801)**	**-**	**(18,942)**	**-**	**-**	**(215,743)**
An allocation of reinsurance premiums	**841,690**	**-**	**-**	**-**	**-**	**841,690**
Amounts recoverable from reinsurers for incurred claims	**(31,490)**	**(382)**	**(39,676)**	**-**	**-**	**(71,548)**
- Amounts recoverable for incurred claims and other expenses	-	-	(39,927)	-	-	(39,927)
- Other incurred directly attributable expenses	(31,490)	-	-	-	-	(31,490)
- Loss-recovery on onerous underlying contracts and adjustments	-	(382)	-	-	-	(382)
- Changes to amounts recoverable for incurred claims	-	-	251	-	-	251
Net income or expense from reinsurance contracts held	**810,199**	**(382)**	**(39,676)**	**-**	**-**	**770,142**
Effect of movements in exchange rates	7,018	-	-	-	-	7,018
Total changes in the statement of comprehensive income	**817,218**	**(382)**	**(39,676)**	**-**	**-**	**777,160**
Premiums paid	(625,639)	-	-	-	-	(625,639)
Amounts received	-	-	18,691	-	-	18,691
Total cash flows	**(625,639)**	**-**	**18,691**	**-**	**-**	**(606,948)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	14,897	-	-	-	-	14,897
Net reinsurance contract (assets)/liabilities as at 31 December 2023	**9,675**	**(382)**	**(39,927)**	**-**	**-**	**(30,633)**
Reinsurance contract assets as at 31 December 2023	(162,057)	(382)	(35,677)	-	-	(198,115)
Reinsurance contract liabilities as at 31 December 2023	171,732	-	(4,250)	-	-	167,482
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	**9,675**	**(382)**	**(39,927)**	**-**	**-**	**(30,633)**

9. Insurance and Reinsurance Contracts (continued)

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position as at 31 December, 2022 is set out in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	**Excluding loss component**	**Loss component**	**Estimates of value of future cash flows**	**Risk Adjustment**	**Assets for insurance acquisition**	**Total**
insurance Motor						
Insurance contract liabilities as of 1 January 2022	(44,133)	-	883,952	-	-	839,818
Insurance contract assets as at 1 January 2022						
Net insurance contract (assets)/liabilities as at 1 January 2022	**(44,133)**	**-**	**883,952**	**-**	**-**	**839,818**
Insurance revenue	**(4,592,206)**	**-**	**-**	**-**	**-**	**(4,592,206)**
Insurance service expenses	**156,178**	**56,359**	**2,258,361**	**-**	**-**	**2,470,898**
- Incurred claims and other expenses	-	-	1,241,673	-	-	1,241,673
- Amortisation of insurance acquisition	156,178	-	-	-	-	156,178
- Losses on onerous contracts and	-	56,359	-	-	-	56,359
- Changes to liabilities for incurred claims	-	-	1,016,688	-	-	1,016,688
Insurance service result	**(4,436,028)**	**56,359**	**2,258,361**	**-**	**-**	**(2,121,308)**
Effect of movements in exchange rates	52,743	-	-	-	-	52,743
Total changes in the statement of comprehensive income Cash flows	**(4,383,285)**	**56,359**	**2,258,361**	**-**	**-**	**(2,068,564)**
Premiums received	4,537,602	-	-	-	-	4,537,602
Claims and other expenses paid	-	-	(2,281,489)	-	-	(2,281,489)
Total cash flows	**4,537,602**	**-**	**(2,281,489)**	**-**	**-**	**2,256,113**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(153,575)	-	-	-	-	(153,575)
Net insurance contract (assets)/liabilities as at 31 December 2022	**(43,391)**	**56,359**	**860,824**	**-**	**-**	**873,792**
Insurance contract liabilities as at 31 December 2022	(43,391)	56,359	860,824	-	-	873,792
Insurance contract assets as at 31 December 2022	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2022	**(43,391)**	**56,359**	**860,824**	**-**	**-**	**873,792**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Motor						
Reinsurance contract assets as at 1 January 2022	678,363	-	(1,543,815)	-	-	(865,452)
Reinsurance contract liabilities as at 1 January 2022						
Net reinsurance contract assets/(liabilities) as at 1 January 2022	**678,363**	**-**	**(1,543,815)**	**-**	**-**	**(865,452)**
An allocation of reinsurance premiums	**1,501,805**	**-**	**-**	**-**	**-**	**1,501,805**
Amounts recoverable from reinsurers for incurred claims	**(17,107)**	**(11,293)**	**(1,348,052)**	**-**	**-**	**(1,376,453**
- Amounts recoverable for incurred claims and other expenses	-	-	438,181	-	-	438,181
- Other incurred directly attributable expenses	(17,107)	-	-	-	-	(17,107)
- Loss-recovery on onerous underlying contracts and adjustments	-	(11,293)	-	-	-	(11,293)
- Changes to amounts recoverable for incurred claims	-	-	(1,786,233)	-	-	(1,786,233
Net income or expense from reinsurance contracts held	**1,484,697**	**(11,293)**	**(1,348,052)**	**-**	**-**	**125,352**
Effect of movements in exchange rates	(163,728)	-	16,572	-	-	(147,157)
Total changes in the statement of comprehensive income	**1,320,969**	**(11,293)**	**(1,331,481)**	**-**	**-**	**(21,805)**
Premiums paid	(1,247,090)	-	-	-	-	
Amounts received	-	-	1,049,797	-	-	1,049,797
Total cash flows	**(1,247,090)**	**-**	**1,049,797**	**-**	**-**	**(197,293)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	339,421	-	-	-	-	339,421
Net reinsurance contract (assets)/(liabilities)as at 31 December 2022	**1,091,663**	**(11,293)**	**(1,825,499)**	**-**	**-**	**(745,129)**
Reinsurance contract assets as at 31 December 2022	1,091,663	(11,293)	(1,825,499)	-	-	(745,129)
Reinsurance contract liabilities as at 31 December 2022	-	-	-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2022	**1,091,663**	**(11,293)**	**(1,825,499)**	**-**	**-**	**(745,129)**

9. Insurance and Reinsurance Contracts (continued)

In Georgian Lari	Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	**Loss component**	**Estimates of value of future cash flows**	**Risk Adjustment**	**Assets for insurance acquisition**	**Total**
insurance Property						
Insurance contract liabilities as of 1 January 2022	237,411	-	15,443	-		252,854
Insurance contract assets as at 1 January 2022						
Net insurance contract (assets)/liabilities as at 1 January 2022	**237,411**	**-**	**15,443**	**-**		**252,854**
Insurance revenue	**(698,868)**	**-**		**-**	**-**	**(698,868)**
Insurance service expenses	**27,062**	**-**	**84,314**	**-**	**-**	**111,376**
- Incurred claims and other expenses			(5,121)	-	-	(5,121)
- Amortisation of insurance acquisition	27,062	-	-	-	-	27,062
- Losses on onerous contracts and	-	-	-	-	-	-
- Changes to liabilities for incurred claims	-	-	89,435	-	-	89,435
Insurance service result	**(671,806)**	**-**	**84,314**	**-**	**-**	**(587,492)**
Effect of movements in exchange rates	26,842	-	-	-	-	26,842
Total changes in the statement of comprehensive income Cash flows	**(644,964)**	**-**	**84,314**	**-**	**-**	**(560,649)**
Premiums received	567,019	-	-	-	-	567,019
Claims and other expenses paid	-	-	(10,322)	-	-	(10,322)
Total cash flows	**567,019**	**-**	**(10,322)**	**-**	**-**	**556,697**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(25,225)	-	-	-	-	(25,225)
Net insurance contract (assets)/liabilities as at 31 December 2022	**134,242**	**-**	**89,435**	**-**	**-**	**223,677**
Insurance contract liabilities as at 31 December 2022	134,242	-	89,435	-	-	223,677
Insurance contract assets as at 31 December 2022	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2022	**134,242**	**-**	**89,435**	**-**	**-**	**223,677**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Property						
Reinsurance contract assets as at 1 January 2022	129,716	-	(50,398)	-	-	79,319
Reinsurance contract liabilities as at 1 January 2022						
Net reinsurance contract assets/(liabilities) as at 1 January 2022	**129,716**	**-**	**(50,398)**	**-**	**-**	**79,319**
An allocation of reinsurance premiums	546,676	-	-	-	-	546,676
Amounts recoverable from reinsurers for incurred claims	(62,543)	-	(77,092)	-	-	(139,635)
- Amounts recoverable for incurred claims and other expenses	-	-	10,100	-	-	10,100
- Other incurred directly attributable expenses	(62,543)	-	-	-	-	(62,543)
- Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-	-
- Changes to amounts recoverable for incurred claims	-	-	(87,192)	-	-	(87,192)
Net income or expense from reinsurance contracts held	**484,133**	**-**	**(77,092)**	**-**	**-**	**407,041**
Effect of movements in exchange rates	(41,997)	-	-	-	-	(41,997)
Total changes in the statement of comprehensive income	**442,137**	**-**	**(77,092)**	**-**	**-**	**365,044**
Premiums paid	(532,313)	-	-	-	-	(532,313)
Amounts received	-	-	40,298	-	-	40,298
Total cash flows	**(532,313)**	**-**	**40,298**	**-**	**-**	**(492,014)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	44,711	-	-	-	-	44,711
Net reinsurance contract (assets)/liabilities as at 31 December 2022	84,252	-	(87,192)	-	-	(2,940)
Reinsurance contract assets as at 31 December 2022	84,252	-	(87,192)	-	-	(2,940)
Reinsurance contract liabilities as at 31 December 2022	-	-	-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2022	**84,252**	**-**	**(87,192)**	**-**	**-**	**(2,940)**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims			
In Georgian Lari	Excluding loss component	Loss component	Estimates of value of future cash flows	Risk Adjustment	Assets for insurance acquisition	Total
Insurance Life						
Insurance contract liabilities as of 1 January 2022	(60,400)	-	518,384	-	-	457,983
Insurance contract assets as at 1 January 2022						
Net insurance contract (assets)/liabilities as at 1 January 2022	**(60,400)**	**-**	**518,384**	**-**	**-**	**457,983**
Insurance revenue	**(1,267,088)**	**-**	**-**	**-**	**-**	**(1,267,088)**
Insurance service expenses	**20,938**	**-**	**779,174**	**-**	**-**	**800,112**
- Incurred claims and other expenses	-	-	(216,797)	-	-	(216,797)
- Amortisation of insurance acquisition	20,938					20,938
- Losses on onerous contracts and	-	-	-	-	-	-
- Changes to liabilities for incurred claims	-	-	995,971	-	-	995,971
Insurance service result	**(1,246,150)**	**-**	**779,174**	**-**	**-**	**(466,976)**
Effect of movements in exchange rates	25,135	-	-	-	-	25,135
Total changes in the statement of comprehensive income Cash flows	**(1,221,015)**	**-**	**779,174**	**-**	**-**	**(441,841)**
Premiums received	1,158,466	-	-	-	-	1,158,466
Claims and other expenses paid	-	-	(301,587)	-	-	(301,587)
Total cash flows	**1,158,466**	**-**	**(301,587)**	**-**	**-**	**856 879**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(20,938)	-	-	-	-	(20,938)
Net insurance contract (assets)/liabilities as at 31 December 2022	**(143,888)**	**-**	**995,971**	**-**	**-**	**852,083**
Insurance contract liabilities as at 31 December 2022	(143,888)	-	995,971	-	-	852,083
Insurance contract assets as at 31 December 2022	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2022	**(143,888)**	**-**	**995,971**	**-**	**-**	**852,083**

9. Insurance and Reinsurance Contracts (continued)

In Georgian Lari	Liabilities for remaining coverage: Excluding loss- recovery component	Liabilities for remaining coverage: Loss- recovery component	Amounts recoverable on incurred claims: Estimates of present value of future cash	Amounts recoverable on incurred claims: Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Life						
Reinsurance contract assets as at 1 January 2022	52,615	-	(544,509)	-	-	(491,894)
Reinsurance contract liabilities as at 1 January 2022						
Net reinsurance contract assets/(liabilities) as at 1 January 2022	**52,615**	**-**	**(544,509)**	**-**	**-**	**(491,894)**
An allocation of reinsurance premiums	**479,764**	**-**	**-**	**-**	**-**	**479,764**
Amounts recoverable from reinsurers for incurred claims	**(35,359)**	**-**	**(429,507)**	**-**	**-**	**(464,866)**
- Amounts recoverable for incurred claims and other expenses	-	-	328,292	-	-	328,292
- Other incurred directly attributable expenses	(35,359)	-	-	-	-	(35,359)
- Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-	-
- Changes to amounts recoverable for incurred claims	-	-	(757,799)	-	-	(757,799)
Net income or expense from reinsurance contracts held	**444,405**	**-**	**(429,507)**	**-**	**-**	**14,898**
Effect of movements in exchange rates	(7,680)	-	-	-	-	(7,680)
Total changes in the statement of comprehensive income	**436,725**	**-**	**(429,507)**	**-**	**-**	**7,218**
Premiums paid	(346,456)	-	-	-	-	(346,456)
Amounts received	-	-	216,216	-	-	216,216
Total cash flows	**(346,456)**	**-**	**216,216**	**-**	**-**	**(130,240)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	25,700	-	-	-	-	25,700
Net reinsurance contract (assets)/liabilities as at 31 December 2022	**168,583**	**-**	**(757,799)**	**-**	**-**	**(589,217)**
Reinsurance contract assets as at 31 December 2022	168,583	-	(757,799)	-	-	(589,217)
Reinsurance contract liabilities as at 31 December 2022	-	-	-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2022	**168,583**	**-**	**(757,799)**	**-**	**-**	**(589,217)**

9. Insurance and Reinsurance Contracts (continued)

In Georgian Lari	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims: Estimates of value of future cash flows	Liabilities for incurred claims: Risk Adjustment	Assets for insurance acquisition	Total
insurance Aviation						
Insurance contract liabilities as of 1 January 2022	241,718	-	-	-	-	241,718
Insurance contract assets as at 1 January 2022						
Net insurance contract (assets)/liabilities as at 1 January 2022	**241,718**	**-**	**-**	**-**	**-**	**241,718**
Insurance revenue	**(8,106,866)**	**-**	**-**	**-**	**-**	**(8,106,866)**
Insurance service expenses	**383,196**	**-**	**-**	**-**	**-**	**383,196**
- Incurred claims and other expenses						
- Amortisation of insurance acquisition cash	383,196	-	-	-	-	383,196
- Losses on onerous contracts and reversals	-	-	-	-	-	-
- Changes to liabilities for incurred claims	-	-	-	-	-	-
Insurance service result	**(7,723,670)**	**-**	**-**	**-**	**-**	**(7,723,670)**
Effect of movements in exchange rates	379,115	-	-	-	-	379,115
Total changes in the statement of comprehensive income Cash flows	**(7,344,555)**	**-**	**-**	**-**	**-**	**(7,344,555)**
Premiums received	8,531,038	-	-	-	-	8,531,038
Claims and other expenses paid	-	-	-	-	-	0
Total cash flows	**8,531,038**	**-**	**-**	**-**	**-**	**8,531,038**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(371,509)	-	-	-	-	(371,509)
Net insurance contract (assets)/liabilities as at 31 December 2022	**1,056,692**	**-**	**-**	**-**	**-**	**1,056,692**
Insurance contract liabilities as at 31 December 2022	1,056,692	-	-	-	-	1,056,692
Insurance contract assets as at 31 December 2022	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2022	**1,056,692**	**-**	**-**	**-**	**-**	**1,056,692**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Aviation						
Reinsurance contract assets as at 1 January 2022	(174,796)	-	-	-	-	(174,796)
Reinsurance contract liabilities as at 1 January 2022						
Net reinsurance contract assets/(liabilities) as at 1 January 2022	**(174,796)**	**-**	**-**	**-**	**-**	**(174,796)**
An allocation of reinsurance premiums	**8,103,111**	**-**	**-**	**-**	**-**	**8,103,111**
Amounts recoverable from reinsurers for incurred claims	**(443,713)**	**-**	**-**	**-**	**-**	**(443,713)**
- Amounts recoverable for incurred claims and other expenses	-	-	-	-	-	-
- Other incurred directly attributable expenses	(443,713)	-	-	-	-	(443,713)
- Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-	-
- Changes to amounts recoverable for incurred claims	-	-	-	-	-	-
Net income or expense from reinsurance contracts held	**7,659,398**	**-**	**-**	**-**	**-**	**7,659,398**
Effect of movements in exchange rates	(386,024)	-	-	-	-	(386,024)
Total changes in the statement of comprehensive income	**7,273,374**	**-**	**-**	**-**	**-**	**7,273,374**
Premiums paid	(8,442,239)	-	-	-	-	(8,442,239)
Amounts received	-	-	-	-	-	-
Total cash flows	**(8,442,239)**	**-**	**-**	**-**	**-**	**(8,442,239)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	442,563	-	-	-	-	442,563
Net reinsurance contract (assets)/liabilities as at 31 December 2022	**(901,097)**	**-**	**-**	**-**	**-**	**(901,097)**
Reinsurance contract assets as at 31 December 2022	1,056,692	-	-	-	-	1,056,692
Reinsurance contract liabilities as at 31 December 2022	-	-	-	-	-	-
Net reinsurance contract (assets)/ liabilities as at 31 December 2022	**(901,097)**	**-**	**-**	**-**	**-**	**(901,097)**

9. Insurance and Reinsurance Contracts (continued)

In Georgian Lari	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims: Estimates of value of future cash	Liabilities for incurred claims: Risk Adjustment	Assets for insurance acquisition	Total
insurance Other						
Insurance contract liabilities as of 1 January 2022	201,209	-	27,658	-	-	228,867
Insurance contract assets as at 1 January 2022	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2022	**201,209**	**-**	**27,658**	**-**	**-**	**228,867**
Insurance revenue	**(1,421,183)**	**-**	**-**	**-**	**-**	**(1,421,183)**
Insurance service expenses	**28,669**	**-**	**91,807**	**-**	**-**	**120,476**
- Incurred claims and other expenses	-	-	42,853	-	-	42,853
- Amortisation of insurance acquisition	28,669	-	-	-	-	28,669
- Losses on onerous contracts and	-	-	-	-	-	-
- Changes to liabilities for incurred claims	-	-	48,954	-	-	48,954
Insurance service result	**(1,392,514)**	**-**	**91,807**	**-**	**-**	**(1,300,707)**
Effect of movements in exchange rates	36,142	-	-	-	-	36,142
Total changes in the statement of comprehensive income Cash flows	**(1,356,372)**	**-**	**91,807**	**-**	**-**	**(1,264,565)**
Premiums received	1,441,485	-	-	-	-	1,441,485
Claims and other expenses paid	-	-	(70,511)	-	-	(70,511)
Total cash flows	**1,441,485**	**-**	**(70,511)**	**-**	**-**	**1,370,974**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(28,346)	-	-	-	-	(28,346)
Net insurance contract (assets)/liabilities as at 31 December 2022	**257,976**	**-**	**48,954**	**-**	**-**	**306,930**
Insurance contract liabilities as at 31 December 2022	257,976	-	48,954	-	-	306,930
Insurance contract assets as at 31 December 2022	-	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2022	**257,976**	**-**	**48,954**	**-**	**-**	**306,930**

9. Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage		Amounts recoverable on incurred claims			
In Georgian Lari	Excluding loss-recovery component	Loss- recovery component	Estimates of present value of future cash	Risk Adjustment	Assets for insurance acquisition cash flows	Total
Re-insurance Other						
Reinsurance contract assets as at 1 January 2022	(107,374)	-	(28,472)	-	-	(135,846)
Reinsurance contract liabilities as at 1 January 2022	8,118	-	-	-	-	8,118
Net reinsurance contract assets/(liabilities) as at 1 January 2022	**(99,256)**	**-**	**(28,472)**	**-**	**-**	**(127,728)**
An allocation of reinsurance premiums	**790,142**	**-**	**-**	**-**	**-**	**790,142**
Amounts recoverable from reinsurers for incurred claims	**(30,764)**	**-**	**(4,159)**	**-**	**-**	**(34,923)**
- Amounts recoverable for incurred claims and other expenses	-	-	14,783	-	-	14,783
- Other incurred directly attributable expenses	(30,764)	-	-	-	-	(30,764)
- Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-	-
- Changes to amounts recoverable for incurred claims	-	-	(18,942)	-	-	(18,942)
Net income or expense from reinsurance contracts held	**759,378**	**-**	**(4,159)**	**-**	**-**	**755,219**
Effect of movements in exchange rates	(47,114)	-	-	-	-	(47,114)
Total changes in the statement of comprehensive income	**712,264**	**-**	**(4,159)**	**-**	**-**	**708,105**
Premiums paid	(834,717)	-	-	-	-	(834,717)
Amounts received	-	-	13,690	-	-	13,690
Total cash flows	**(834,717)**	**-**	**13,690**	**-**	**-**	**(821,027)**
Allocation from assets for reinsurance acquisition cash flows to groups of insurance contracts	24,908	-	-	-	-	24,908
Net reinsurance contract assets/(liabilities)as at 31 December 2022	**(196,801)**	**-**	**(18,942)**	**-**	**-**	**(215,743)**
Reinsurance contract assets as at 31 December 2022	(223,090)	-	-	-	-	(223,090)
Reinsurance contract liabilities as at 31 December 2022	26,289	-	(18,942)	-	-	7,347
Net reinsurance contract (assets)/ liabilities as at 31 December 2022	**(196,801)**	**-**	**(18,942)**	**-**	**-**	**(215,743)**

10. Investment property

In Georgian Lari	**2023**	**2022**
Cost as at 1 January	**1,657,459**	**1,657,459**
Disposal	(242,489)	-
Cost as at December 31	**1,414,970**	**1,657,459**
Accumulated depreciation as at 1 January	**(33,149)**	**-**
Depreciation charge	(32,023)	(33,150)
Accumulated depreciation as at 31 December	**(65,172)**	**(33,150)**
Net Book Value 31 December	**1,349,798**	**1,624,309**

As at 31 December 2023, the fair value of the investment property is GEL 2,339,778 (2022: GEL 2,350,740), which was determined based on the valuation performed by the Company's internal valuers using the market approach.

11. Property, equipment and intangible assets

In Georgian Lari	Furniture and equipment	Vehicles	Intangible Assets	Total
Cost				
January 1, 2022	**73,771**	**19,200**	**100,133**	**193,104**
As at 31 December 2022	**73,771**	**19,200**	**100,133**	**193,104**
Additions	2,580	-	28,904	**31,484**
As at 31 December 2023	**76,351**	**19,200**	**129,037**	**224,588**
Accumulated depreciation				
January 1, 2022	**33,197**	**12,751**	**33,660**	**79,608**
Depreciation charge	14,487	3,840	15,020	**33,347**
December 31, 2022	**47,684**	**16,591**	**48,680**	**112,955**
Depreciation charge	15,250	2,609	19,094	**36,953**
December 31, 2023	**62,934**	**19,200**	**67,774**	**149,908**
Net book value				
As at December 31, 2022	**26,087**	**2,609**	**51,453**	**80,149**
As at December 31, 2023	**13,417**	**-**	**61,262**	**74,680**

12. Other assets

In Georgian Lari	**December 31, 2023**	**December 31, 2022**
Salvages	117,229	24,139
Other tax prepayment	34,413	-
Prepayments to Compulsory Insurance Centre	23,529	23,529
Prepayments	10,408	12,683
Deferred tax assets	-	30,752
Total other assets	**185,580**	**91,100**

13. Other Financial liabilities

In Georgian Lari	**December 31, 2023**	**December 31, 2022**
Payable to ISSSG	188,134	160,862
Payables for professional services	184,063	95,651
Other creditors	15,470	18,284
Total other assets	**387,667**	**274,797**

14. Other liabilities

In Georgian Lari	**December 31, 2023**	**December 31, 2022**
Accruals for employee compensation	391,007	303,276
Liabilities from subrogation and salvage	122,792	148,944
Income taxes payable	28,958	195,104
Advances received	21,346	18,041
Other liabilities	19,950	3,715
Total other liabilities	**584,053**	**669,080**

15. Equity

	Number of outstanding shares	Ordinary shares	Total
At 1 January 2022	**6,000,000**	**6,000,000**	**6,000,000**
At 31 December 2022	**6,000,000**	**6,000,000**	**6,000,000**
At 31 December 2023	**6,000,000**	**6,000,000**	**6,000,000**

As at 31 December 2023 the total authorized number of ordinary shares is 6,000,000 (2022: 6,000,000), with a par value of GEL 1 per share (2021: GEL 1 per share). As at 31 December 2023 the number of ordinary issued shares is 6,000,000 (2022: 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 2023 and 2022.

16. Net insurance result

For the year ended 31 December, 2023 net insurance result comprise:

In Georgian Lari	Life Insurance	Motor	Aviation	Property	Other	Total
Insurance Revenue	**2,070,760**	**4,865,462**	**9,717,192**	**850,380**	**1,309,605**	**18,813,399**
Insurance service expense	**(670,039)**	**(2,120,347)**	**(109,039,226)**	**(1,114,467)**	**(135,902)**	**(113,079,989)**
Incurred claims and other directly attributable expenses	434,386	(913,710)	(34,363,154)	(809,506)	(29,387)	**(35,681,381)**
Insurance acquisition cash flows recognised when incurred	(38,988)	(190,597)	(859,292)	(24,058)	(30,452)	**(1,143,389)**
Losses on onerous contracts and reversals of those losses	-	(64,560)	(35,666,899)	(128,684)	(382)	**(35,860,525)**
Changes to liabilities for incurred claims	(1,065,437)	(951,479)	(38,149,880)	(152,218)	(75,680)	**(40,394,694)**
Reinsurance Result	**(193,776)**	**(138,633)**	**99,363,074**	**263,616**	**(770,142)**	**98,524,138**
Amounts recoverable from reinsurers for incurred claims	415,000	834,734	108,179,679	885,449	40,057	**110,354,920**
Allocation of reinsurance premiums	(661,810)	(1,193,638)	(9,717,310)	(715,801)	(841,690)	**(13,130,248)**
Reinsurance Commission Income	53,033	220,270	900,705	93,968	31,490	**1,299,466**
Net Insurance Result	**1,206,944**	**2,606,473**	**41,040**	**(471)**	**403,444**	**4,257,548**

16. Net insurance result (continued)

For the year ended 31 December, 2022 net insurance result comprise:

In Georgian Lari	Life Insurance	Motor	Aviation	Property	Other	Total
Insurance Revenue	**1,267,088**	**4,592,205**	**8,106,867**	**698,867**	**1,421,183**	**16,086,211**
Insurance service expense	**(800,112)**	**(2,470,898)**	**(383,196)**	**(111,376)**	**(120,476)**	**(3,886,058)**
Incurred claims and other directly attributable expenses	216,797	(1,241,673)	-	5,121	(42,853)	**(1,062,609)**
Insurance acquisition cash flows recognised when incurred	(20,938)	(156,178)	(383,196)	(27,062)	(28,669)	**(616,043)**
Losses on onerous contracts and reversals of those losses	-	(56,359)	-	-	-	**(56,359)**
Changes to liabilities for incurred claims	(995,971)	(1,016,688)	-	(89,435)	(48,954)	**(2,151,047)**
Reinsurance Result	**(14,898)**	**(125,352)**	**(7,659,398)**	**(407,041)**	**(755,219)**	**(8,961,908)**
Amounts recoverable from reinsurers for incurred claims	429,507	1,359,345	-	77,092	4,159	**1,870,104**
Allocation of reinsurance premiums	(479,764)	(1,501,805)	(8,103,111)	(546,676)	(790,142)	**(11,421,498)**
Reinsurance Commission Income	35,359	17,107	443,713	62,543	30,764	**589,486**
Net Insurance Result	**452,078**	**1,995,955**	**64,272**	**180,450**	**545,488**	**3,238,244**

17. Interest revenue calculated using the effective interest rate method

In Georgian Lari	2023	2022
Interest income from deposits with banks	1,980,821	1,475,646
Interest income from debt securities	42,000	41,885
Total interest revenue calculated using effective interest rate method	**2,022,820**	**1,517,531**

18. Salaries and other employee benefits

In Georgian Lari	2023	2022
Salaries	968,123	807,450
Bonuses	549,453	476,008
Insurance and other benefits	21,790	17,892
Total salaries and other employee benefits	**1,539,366**	**1,301,350**

19. General and administrative expenses

In Georgian Lari	2023	2022
Audit and consulting	221,556	106,716
Supervisory fee	188,134	160,862
Rent	65,940	65,940
Post, Telecomm, Utilities	37,715	34,624
Marketing	33,554	27,610
Software	24,000	24,000
Amortization	19,094	15,020
Depreciation	49,882	51,476
Business trip	15,904	8,641
Repair & Maintenance	9,446	8,684
Bank fees and other commissions	6,779	8,075
Training costs	-	13,498
Other admin costs	40,731	91,665
Total general and administrative expenses	**712,735**	**616,810**

Audit and consulting above include GEL 221,556 (2022: GEL 106,716) fees incurred for audit and other professional services provided by Auditor/Audit Firm as defined in the Law of Georgia on Accounting, Reporting and Auditing.

20. Other operating expense

In Georgian Lari	2023	2022
CIC* management fee	282,742	204,543
Property tax expense	14,328	16,979
Other expense	51,534	74,837
Total other operating expenses	**334,276**	**296,359**

**CIC – Compulsory Insurance Center*

21. Income tax expense

(a) Components of income tax expense

Income tax expense comprises of the following:

In Georgian Lari	2023	2022
Current tax charge	(546,187)	(486,446)
Deferred tax charge	(30,752)	15,493
Income tax expense for the year	**(576,939)**	**(470,953)**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The company's applicable income tax rate was 15% in 2023 (2022: 15%).

In Georgian Lari	2023	2022 (restated)
Profit before tax	3,672,851	2,513,359
Theoretical tax charge at statutory rate (2023: 15%; 2022: 15%)	(550,928)	(377,004)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income items not recognized in P&L, but taxable from taxation viewpoint	-	(2,140)
- Non-deductible expenses and other permanent differences	(26,011)	(91,809)
Income tax expense for the year	**(576,939)**	**(470,953)**

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Georgia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below:

In Georgian Lari	1 January, 2023	Credited/ (charged) to profit or loss	31 December, 2023
Tax effect of deductible/(taxable) temporary differences			
Property, equipment and intangible assets	19,135	(19,135)	-
Accruals	11,617	(11,617)	-
Net deferred tax asset	**30,752**	**(30,752)**	**-**

In Georgian Lari	1 January, 2022	Credited/ (charged) to profit or loss	31 December, 2022
Tax effect of deductible/(taxable) temporary differences			
Property, equipment and intangible assets	11,410	7,725	19,135
Accruals	3,849	7,768	11,617
Net deferred tax liability	**15,259**	**15,493**	**30,752**

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.

22. 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 2023 and 2022.

(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 2023 and 2022.

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 higher of 100% of RSM or GEL 4,200 thousand. Starting from 31 December 2021 the minimum Regulatory Capital is the higher of 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 2023 and 2022, the Company was in full compliance with the required level of Regulatory Capital.

23. 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 organisations 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.

23. Insurance risk management (continued)

(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 Facultatively 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.

(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 finalise, and are more difficult to estimate, relate to bodily injury claims.

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

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

23. Insurance risk management (continued)

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.

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.

23. Insurance risk management (continued)

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 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) Claims development

Claims development information is disclosed in a triangle format in order to illustrate the insurance risk inherent in the Company. The first triangle shows the development of the cumulative claims paid on an accident year basis, while the second triangle shows the development of the reported but not settled

23. Insurance risk management (continued)

reserve on an accident year basis. Finally, the sum of these two triangles gives the incurred cumulative claims information. From the claims paid triangle it is seen that there was a significant increase in the claims paid amount since the accident year of 2020 and there is a big claim from aviation business line in 2023. This aviation claim based on one big claim and it's totally recoverable by reinsurance agreement.

Annual Paid Cumulative triangle - as at 31 December 2023:

Accident period \ Development period	0	1	2	3	4	5
2018	78,470	78,470	78,470	78,470	78,470	78,470
2019	1,545,160	1,545,160	1,555,007	1,555,007	1,555,007	
2020	2,285,047	2,325,628	2,339,125	2,339,125		
2021	2,420,132	2,450,312	2,450,312			
2022	2,296,851	2,319,710				
2023	37,317,119					

(e) 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 minimise 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.

24. 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.

24. Fair values and risk management (continued)

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

	31 December 2023				31 December 2022			
In Georgian Lari	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
FINANCIAL ASSETS								
Cash and cash equivalents	1,355,459	-	-	**1,355,459**	430,079	-	-	**430,079**
Deposits with banks	-	16,753,880	-	**16,753,880**	-	13,035,782	-	**13,035,782**
Investment in securities held to maturity	-	301,782	-	**301,782**	-	298,701	-	**298,701**
NON-FINANCIAL ASSETS								
Investment properties	-	-	2,339,778	**2,339,778**	-	-	2,350,740	**2,350,740**
TOTAL ASSETS	**1,355,459**	**17,055,662**	**2,339,778**	**20,750,899**	430,079	13,334,483	2,350,740	**16,115,302**
LIABILITIES								
Other financial liabilities	-	-	387,667	**387,667**	-	-	274,797	**274,797**
TOTAL LIABILITIES	-	-	**387,667**	**387,667**	-	-	**274,797**	**274,797**

All financial instruments are carried at amortised cost.

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

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

24. Fair values and risk management (continued)

	Fair value at 31 December				
In Georgian Lari	**2023**	**2022**	**Valuation technique**	**Inputs used**	**Relationship of unobservable inputs to fair value**
ASSETS AT FAIR VALUE					
NON-FINANCIAL ASSETS					
- Investment property	2,339,778	2,350,740	Market comparable approach	Price per square meter	The higher the price per square meter, the higher the fair value

(b) Financial risk management

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

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

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

(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.

The Company reinsures certain risks with the reinsurance companies. The selection of reinsurance companies is based on criteria mainly related to solvency, reliability and creditworthiness of the counterparty which includes and is not limited to checking international credit ratings of reinsurers.

Credit exposure

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

In Georgian Lari	31 December 2023	31 December 2022
Deposits with Banks	16,753,880	13,035,782
Reinsurance contract assets	75,333,191	2,461,473
Insurance contract assets	136,180	-
Cash and cash equivalents	1,355,459	430,079
Investment in debt securities	301,782	298,701
Total credit exposure	**93,880,492**	**16,226,035**

24. Fair values and risk management (continued)

The Company is not subject to significant credit risk on receivables arising out of direct insurance operations with individuals as policies are cancelled and the unearned premium reserve relating to the policy is similarly cancelled when there is objective evidence that the policyholder is not willing or able to continue paying policy premiums.

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.

24. Fair values and risk management (continued)

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.

Georgian Lari	Demand and less than 1 month	1 month to 6 months	6 to 12 months	More than 1 year	Total
At 31 December 2023					
Assets					
Cash and cash equivalents	1,355,459	-	-	-	1,355,459
Deposits with Banks	338,723	993,941	6,336,332	9,084,885	16,753,880
Investment in debt securities	-	-	301,782	-	301,782
Reinsurance contract assets	75,333,191	-	-	-	75,333,191
Insurance contract assets	136,180	-	-	-	136,180
Total financial assets	**77,163,553**	**993,941**	**6,638,114**	**9,084,885**	**93,880,492**
Liabilities					
Insurance contract liabilities	77,498,241	-	-	-	77,498,241
Reinsurance contract liability	167,482	-	-	-	167,482
Other financial liabilities	387,667	-	-	-	387,667
Total financial liabilities	**78,053,390**	**-**	**-**	**-**	**78,053,390**
Net liquidity gap	**(889,837)**	**993,941**	**6,638,114**	**9,084,885**	**15,827,103**
Cumulative liquidity gap	**(889,837)**	**104,104**	**6,742,218**	**15,827,103**	**-**

24. Fair values and risk management (continued)

Georgian Lari	Demand and less than 1 month	1 month to 6 months	6 to 12 months	More than 1 year	Total
At 31 December 2022					
Assets					
Cash and cash equivalents	430,079	-	-	-	430,079
Deposits with Banks	-	1,119,903	11,915,879	-	13,035,782
Investment in debt securities	-	-	298,701	-	298,701
Reinsurance contract assets	2,461,473	-	-	-	2,461,473
Total financial assets	**2,891,552**	**1,119,903**	**12,214,580**	**-**	**16,226,035**
Liabilities					
Insurance contract liabilities	3,313,174	-	-	-	3,313,174
Reinsurance contract liability	7,347	-	-	-	7,347
Other financial liabilities	274,797	-	-	-	274,797
Total financial liabilities	**3,595,318**	**-**	**-**	**-**	**3,595,318**
Net liquidity gap	**(703,766)**	**1,119,903**	**12,214,580**	**-**	**12,630,717**
Cumulative liquidity gap	**(703,766)**	**416,137**	**12,630,717**	**12,630,717**	**-**

24. Fair values and risk management (continued)

(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) Geographical Concentration

Georgian Lari	Georgia	OECD	Non-OECD	Total
At 31 December 2023				
Assets				
Cash and cash equivalents	1,355,459	-	-	1,355,459
Deposits with Banks	16,753,880	-	-	16,753,880
Investment securities held to maturity	301,782	-	-	301,782
Reinsurance contract assets	571,158	1,803,060	72,958,973	75,333,191
Insurance contract assets	136,180			136,180
Total financial assets	**19,118,459**	**1,803,060**	**72,958,973**	**93,880,492**
Liabilities				
Insurance contract liabilities	3,681,462	-	73,816,779	77,498,241
Reinsurance contract liability	167,482	-	-	167,482
Other financial liabilities	387,667	-	-	387,667
Other liabilities	584,053	-	-	584,053
Total financial liabilities	**4,820,664**	**-**	**73,816,779**	**78,637,443**
Net position	**14,297,795**	**1,803,060**	**(857,806)**	**15,243,049**

Georgian Lari	Georgia	OECD	Non-OECD	Total
At 31 December 2022				
Assets				
Cash and cash equivalents	430,079	-	-	430,079
Deposits and other	13,035,782	-	-	13,035,782
Debt Instruments	298,701	-	-	298,701
Reinsurance contract assets	-	1,059,261	1,402,212	2,461,473
Total financial assets	**13,764,562**	**1,059,261**	**1,402,212**	**16,226,035**
Liabilities				
Insurance contract liabilities	3,313,174	-	-	3,313,174
Reinsurance contract liability	-	7,347	-	7,347
Other financial liabilities	274,797	-	-	274,797
Other liabilities	669,080	-	-	669,080
Total financial liabilities	**4,257,051**	**7,347**	**-**	**4,264,398**
Net position	**9,507,511**	**1,051,914**	**1,402,212**	**11,961,637**

24. Fair values and risk management (continued)

(vi) Currency risk

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

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

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

	31 December 2023		31 December 2022	
In Georgian Lari	USD denominated	EUR denominated	USD denominated	EUR denominated
Cash and cash equivalents	20,858	-	15,423	489
Reinsurance contract assets	2,664,465	-	2,097,713	-
Insurance contract assets	114,034	-	-	-
Insurance contract liabilities	-	-	(1,390,120)	-
Net Exposure	**2,799,357**	**-**	**723,016**	**489**

The following significant exchange rates have been applied:

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

	Average Rate	Reporting date spot rate
In GEL	**2022**	**31 December 2022**
USD	2.9156	2.7020
EUR	3.0792	2.8844

24. Fair values and risk management (continued)

Sensitivity analysis

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

	Strengthening	Weakening
In Georgian Lari	Profit or (Loss) and Equity	Profit or (Loss) and Equity
31 December 2023		
USD (20% movement)	(559,871)	559,871
EUR (20% movement)	-	-
31 December 2022		
USD (20% movement)	(144,603)	144,603
EUR (20% movement)	(98)	98

(vii) 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 2023 and 2022 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.

25. Contingencies

(a) Legal proceedings

As of 31 december 2023 the company acts as a defendant in a one lawsuit amounting to 36,370 GEL with an individual. The company believes that the claimant's demand is without merit and it does not consider probable any outflow of economic benefits as the result of this claim. Accordingly, the Company did not recognize any provision for this litigation as at 31 December 2023.

(b) Taxation contingencies

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

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

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

26. Related parties

(a) Parent and ultimate controlling party

As of 31 December 2023, and 2022, the Company's immediate parent company was JSC "BasisBank" incorporated in Georgia. As of 31 December 2023 and 2022 ultimate shareholder of the Company were Xinjiang Hualing Industry & Trade (Group) Co Ltd incorporated in People's Republic of China, and the Company was ultimately controlled by Mr. Mi Enhua.

	% of ownership interest held as at 31 December	
Shareholders	**2023**	**2022**
Xinjiang Hualing Industry & Trade (Group) Co Ltd	91.548%	92.770%
Mr. Mi Zaiqi	6.461%	6.547%
Other minority shareholders	1.991%	0.682%

(b) Key management remuneration

Key management includes Directors (executive).

	2023		2022	
In Georgian Lari	**Expense**	**Accrued Liability**	**Expense**	**Accrued Liability**
Salaries and bonuses	984,631	301,969	721,404	231,949
Insurance	2,150	-	2,007	-
Total key management compensation	**986,781**	**301,969**	**723,411**	**231,949**

(c) Transactions with other related parties

The outstanding balances and related expense and income as for the year ended 31 December 2023 and 2022 with related parties are as follows:

	2023			2022		
In Georgian Lari	Entities Under Common Control*	Parent Company	Other*	Entities Under Common Control*	Parent Company	Other*
Assets						
Cash and cash equivalents	-	1,166,484	-	-	422,037	-
Deposits with Banks	-	161,294	-	-	54,829	-
Reinsurance contract assets	741,825	182,354	15,510	407,456	139,401	9,062
Total assets	**741,825**	**1,510,132**	**15,510**	**407,456**	**616,267**	**9,062**
Liabilities						
Insurance contract liabilities	692,282	242,741	177,117	477,763	386,546	175,966
Total liabilities	**692,282**	**242,741**	**177,117**	**477,763**	**386,546**	**175,966**
Off – Balance; Guarantee received		*35,000*			*35,000*	

The guarantee is issued in favour of Compulsory Insurance Centre (CIC) by the JSC BasisBank to cover unexpected losses which the center may incur during its operations, and the claim for the payment is refundable within 1 working day.

	2023			2022		
In Georgian Lari	**Entities Under Common Control***	**Parent Company**	**Other***	**Entities Under Common Control***	**Parent Company**	**Other***
Income Statement						
Insurance revenue	914,869	2,263,628	291,708	664,246	1,810,116	290,495
Insurance service expense	417,327	677,472	-	(293,723)	(218,426)	(14,066)
Interest income	-	51,148	-	-	26,221	-
Total	**1,332,196**	**2,992,248**	**291,708**	**370,523**	**1,617,911**	**276,429**

Bank deposit placed with related parties earn annual interest rate of 11% for 50,000 GEL and 11.7% for 100,000 deposits.

Entities under common control includes JSC Basis Bank's subsidiaries. Other related parties mostly comprise members of Hualing Group (subsidiaries of ultimate shareholder, etc).

27. Events after the reporting period

There have been no events after the reporting period.

BB Insurance

Statement of Management's Responsibilities for the Preparation of the Management Report for the Year Ended 31 December 2023

Management of BB Insurance (hereinafter referred to as the "Company") is responsible for the preparation of the Management Report for the year ended 31 December 2023 in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

Management is responsible for:

- Preparing the Management Report for the year ended 31 December 2023 in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing;
- Inclusion of the information required by the Law of Georgia on Accounting, Reporting and Auditing in the Management Report for the year ended 31 December 2023;
- Providing information in the Management Report for the year ended 31 December 2023, which is consistent, in all material respects, with the audited financial statements for the year ended 31 December 2023.

The Management Report for the year ended 31 December 2023 was approved by the Management Board of the Company on 1 October 2024.

On behalf of the Management Board:

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

MANAGEMENT REPORT

CEO Letter

Dear Valued Customers and Shareholders,

As we reflect on our journey in the insurance market, I am pleased to report that despite our relative youth, we have established a financial institution with robust foundations. Our steadfast commitment to creating sustainable value has propelled us towards our ambitious goal of becoming a fast growing company in the industry while solidifying our reputation as a stable and reliable partner for our customers and stakeholders.

In 2023, we continued to demonstrate our belief in long-term potential, fortified by our strength, competence, and diversity. We have embraced responsibility, fostering innovation and flexibility to meet the evolving needs of our customers while safeguarding their interests.

I am delighted to announce that in 2023, our performance remained strong. Our premium volume increased to GEL 20.6 million, representing a remarkable 20% growth compared to the previous year. Furthermore, net profit surged to GEL 3.1 million, marking a significant 52% increase year-on-year, thus reflecting our continued financial resilience and stability.

BB Insurance ("BBI") operates under the umbrella of BB Group ("the Group"), a distinguished financial holding renowned for its presence in banking, insurance, and leasing sectors. We are committed to leveraging synergies across the Group to provide comprehensive solutions tailored to our customers' needs.

Our strategic priorities remain centered on customer needs and risk management to ensure sustainable growth. We have implemented various initiatives to enhance our services and customer experience, adapting to the challenges posed by the volatile environment.

In 2023, our focus on the corporate segment intensified. Notably, our presence in business and aviation insurance has strengthened, with BB Insurance now holding a commanding 39.6% market share in this sector. Throughout 2023, our collaboration with the aviation sector saw significant enhancement as we consistently delivered precise and expedient service during the claims settlement process. Notably, we successfully resolved an aviation claim totaling GEL 34.3 million, thereby reaffirming our steadfast dedication to fulfilling our commitments in a timely manner. This achievement not only underscores our reputation for reliability but also reinforces the confidence of our esteemed A-rated reinsurance partners in our capabilities.

As we navigate the evolving landscape, our commitment to growth, development, and our core values remains unwavering. We are excited about the opportunities that lie ahead as we embark on this new phase of the Group's journey.

Thank you for your continued trust and support.

Warm regards,

Konstantine Sulamanidze CEO

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Konstantine Sulamanidze
CEO
1 October, 2024
Tbilisi, Georgia

Company Strategy and Mission Statement

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

Our Mission - Make insurance business simple and easy for everyone

Our Values - Simplicity, Transparency, Innovations

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

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

Development Strategy

Established in 2017 under the stewardship of JSC BasisBank, BB Insurance is steadfast in its commitment to delivering sustainable value through operational excellence. We achieve this by harnessing synergies within the BB Group while providing a diverse array of services and solutions tailored to meet the needs of our discerning clientele.

Our product portfolio spans both retail and corporate sectors, encompassing motor, property, credit life, and a comprehensive suite of corporate insurance packages including Cargo, Business Interruption, General Third-Party Liability insurance, Bankers Blanket Bond, and Aviation-related risk insurances.

At BB Insurance, we prioritize digital sales, prompt claims settlement processes, reputable reinsurers, and the delivery of flexible, transparent, and straightforward products. These principles, along with our unwavering financial stability and commitment to employing highly skilled professionals, enable us to maintain and expand our market presence while ensuring accessibility and flexibility nationwide

In parallel with our market enhancement objectives in 2032, we have placed significant emphasis on bolstering our risk management protocols. Consequently, we have undertaken the following initiatives:

- Revised our underwriting model to align with the company's risk appetite by integrating projected country inflation parameters. This refinement enabled us to enhance precision in forecasting future claims volumes.
- Expanded our collaborative efforts with internationally renowned A-rated reinsurers, thereby broadening the scope of our partnerships. Additionally, we have forged new partnerships with top-tier reinsurers, further strengthening our reinsurance network.

- We have implemented a range of internal and supervisory reporting mechanisms, facilitating automated generation of critical information. These systems promptly alert management to any elevated risks within our portfolio, enabling swift and proactive responses.

These strategic measures underscore our commitment to prudently manage risks while concurrently advancing our market objectives.

In 2023, we appointed an independent member to our supervisory board and established an Audit Committee chaired by this independent member. The committee is 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.

These initiatives have significantly fortified our corporate governance structure and have led to the development of a more intricate internal and external risk management framework

Our strategic objective is to cultivate competitive advantages centered on the development of our digital sales infrastructure, expedited claims settlement processes, reputable reinsurer partnerships, and the provision of flexible, user-friendly insurance products. Supported by robust shareholder backing and a highly skilled workforce, these strengths enable us to maintain and enhance accessibility for clients nationwide.

Aligned with the Bancassurance (BIM) model, BB Insurance effectively leverages BasisBank's resources to deliver rapid and adaptable services to customers across the country, spanning cities and key regional hubs of BasisBank's operations. This distinctive business model sets BB Insurance apart from competitors, fostering a conducive environment for serving our group clientele.

As an integral part of the BB Group, BB Insurance prioritizes segments and regions already serviced by Group entities. We are dedicated to seamlessly integrating our services with corporate clients already engaged with BasisBank and BB Leasing. Introducing tailored products and services for cross-selling has yielded positive outcomes, with insurance offerings strategically designed to complement other financial products within the Group. This holistic approach enhances customer satisfaction by ensuring the swift delivery of comprehensive financial services, positioning us as a "financial supermarket" operating on the principle of a unified service window.

A customer-centric ethos underpins the success of our Group, with a seamless "single window" principle streamlining the delivery of banking, insurance, leasing, and factoring solutions. This integrated approach not only benefits BB Insurance and the broader BB Group but also enhances the overall customer experience, facilitating easy access to a comprehensive suite of financial services.

Two critical sectors within the Group—insurance and leasing—will be prioritized in the forthcoming years. The Group remains steadfast in actively cultivating these areas through targeted product cross-selling, thereby solidifying its standing as a robust financial conglomerate. Consequently, despite the relative youth of these subsidiary companies, they already contribute over 8% to the Group's overall financial net profit, prompting the establishment of more ambitious goals for the Group's future development.

Maintaining a sound financial footing, the Group continues to fortify its position within strategic segments, including small and medium-sized enterprises, as well as the corporate and retail sectors. Emphasizing the retail sector's growth will be pivotal in the upcoming years, with initiatives bolstered through digital platforms to ensure maximum convenience. Furthermore, the Group is accelerating the implementation of a client-centric model to enhance coverage and effectiveness.

Parent company

JSC BasisBank ("BB"), the 100% owner of BB Insurance, is one of the first commercial banks in Georgia, with a market presence of 30 years. Supported by its subsidiaries, BB Insurance and BB Leasing, Bank offers tailored banking, insurance, and leasing services to its Business and Retail clients. With a strong pool of over 900 employees and a network of 40 branches, Bank serves over 200,000 Business and Retail clients, incorporating ESG principles into its strategy, culture, and day-to-day operations.

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

History of Basisbank

Basisbank was founded 1993 in Tbilisi by a small group of individuals with a shared capital and goal to create a stable financial institution in the country, where financial sector was just in the process of foundation at that time.

In 2008, EBRD acquired 15% of Basisbank's shares, which kick-started organizational re-modelling processes, targeting more agile and efficient structure. New vision and goal were also introduced: powerful image creation and adaptation of best international practices took place.

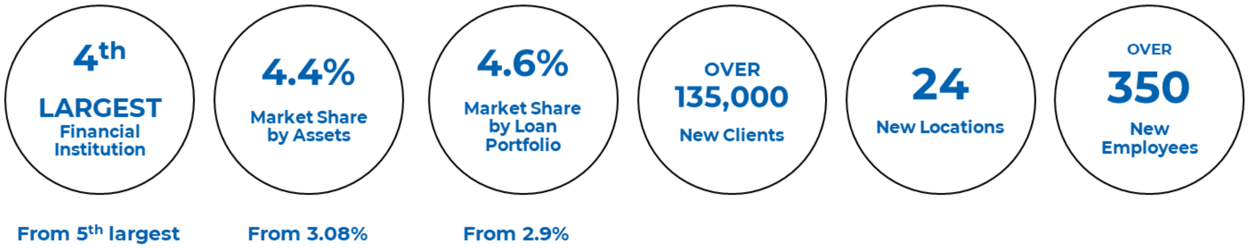
In 2012, 1st largest investment group in Georgia, Xinjiang Hualing Industry & Trade (Group) Co Ltd (hereinafter Hualing Group) acquired 90% of shares and lately, increased the shareholding to 92%.

BB's progress on the market since the entrance of Hualing Group was considerable - the main task was to ensure speedy growth, retain sound financials and pre-tax earnings history and achieve these targets with careful risk management practices to retain sustainability of the long-term development path. After the entrance of the new shareholder, the bank had been recording accelerated growth on the market for several succeeding years.

In 2017, the Bank embarked on a fundamental transformation of re-drawing its business perimeter by reaching those areas, which were not covered by ordinary banking business. To fully encompass the business opportunities and compete on profitable market, a decision on extension through Insurance and leasing market was made. Being one of the top performers in business financing, providing key segments of the economy with affordable and responsible financial resources and services, the Bank is tasked to be a powerful financial group, encompassing banking, insurance and leasing. The goal is to gain a significant share in all areas of financial services, well-positioned in its objectives, backed with a strong customer base and healthy shareholding structure.

The Bank managed to put its resources, along with proven stability, strong financial standing, widespread recognition, sound performance, and sustainable development path, to the best composition of its new identity - BasisBank Group.

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



By the end of 2023, BasisBank ranks 4th among Georgian banks with its assets of GEL 3.6 billion and equity of GEL 521 million. In 2023 BB recorded a profit of GEL 77 million after taxes, while its Loans and Deposits portfolios amounted to GEL 2.5 billion and 2.2 billion respectively.

BB is rated by FITCH: On November 20th, 2023, Fitch Ratings has affirmed bank’s long-term Issuer Default Rating (IDR) at 'B+' and Positive Outlook on the IDR. The Viability Rating (VR) has been affirmed at 'b+'.

Majority shareholder of the BB Group is Xinjiang Hualing Industry & Trade (Group) Co Ltd - the Chinese conglomerate which stands as a foreign investor with largest investments in the country. Hualing Group bought 90% of the Bank's stakes in 2012, and today owns 92%. The majority shareholder of Hualing Group is Hualing Group Investment Holding (Xinjiang) Co., which owns 54.55% of the company. Enhua Mi, former 99% owner of Hualing Group, now owns 45.44% of the company. 100% shareholder of Hualing Group Investment Holding (Xinjiang) Co. is Mr. Zaiqi Mi, who also owns 6.15% in Basisbank, which makes him 56.31% beneficiary shareholder of the Bank. Mi Enhua is 41.70% beneficiary shareholder of the Bank.

The areas of Hualing Group’s interests are broad and comprehensive including Real Estate Development and Management, Commodity Markets Development and Management, Financial Services, Agribusiness etc. Hualing Group’s vision is to leverage the advantage of its presence in Eastern Europe and Asia, develop along with the “Silk Road” project initiative and revive the historic role of Georgia as the trading hub between Europe and Asia, progressively making Hualing markets a bridge between the two regions.

Hualing Group is operating on the Georgian market since 2006 and its investments are over $550 million. Main business company is involved in Georgia are construction of infrastructure facilities, a large-scale modern commerce market, financial services, hospitality and tourism, etc.

Company report

Overview of operating environment

Despite economic resilience in early 2023 with reducing inflation after last year’s peaks, economic activity is still far away from its pre-pandemic level. The long-term consequences of the pandemic, the war in Ukraine, the effects of monetary policy tightening necessary to reduce inflation, the withdrawal of fiscal support amid high debt, and extreme weather events are holding back the global recovery.

As the recovery remains slow and uneven, the IMF forecasts global economic growth to slow from 3.5% in 2022 to 3% in 2023 and 3.1% in 2024. The projections remain below the historical (2000–19) average of 3.8%.

Besides the increased demand, which supports the higher economic growth rate through increased production, the Georgian economic growth amounted to 7.5% y/y in 2023. The nominal Gross Domestic Product (GDP) amounted to 80.25 billion GEL in 2023. Trade was the largest part of the GDP structure (15.6% share, +34.8% y/y) in 2023, followed by real estate activities (10.2% share, +5.9% y/y), manufacturing (9.5% share, 40.1% y/y).

Based on the forecast of the NBG, the Georgian economy continues to grow at a stable rate, projected at a 5% growth in 2024. The continuing Russian-Ukrainian war worsened the pace of global economic recovery. Particularly, the forecasts have worsened for the European countries, which is due to the tightening of financial conditions in response to globally increased inflation. In addition, the projected slowdown of economic growth compared to 2023, is the result of the relative weakening of external demand, which is due to the expected delay in economic growth in trading partners and the deterioration of the country’s competitiveness against the background of the strengthened exchange rate of the GEL.

Since the ending of the pandemic, low commodity and oil prices with the contractionary monetary policy helped the inflation to remain low. However, despite the increased monetary rate, the job market, as well as the general economic activities, remain strong. Indicating that the effect of fiscal and monetary stimulus made during the pandemic has not been decayed yet. Hence, it is expected that monetary easing could have the lower than initially expected pace.

After hitting 13.9% at the beginning of 2022, the inflation gradually decreased in Georgia followed by a gradual exit from tight monetary policy, from 11% set in March 2022 to 9.5% in December 2023. The annual inflation in Georgia stands below the target of 3% since April 2023 and amounted to 0.4% y/y in December 2023. Meanwhile, the average annual inflation of 2023 amounted to 2.6%. This has been the result of lower commodity prices as well as decreased international shipping costs on the international markets and appreciated lari against the main trading partners’ currencies. Despite these positive trends, inflationary risks are still high as the domestic demand is still strong and it can pressure the prices. The reason behind this is increased migrants from Russia, Belarus, and Ukraine due to the Russian-Ukrainian war.

In 2023, the international trade turnover amounted to $21.53 billion, which is 12.5% higher compared to 2022. The exports amounted to $6.1 billion (+9.2% y/y), while the imports stood at

$15.44 billion (+14% y/y). The negative trade balance expanded by 17.4% y/y (+$1.38 bln) and amounted to $9.35 billion in 2023.
The widening trade deficit was partially balanced by the continued recovery in tourism in 2023. Meanwhile, FDI showed an annual decrease in 2023 and the remittances decreased as well in 2023.

Tourism revenues amounted to $4.13 billion in 2023, which is a 17% annual increase and a 26% increase compared to the pre-pandemic 2019 level. As for the international visits, in 2023, the number amounted to 6.17 million, which is 31% more compared to last year and still 20% less compared to the pre-pandemic 2019 level.

Foreign Direct Investments (FDI) in Georgia decreased by 24% y/y and amounted to $1.59 billion in 2023. Still, compared to the 2019 level, it increased by 17.8%, and in 2023, FDI's share in GDP amounted to 5.2%. The financial sector made the highest contribution (37.6%) to the total foreign direct investments, followed by manufacturing (18.3%) and real estate (10.9%). The top countries most of the FDIs came to Georgia were the United Kingdom ($392 million), Netherlands ($360.5 million), and Turkey ($168.8 million).

In 2023, the total amount of money transfers amounted to $4.146 billion which is 5.2% less compared to the previous year. In 2023, the largest share of remittances came from Russia (36.9% share), followed by Italy (12.6% share) and the USA (11.1% share).

The current account deficit amounted to $1.34 bln in 2023, expanded by 19.8% y/y. The trade of goods and income account made a negative contribution to the current account, while the services account and current transfers - positive. The annual current account to GDP ratio amounted to -4.4% in 2023.

Insurance market overview

As of 2023, the insurance industry in Georgia continues its upward trajectory, buoyed by the country's sustained economic growth. The positive economic indicators achieved in 2023 have had a notable impact on the insurance sector, with Gross Written Premium (GWP) experiencing a robust year-on-year growth of approximately 17%, reaching GEL 1,06 billion.

Despite this significant growth, the insurance sector in Georgia still represents a relatively small portion of the country's Gross Domestic Product (GDP), accounting for approximately 1.3%. However, this indicates a potential for further expansion and penetration of insurance products and services within the Georgian market.

Overall, in 2023, the insurance market in Georgia has been experiencing steady growth and development, characterized by increasing competition, regulatory advancements, and a growing awareness of the importance of insurance among individuals and businesses. Here's an overview:

1. **Market Size and Structure**: The insurance market in Georgia has been expanding, with both life and non-life insurance sectors seeing growth. Non-life insurance, including motor, property, health, and liability insurance, dominates the market in terms of premiums written.
2. **Regulatory Environment**: The regulatory environment governing the insurance sector has continued to evolve, aimed at enhancing consumer protection, ensuring financial stability, and fostering market competition. The Insurance Supervision Service of Georgia (ISSG) plays a crucial role in overseeing and regulating the insurance industry.
3. **Market Players**: The insurance market in Georgia is characterized by the presence of both domestic and international insurance companies. Several major insurers operate in the country, offering a wide range of insurance products and services to meet diverse consumer needs.
4. **Digitalization and Innovation**: There has been a growing emphasis on digitalization and innovation within the insurance sector. Insurers are increasingly leveraging technology to streamline processes, enhance customer experience, and expand distribution channels, including online sales platforms and mobile applications.
5. **Risk Management and Reinsurance**: Insurers have been focusing on strengthening their risk management practices and establishing robust reinsurance arrangements to mitigate potential risks and ensure financial stability. Partnerships with reputable reinsurers both locally and internationally have become increasingly important for managing risk exposure.
6. **Consumer Awareness and Education**: Efforts to raise awareness about the benefits of insurance and improve financial literacy among consumers have been ongoing. Insurers, along with industry associations and regulators, have been actively engaged in educational initiatives to help individuals and businesses better understand insurance products and coverage options.

Insurance market in Georgia as of 2023 is dynamic and evolving, driven by factors such as regulatory developments, technological advancements, and changing consumer preferences. Despite challenges, such as regulatory compliance and market competition, the outlook for the insurance sector remains positive, with opportunities for growth and innovation.
however despite
One notable deficiency in the Georgian insurance market is the absence of compulsory insurance regulations. Specifically, the lack of Motor Third Party Liability (MTPL) insurance legislation represents a significant drawback for the industry. The introduction of MTPL insurance laws is poised to be a catalyst for advancing the insurance sector in Georgia, as it not only ensures financial protection for third parties involved in vehicular accidents but also facilitates the overall growth and maturation of the industry.

As Georgia progresses on its journey towards attaining candidate status for the European Union (EU), the imperative to implement MTPL insurance laws becomes increasingly apparent. Harmonizing with EU standards and regulations, particularly those pertaining to insurance and road safety, is fundamental to Georgia's integration into the European market. Consequently, the adoption of MTPL legislation in 2024 holds heightened significance.

Enacting MTPL insurance laws signifies Georgia's commitment to adhering to international best practices in insurance regulation and consumer protection. This step is expected to instill confidence among stakeholders, promote investor trust, and drive innovation within the insurance sector. Furthermore, the introduction of MTPL insurance aligns with the country's broader aspirations for European integration, underlining its readiness to meet the stringent requirements set forth by the EU.

In conclusion, the implementation of MTPL insurance legislation represents a pivotal milestone in Georgia's quest to bolster its insurance market and enhance regulatory frameworks. By prioritizing the adoption of MTPL laws, Georgia not only addresses existing gaps in the insurance landscape but also demonstrates its proactive stance towards achieving alignment with European standards and advancing its position on the international stage.

The company's performance for 2023

In 2023, BB Insurance made significant strides in both the retail and corporate insurance segments, marking a year of robust growth and strategic expansion. Despite being a relatively new entrant in the insurance market, the company effectively navigated a challenging environment, driven by its clear vision and disciplined risk management approach.

The year 2023 saw a significant increase in the company's insurance contract assets, reflecting the growth in both the volume and value of underwritten policies. This expansion is indicative of the company's successful efforts to broaden its customer base and enhance its product offerings, further solidifying its position in the Georgian insurance market. BB Insurance demonstrated prudent capital management by strategically allocating resources to high-return areas, such as investments in debt securities and deposits with banks. This approach not only safeguarded the company's liquidity but also contributed to the overall growth in assets, ensuring that BB Insurance remained well-capitalized and prepared for future opportunities and challenges.

BB Insurance successfully leveraged its affiliation with BB Group, ensuring widespread accessibility through branches in all major cities and regions across Georgia. The company's ongoing commitment to digitalization played a crucial role in enhancing customer experience, particularly through the development of remote services that streamlined the reimbursement process, making it more flexible and efficient for clients.

The year was marked by impressive growth in key areas:

- **Credit Life Insurance:** The company saw an outstanding 63.4% increase in credit life insurance products, a direct result of the expanding loan portfolio at Basisbank and the successful acquisition of new clients. This growth highlights BB Insurance's ability to capitalize on cross-selling opportunities within the BB Group.
- **Aviation Insurance:** BB Insurance strengthened its leadership in the aviation insurance market, achieving a substantial 22% year-on-year increase in Gross Written Premiums (GWP), which reached GEL 11 million. The company's dominant market share of 39.6% in

this sector reflects its success in meeting the growing demand for both cargo and civil aviation insurance, underpinned by partnerships with highly reputable reinsurers.

- **Third-Party Liability Insurance:** The surge in transit traffic across Georgia contributed to an 17% rise in third-party liability insurance, with premiums climbing to GEL 2.9 million. This segment's growth underscores BB Insurance's ability to adapt to market dynamics and capture new business opportunities.

Throughout 2023, BB Insurance demonstrated its ability to adapt and grow, as evidenced by significant improvements in key financial metrics.

- Net Profit: The company achieved a net profit of GEL 3.1 million, marking a 52% increase from the previous year's GEL 2.04 million. This substantial growth reflects the company's effective strategies and operational efficiency.

- Total Assets: BB Insurance's total assets surged to GEL 95.49 million by the end of 2023, marking an extraordinary increase of 430% compared to GEL 18.02 million in 2022. This dramatic growth in assets is largely attributable to the inclusion of the aviation insurance loss component's reinsurance share, significantly bolstering the company's financial position and enhancing its capacity for future expansion.

- Return on Equity (ROE): The ROE for 2023 was 20.22%, an improvement from 16.04% in 2022. This increase indicates that the company is generating higher returns on its equity, reflecting improved profitability and effective equity management.

- Return on Assets (ROA): Despite the substantial growth in total assets, the ROA for 2023 was 5.46%, down from 12.61% in 2022. This decline is primarily due to the significant increase in assets, which outpaced the growth in net profit. However, the ROA still reflects the company's efficient use of its assets to generate earnings.

Corporate governance

BB Insurance operates under a robust governance structure comprised of 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 the new legislation, an audit committee has been instituted within the Supervisory Board, chaired by Mr. Zaza Robakidze, an independent member. The committee is 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.

These initiatives have significantly fortified our corporate governance structure and have led to the development of a more intricate internal and external risk management framework.

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, supported by three Deputy General Directors overseeing operations, risk, and finance respectively, 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, enabling the company to navigate complex challenges and pursue strategic growth opportunities with confidence.

Composition of BB Insurance Supervisory Board:

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

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

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

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

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

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

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

Composition of BB Insurance Management Board:

Kote Sulamanidze – Chief Executive Office

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

From 2016 to 2018, Kote 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, Kote 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.

Kote 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, Kote Sulamanidze is well-equipped to lead BB Insurance and BB Leasing towards continued growth and success in the dynamic financial landscape.

Lia Aslanikashvili – Chief financial Officer **Since 2017, resigned in March 2023**
Chief financial Officer of "BB Insurance" since December 2017 until March 2023. Chief financial Officer of BB Leasing, a member of the Basisbank Group, since December 2018. Basisbank's Deputy General Director, Finance since 2012.

Lia Aslanikashvili has 25 years of experience in banking. In 1999-2002, she served as Manager at International Operations Department of Basisbank. In 2002-2005, she headed the same department. In 2005-2008, headed the Settlement Department. In 2007-2008, Lia Aslanikashvili led the Treasury Department. In 2008-2012, she was a CFO of Basisbank.

Lia Aslanikashvili holds a Master's degree in International Economic Relations from Tbilisi State University.

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

Vano Bagoshvili has been working in banking business for 19 years, from which for 2 years – at BB Insurance and at Basisbank, and for 17 years – at VTB Bank Georgia. For more than 16 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, 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 19 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 at BB Insurance, Levan Pitiurishvili was Head of Back Office Department in BB Insurance. He has been working in banking business for 18 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

One of BB Insurance's key strengths lies in its robust risk management practices, which are meticulously integrated into every aspect of the company's operations.

Each member of our team is deeply committed to delivering products that are not only simple and tailored to the needs of our customers but also meticulously assessed for risks. Our risk assessment processes are comprehensive, allowing us to determine our company's prudent risk appetite and ensure that all offerings align with our risk management strategy.

Our proactive approach to credit risk management ensures that our exposure related to receivables from direct insurance operations is kept to a minimum. We promptly adjust unearned premium reserves when there is clear evidence that policyholders are unable or unwilling to continue paying premiums, mitigating potential losses.

Furthermore, our risk management framework enables us to adapt swiftly to unforeseen circumstances. Despite rigorous statistical analysis, we acknowledge that the frequency and severity of annual claims may occasionally exceed expectations. To address this, we have refined our underwriting and reinsurance guidelines, prioritizing the corporate sector over retail. This strategic shift allows for more comprehensive risk analysis and the implementation of tailored risk mitigation procedures to safeguard the interests of our clients.

Our commitment to liquidity management is unwavering, ensuring that funds are readily available to meet all cash flow obligations as they arise. This proactive approach is reflected in our monthly reviews of liquidity positions by management, which further strengthens our ability to navigate financial uncertainties.

In managing market risk stemming from insurance and investment activities, we employ a range of strategies to diversify risk concentrations, set prudent underwriting limits, and closely monitor emerging issues. These measures underscore our proactive stance in mitigating market volatility and safeguarding our financial stability.

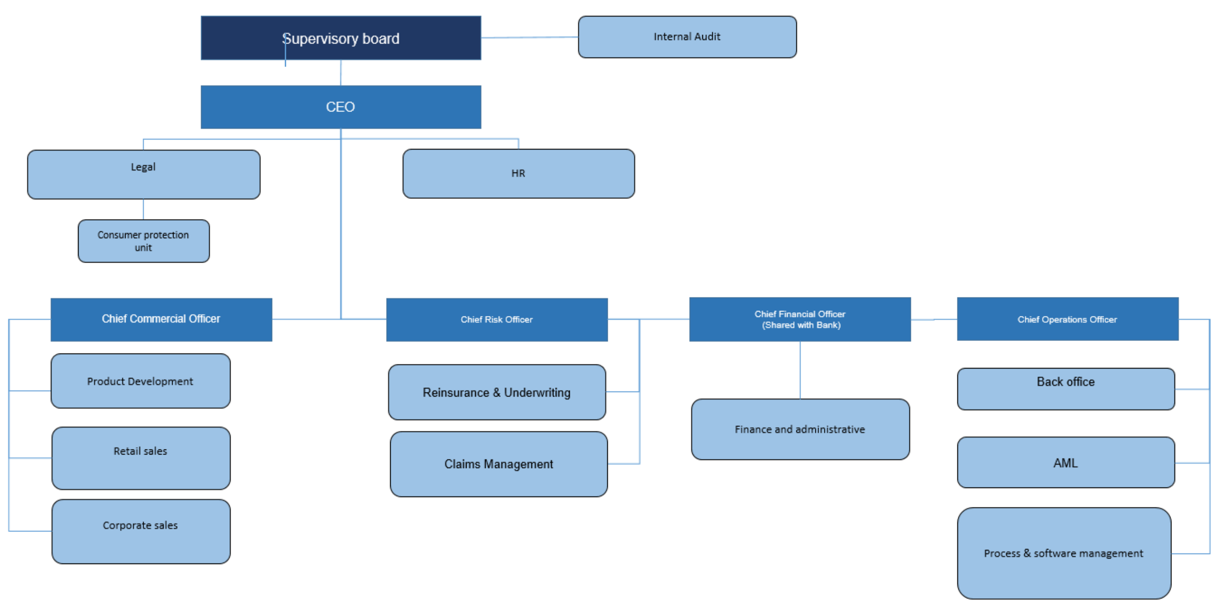
Moreover, our strategic partnerships with top-rated reinsurance companies for both life and non-life insurance, along with trusted facultative reinsurance providers, further reinforce our risk management capabilities. By partnering with reputable companies operating in international markets, we ensure that our risk management practices adhere to the highest standards of reputation and stability.

To underscore the strength and reliability of our reinsurance practices, it is noteworthy that in 2023, BB Insurance successfully settled several significant claims through strategic reinsurance transactions. A notable example includes the settlement of a GEL 34.3 million claim stemming from a single accident, marking the largest claim settlement within the Georgian insurance industry for the year. This achievement underscores our proactive approach to risk management and our capacity to navigate complex claim scenarios with the support of our trusted reinsurance partnerships.

Through carefully structured reinsurance agreements, we demonstrate our unwavering commitment to financial stability and the protection of our clients' and stakeholders' interests. This successful resolution further solidifies our reputation as a dependable and resilient entity within the Georgian insurance landscape.

Overall, our commitment to robust risk management practices, coupled with our proactive approach to identifying and mitigating risks, serves as a cornerstone of our company's success. It is through these measures that we continue to uphold our reputation as a trusted provider of insurance solutions while safeguarding the interests of our clients and stakeholders alike.

The Company's Structure



BB Insurance JSC

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2023

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 2023, 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.

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 2023 were approved by the Management Board of the Company on 10 June 2024.

On behalf of the Management Board:

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

- 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.

Jamal Hasanov
On Behalf of Deloitte & Touche LLC

10 June 2024
Tbilisi, Georgia

BB Insurance JSC

Statement of Financial Position
As at 31 December 2023

In Georgian Lari	Note	31 December 2023	31 December 2022 (restated)*	31 December 2021 (restated)*
Cash and cash equivalents	6	1,355,459	430,079	448,975
Deposits with Banks	7	16,753,880	13,035,782	10,064,612
Investment in debt securities	8	301,782	298,701	300,230
Reinsurance contract assets	9	75,333,191	2,461,473	1,667,988
Insurance contract assets	9	136,180	-	-
Property, equipment, and intangible assets	11	74,680	80,149	113,496
Investment property	10	1,349,798	1,624,309	1,657,459
Other Assets	12	185,580	91,100	114,215
TOTAL ASSETS:		**95,490,550**	**18,021,593**	**14,366,975**
Share capital	15	6,000,000	6,000,000	6,000,000
Retained earnings		10,853,107	7,757,195	5,714,789
TOTAL EQUITY:		**16,853,107**	**13,757,195**	**11,714,789**
Insurance contract liabilities	9	77,498,241	3,313,174	2,021,241
Reinsurance contract liability	9	167,482	7,347	87,436
Other financial liabilities	13	387,667	274,797	166,956
Other liabilities	14	584,053	669,080	376,553
TOTAL LIABILITIES:		**78,637,443**	**4,264,398**	**2,652,186**
TOTAL LIABILITIES & EQUITY		**95,490,550**	**18,021,593**	**14,366,975**

* *Refer to Note 3 for details regarding the restatement.*

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

BB Insurance JSC

Statement of Profit or Loss and Other Comprehensive Income
As at 31 December 2023

In Georgian Lari	Note	2023	2022 (restated)*
Insurance revenue	16	18,813,399	16,086,211
Insurance service expense	16	(113,079,989)	(3,886,059)
Insurance service result before reinsurance contracts held		**(94,266,590)**	**12,200,152**
Allocation of reinsurance premiums	16	(13,130,248)	(11,421,498)
Amounts recoverable from reinsurers	16	111,654,386	2,459,590
Net income/(expense) from reinsurance contracts held		**98,524,138**	**(8,961,908)**
Insurance service result		**4,257,548**	**3,238,244**
Interest revenue calculated using the effective interest method	17	2,022,820	1,517,531
Impairment loss on financial assets		(28,936)	(26,988)
Net foreign exchange gain/(loss)		7,796	(909)
Total investment income		**2,001,680**	**1,489,634**
Salaries & other employee benefits	18	(1,539,366)	(1,301,350)
General and administrative expenses	19	(712,735)	(616,810)
Other operating expense	20	(334,276)	(296,359)
Profit before tax		**3,672,851**	**2,513,359**
Income tax expense	21	(576,939)	(470,953)
Profit for the year		**3,095,912**	**2,042,406**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,095,912**	**2,042,406**

** Refer to Note 3 for details regarding the restatement.*

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

BB Insurance JSC

Statement of Cash Flows
for the Year Ended 31 December 2023

In Georgian Lari	2023	2022
Cash flows from operating activities		
Insurance premium received	9,920,062	7,706,079
Reinsurance premium paid	(2,686,315)	(1,833,767)
Net insurance premium received	**7,233,747**	**5,872,312**
Commission received from reinsurers	929,461	475,101
Cash received from subrogation and recoveries	225,829	264,423
Reinsurance received from claims paid	1,084,905	130,723
Interest received on bank current accounts	73,633	58,226
Insurance claims paid	(3,207,951)	(2,446,322)
Salaries and benefits paid	(1,871,562)	(1,633,278)
Agent fee paid	(590,414)	(335,605)
Cash paid to other suppliers of goods and services	(136,435)	(130,549)
Other operating expenses paid	(446,841)	(464,412)
Net cash flows from operating activities before income tax	**3,294,372**	**1,790,619**
Income tax paid	(569,281)	(266,043)
Net cash flows from operating activities	**2,725,091**	**1,524,576**
Cash flows used in investing activities		
Placement on bank deposits	(16,000,000)	(12,398,224)
Withdrawal of bank deposits	12,398,224	9,570,000
Interest received	1,802,298	1,291,130
Acquisition of property and equipment and intangible assets	(31,484)	-
Disposal of investment property	35,148	-
Net cash flows used in investing activities	**(1,795,814)**	**(1,537,094)**
Effect of exchange rates changes on cash and cash equivalents	(3,897)	(6,378)
Net increase/(decrease) in cash and cash equivalents	**925,380**	**(18,896)**
Cash and cash equivalents at the beginning of the year	**430,079**	**448,975**
Cash and cash equivalents at the end of the year	**1,355,459**	**430,079**

During the years ended 31 December 2023 and 31 December 2022, the Company performed the following non-cash transactions. These non-cash transactions were excluded from the statement of cash flows and presented separately below:

In Georgian Lari	2023	2022
Promissory note was exchanged to another promissory note of the same issuer	302,217	298,701

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

BB Insurance JSC

Statement of Changes in Equity
for the Year Ended 31 December 2023

Georgian Lari	Share Capital	Retained Earnings	Total Equity
At 31 December 2021, as previously reported	**6,000,000**	**5,969,900**	**11,969,900**
Impact of initial application of IFRS 17		(255,111)	(255,111)
Impact of initial application of IFRS 9	-	-	-
Restated balance as at 1 January 2022	**6,000,000**	**5,714,789**	**11,714,789**
Profit for 2022 (restated)	-	2,042,406	2,042,406
Restated Balance as at 31 December 2022	**6,000,000**	**7,757,195**	**13,757,195**
Profit for 2023	-	3,095,912	3,095,912
Balance as at 31 December 2023	**6,000,000**	**10,853,107**	**16,853,107**

Approved for issue and signed on behalf of the Management Board on 10 June 2024.

Konstantine Sulamanidze
CEO
Tbilisi, Georgia

Vano Bagoshvili
CFO
Tbilisi, Georgia

The notes set out on pages 9-78 form an integral part of these financial statements.

BB Insurance

Statement of Management's Responsibilities for the Preparation of the Management Report for the Year Ended 31 December 2023

Management of BB Insurance (hereinafter referred to as the "Company") is responsible for the preparation of the Management Report for the year ended 31 December 2023 in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

Management is responsible for:

- Preparing the Management Report for the year ended 31 December 2023 in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing;
- Inclusion of the information required by the Law of Georgia on Accounting, Reporting and Auditing in the Management Report for the year ended 31 December 2023;
- Providing information in the Management Report for the year ended 31 December 2023, which is consistent, in all material respects, with the audited financial statements for the year ended 31 December 2023.

The Management Report for the year ended 31 December 2023 was approved by the Management Board of the Company on 1 October 2024.

On behalf of the Management Board:

Konstantine Sulamanidze
CEO
1 October, 2024
Tbilisi, Georgia

Vano Bagoshvili
CFO
1 October, 2024
Tbilisi, Georgia

Deloitte.

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Report in accordance with the requirements of Article 7, Paragraph 10 of the Law of Georgia on Accounting, Reporting and Auditing

To the Shareholders and Management Board of BB Insurance

We expressed an unmodified audit opinion on the audited financial statements of BB Insurance (the "Company") in our auditor's report dated 10 June 2024. The effects of the events described in the Management Report that occurred after the date of our auditor's report on the financial statements were not audited by us.

Management of the Company is responsible for the preparation and presentation of this Management Report. Our responsibility in connection with the audit of the financial statements is to read the Management Report after it becomes available to us and, in doing so, consider whether the information in the Management Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We do not give any assurance about the Management Report.

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

- The information given in the Management Report for the year ended 31 December 2023 is materially consistent with the financial statements for the year ended 31 December 2023 and our knowledge obtained in the audit; and
- The Management Report includes the Information required by Article 7 of the Law of Georgia on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.

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

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

1 October 2024
Tbilisi, Georgia

As we navigate the evolving landscape, our commitment to growth, development, and our core values remains unwavering. We are excited about the opportunities that lie ahead as we embark on this new phase of the Group's journey.

Thank you for your continued trust and support.

Warm regards,

Konstantine Sulamanidze CEO

Konstantine Sulamanidze
CEO
1 October, 2024
Tbilisi, Georgia