JSC TBC Insurance

The Management Report

31 December 2024

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1. At a Glance

JSC TBC Insurance (“TBC Insurance” / “The Company”) along with TBC Bank, is a member of TBC Bank Group PLC, Georgia’s largest financial group known for its outstanding financial performance, superior customer experience, strong brand and best-in-class digital channels.

TBC Insurance is the leading player in the non-health insurance market, with strong digital multichannel presence, varied and innovative digital products. We strive to achieve sustainable financial results and to maximize shareholder value, while being responsibile to our customers, employees, community and the environment. Customer satisfaction is at the heart of everything we do. This ethos coupled with innovative approaches of young and talented employees working collaboratively with the experienced and versatile management team ensures that the company shows stable year-over-year financial performance.

TBC Insurance covers all business sectors including Retail, SME and Corporate, with multiple products that are designed to meet various needs of retail and business customers. Products are delivered through highly developed multichannel network; each channel and product being tailored to the needs and preferences of a particular customer group.

In 2019 we launched the Health Insurance line and by the end of 2024 achieved 63,000 insured clients, supported by 466 provider clinics across the country.

The Company operates the first digital healthcare ecosystem in Georgia, Redmed. Redmed LLC is a fully owned subsidiary of TBC Insurance, the only subsidiary entity as of 31 December 2024.

Redmed is a fully digital find-a-medical service company, allowing customers to quickly find, book and receive medical services remotely. The application is simple to use – customers need to register and create an account to search for a doctor, book an appointment, get a medical consultation online, order medicines, etc.

As the trend towards the ecosystem service model is increasing rapidly, we believe this service model will prove successful and will allow us to:

- Enhance data analytics capabilities, which will eventually improve our underwriting effectiveness;
- Decrease unnecessary outpatient referrals within clinics, thereby decreasing claim expenses and ultimately positively affecting loss ratio;
- Automate processes and allow instant claim recognition and reimbursement.

Our Vision

We do the right things to make life easier.

Strategic Priorities

- Transparent, convenient and timely claims settlement services
- Digitalized sales channels and processes
- Efficient management of Net Combined Ratio[1]
- Supportive, strong and modern brand
- Outstanding user experience for both corporate and individual customers

2. General Overview

In 2024, casco insurance remains the largest product on Georgian non-health insurance market with 34.6% share. Casco market increased 24.4% year-over-year and this was the main driver that contributed to the total non-health insurance market increase of 16.8%. With a market share of 23.5% in 2024, TBC Insurance retained second position in the non-health insurance market.

Total non-health market (w/o mandatory MTPL) written premium[2] increased by GEL 102,523 thousand (from GEL 550,717 thousand in 2023 to GEL 653,240 thousand in 2024), with most of the increase being attributable to the growth of Corporate and Retail sectors, while State sector remaining almost unchanged.

TBC Insurance reached several milestones in 2024:

- Maintaining the number one position on the retail non-health, as well as the total non-state insurance market and the 2nd position on total retail insurance market.
- Updating and improving digital presence, app transactions grew by 73% and policyholders using the app increased by 36% compared to 2023.
- Maintaining efficiency with improved Insurance Net Combined Ratio (88.1% in 2024 vs 89.0% in 2023), while increasing in health insurance portfolio by 24.7%.

In 2024, TBC Insurance continued to actively utilize variety of retail sales channels - in-house and external digital channels, bank physical branches, the Company's Affluent Sales Divisions, Agency Network (including branches in Batumi, Poti, Zugdidi & Kutaisi), and car retailers. Total premium written via these channels in 2024 stands at GEL 113,5 thousand. This corresponds to 19.9% YoY increase.

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[1] Net insurance claims plus acquisition costs and administrative expenses divided by net earned premium.
[2] Sum of contractual insurance premiums of all contracts entered into force during the financial year less cancellation effect of contracts cancelled during the financial year.

3. Digital Channels

In 2024, our goal was simple: to deliver easier, faster, and more engaging insurance experiences. We placed our mobile app and digital platforms at the heart of this transformation, reimagining how customers interact with insurance in their everyday lives.

Elevating the Mobile Experience

Our mobile app became the primary gateway to our services. To drive engagement from the start, we introduced a new in-app incentive system offering personalized rewards via QR codes, barcodes, and campaign-based promotions. For example, travel insurance holders received free roaming internet packages through promo codes—fully accessible through the app. This offer proved to be a strong acquisition driver: 28% of newly registered app users in 2024 signed up specifically to redeem this benefit, highlighting its effectiveness in attracting new users.

We also integrated the app with leading health clinics, enabling seamless access to medical services. At the same time, we initiated a complete redesign of the app to deliver a more intuitive, modern, and user-centered experience that responds to evolving customer needs and expectations. The new version is being released in stages, with a major milestone reached in December 2024, focusing on health insurance services. Developed using real user insights and behavior data, the redesigned app will continue to evolve throughout 2025.

The impact has been significant:

- App transactions grew by 73% compared to 2023
- Policyholders using the app increased by 36% compared to 2023
- Medical service usage via the app surged:
    - 92% of doctor appointments are now booked through the app
    - 96% of medical claims are submitted digitally

Building a Stronger Backend

In parallel, we focused on upgrading our core systems. One major achievement was completing the CASCO claims-handling CRM, which fully automated our claims process. In 2023, 0% of complex claims were managed via CRM—today, that number is 100%. Simple claims also increased from 80% to 100% CRM-based processing.

We also implemented a digital platform for partner service centers and claim estimations. It has significantly improved both the speed and transparency of claim resolution.

Building on this experience, we kicked off the development of large-scale sales CRM, which will be rolled out gradually starting in late 2025. The full implementation of the project is scheduled for completion in 2026—marking a key step toward a more integrated and efficient commercial operation.

Expanding Our Ecosystem

In 2024, we won a public tender from the Public Service Hall and entered into a two-year strategic partnership. As one of Georgia's most visited and trusted public institutions, the Hall plays a central role in citizen services. Through this collaboration, we launched our merchant platform, beginning with travel insurance offerings available at their in-person service points. This partnership expands our public-sector reach and builds new customer access channels.

Integrating Across Channels

We continued embedding insurance into customers' everyday digital routines. Within TBC Mobile Banking, we expanded access to our services. In late 2024, we launched home insurance—enabling users to protect their property directly through the banking app with just a few taps.

Launching Wallet Integration

To support on-the-go accessibility, we introduced travel insurance passes compatible with Google Wallet and Apple Wallet. This feature was made available across both the web and mobile platforms, giving customers a more convenient way to store and present their insurance documents while traveling.

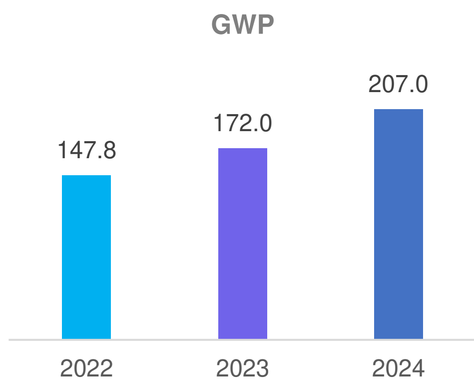
The response was strong across both ecosystems which highlights customers' growing demand for seamless, mobile-first insurance tools that fit into their everyday routines.

2024 was a year of progress across every layer of our digital ecosystem. We improved the app, strengthened our backend, launched new distribution channels, and integrated into the platforms our customers use daily. Most importantly, we make insurance simpler, faster, and more useful—every day.

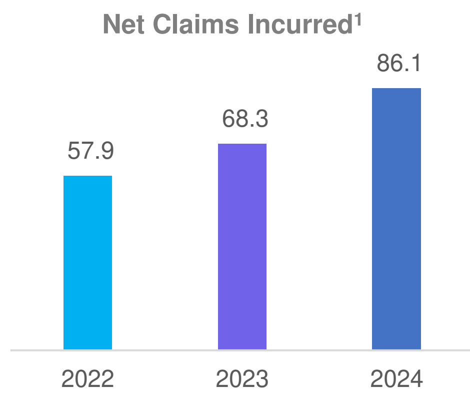
4. Financial Highlights

Similar to 2023, 2024 was characterized by fierce competition in the SME & Corporate market. Notwithstanding, we managed to insure some of the leading companies on the market, including multinational, as well as local companies in hospitality, distribution, retail, services, technologies and other industries, both in the Health and Non-Health segments.

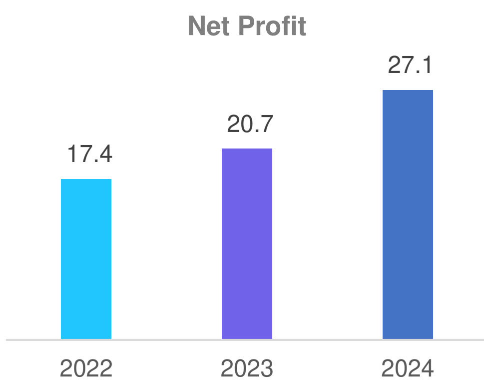
Year-over-year development of our key financial indicators are shown on charts below:

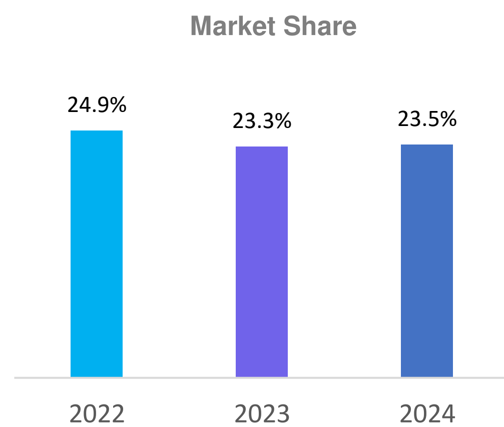


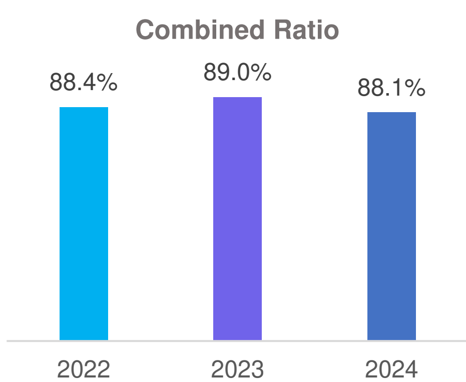
CAGR* 18.3%



CAGR 21.9%







CAGR 19.8%

** CAGR – Compounded annual growth rate*

[Amounts in mln GEL; Market share excluding Mandatory MTPL and Health Insurance lines]

[1] All insurance claims paid to the policyholders plus change in estimation of claims yet to be settled, net of reinsurance share

5. CEO Letter

Overview

2024 was highly successful year for TBC Insurance. We achieved record profits and solvency driven by strong balance sheet growth and scaling up of our digital channels. While there were geopolitical and challenges present in Georgia, the macro environment remained positive throughout the year, with GDP growth of 9.4%, driven by strong tourism revenues and real credit growth. Our key priority remained our employees and customers.

Main achievements

We managed to retain our market position by the end of 2024. With 34.8% and 20.2% market shares respectively, TBC Insurance held the **1st position on the non-health retail market** and **total non-state insurance market** and with 23.5% market share 2nd position of the total non-health market.

Our corporate health insurance client base has increased by 9,600 YoY and reached 63,000+ insureds by the end of 2024, which is noteworthy considering the high level of saturation of the corporate health insurance market.

Our digital strategy in non-health business proved to be more relevant than ever. In 2024, Our digital sales exceeded GEL 2.8 million, while policyholders using the app increased by 36%. In the meantime, app transactions grew by 73%.

Value Created for Employees

At TBC Insurance, we believe that success begins with our team. We are constantly introducing new initiatives to inspire and motivate our employees, ensuring that they feel valued and supported in their roles.

We take pride in being a market leader, offering exceptional employee benefits that set us apart in the industry.

Our commitment to our team goes beyond benefits; we focus heavily on training and development, investing in programs that enhance skills and support long-term career growth. By providing professional development opportunities, we ensure our employees are equipped to succeed and lead in their roles.

Value Created for Clients and Communities

As the world around us is changing, so are the expectations of your clients, which means we must keep pace.

We improved travel insurance product by eliminating age limitations and introducing coverage of urgent conditions due to chronic and pre-existing conditions, which is the one of the best offers on Georgian market.

We pride ourselves on offering a superior customer experience in health and motor insurance lines, with Net Promoter Scores (NPS) of 58%[1] and 76%, respectively.

To spread positive impact, we created the ESG Strategy which strengthens our long-term commitment to the development of our country. Our vision is to support the sustainability of our business, employees, suppliers, and society. Our ESG Strategy is built around the following key areas: increasing accessibility to products and services, diversified workforce, equality and engagement, sustainable and green insurance portfolio, along with a system to evaluate and measure impacts.

Value Creation for Investors

TBC Insurance is committed to maximizing shareholder value. In 2024 our net income stood at GEL 27.1 mln, which is 30.6% YoY increase. GEL 13.6 mln was distributed in dividends to our shareholders.

Our financial strength and stability are further expressed in Solvency and Combined Ratios, which stand at 217.8% and 88.1%, respectively.

Outlook

Aftermath of the economic effects of the pandemic there is a political tension between post-Soviet states, which leads us to carefully examine and observe our further steps to ensure the balance between economic uncertainty and our ambitious goals.

Our strong dedication to the business results, the wellbeing of our employees and customers, our continued investment in digital capabilities and our unwavering financial discipline fills me with confidence that TBC Insurance is well positioned to withstand the headwinds and to emerge as a sustainable, innovative company within the insurance industry in the region.

David Kiguradze

Chief Executive Officer

[1] Net Promoter Score was measured in December 2024, by an independent research and consultancy firm.

6. Risk Management

The Supervisory Board together with the Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework, development and monitoring of the Group's risk management policies and ensuring regular reporting to the shareholders.

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, 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 responsibilities.

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

Considering the nature of the insurance business, one of the key priorities of the Board is the establishment of a robust risk management function.

To ensure effective risk governance, TBC Insurance developed and put in place overall risk management framework, which covers all types of risk such as financial risk, operational risk, information security, cyber risk, compliance and regulatory risks.

One of the main tools of risk management is risk appetite metrics which include financial as well as non-financial risk ratios. The Risk Appetite Framework ("RAF") is intended to create a robust operational environment, where all material risks faced by TBC Insurance as well as any risk-taking activities that are beyond the company's risk appetite are identified, reported and managed in a timely manner. The RAF defines the level of risk the Company is willing to accept in pursuit of return and value creation. It also clearly defines the types of risk that should be avoided. RAF is updated on an annual basis, last update was made in November 2024.

The activities of information and cyber security cover permanent update of policies and implementation of new tools like DLP, Antivirus software, EDR, SIEM, NG firewall, and vulnerability scanner.

Risk governance also includes permanent operational risk management activities such as RCSA (Risk and Control Self-Assessment), Incident Management, KRI (Key Risk Indicators), Vendor Risk Assessment, Fraud Risk Assessment etc.

TBC Insurance carries out assessment of potential losses posed by individuals and business entities insured under health, life, PA and other Property & Casualty insurance contracts. Such as, TBC Insurance is exposed to the uncertainty as to the timing and severity of claims under these contracts. The principal risk is that the frequency and severity of claims may be higher 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. TBC Insurance also has exposure to market risk through insurance and investment activities.

TBC Insurance manages risks firstly, by appropriate underwriting and secondly, by transferring risk using reinsurance. TBC Insurance purchases reinsurance for various business lines: motor, life, property, cargo, liability, and surety business.

TBC Insurance management reviews entity credit, liquidity, and cash flow risks on a monthly basis:

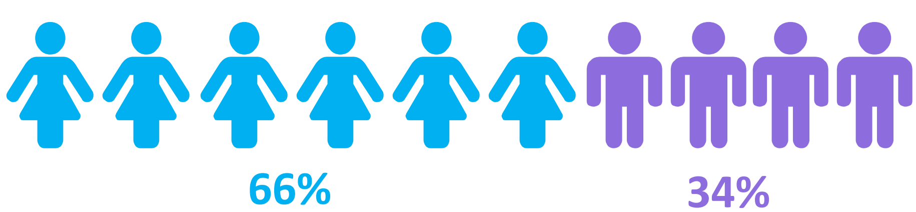
1. Credit risk is the chance that a counterparty may fail to make payment when requested or that a reinsurance company will be unable to pay a its share in claim. The Group reinsures certain credit risks with reinsurance companies. There is a robust selection process of reinsurance companies, which is based on their solvency, reliability, and creditworthiness criteria.
2. Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its commitments. Liquidity risk occurs when there is a mismatch between maturity of assets and liabilities. High Solvency and Liquidity ratios[1] (217.8% and 174.3% respectively) signify that TBC Insurance can endure long-term recessions. This position is further strengthened by the fact that TBC Insurance does not hold loans from financial institutions.

7. Our Team

At TBC Insurance, we take great pride in employing a talented and highly skilled workforce that drives our continued success. By the end of 2024, our team had expanded to 399 employees, marking a growth of 5.0%.

In 2024, there were 99 position changes across the company, including 50 promotions. This highlights our dedication to internal career growth, ensuring our employees have huge opportunities to advance within the organization and reach their full potential.

As an equal-opportunity employer, TBC Insurance values diversity and inclusion. We ensure that all our employees, regardless of race, ethnicity, religion, gender, age, or disability, have equal opportunities to thrive. Gender equality remains a priority for us, and we are pleased to report that women made up 66% of our workforce at the end of 2024.



[1] Solvency and liquidity ratios are calculated according to the guidelines of the Insurance State Supervision Service of Georgia

In 2024, we achieved an engagement score of 87% and an ENPS of 55, reflecting high employee satisfaction and commitment. Our turnover rate was 17%, significantly below the industry average of 20-25%, highlighting our strong retention efforts and commitment to creating a stable, supportive workplace.

We understand that our people are key to our achievements, and we remain dedicated to providing them with competitive benefits, ongoing professional development, and a positive work environment.

Keeping our employees informed is a cornerstone of our corporate culture, and we remain committed to regularly communicating the latest updates and developments about TBC Group.

8. Corporate Governance

TBC Insurance is a subsidiary of London Stock Exchange premium segment listed TBC Bank Group PLC (together the "Group"). The Group complies with the highest standards of Corporate Governance as prescribed by the UK Corporate Governance Code.

TBC Insurance Supervisory board comprises (the "Board") of five members, who are collectively responsible for promotion of the company's long-term success and the delivery of sustainable value to shareholders by establishing and overseeing the company's strategy and its implementation. The Board is the decision-making body in relation to all matters that are significant to the company. The matters exclusively reserved for the Board's include, among other things, approval of the company's strategy, long-term objectives, risk appetite, annual operating and capital expenditure budgets, changes to the company's capital, major acquisitions and/or mergers, annual reports and accounts.

9. Supervisory Board

Vakhtang Butskhrikidze

Chairman

Vakhtang has over 30 years of banking and financial industry experience. He led the Group from its founding in Georgia in 1992 as a start up to the current market-leading financial technologies institution. He joined TBC Bank as a Senior Manager in 1993 and became Chairman of the Management Board in 1996. Since 1998, he has held the position of the Chief Executive Officer of JSC TBC Bank and was appointed as Chairmen of the supervisory board of JSC TBC Insurance in 2016.

Vakhtang is a prominent banker in the Caucasus and Easter European region and is the receipt of several prestigious awards, including Best Banker 2011 by GUAM – Organization for Democracy and Economic Development award and the CEO of the Year 2014 in Central and Eastern Europe and the CIS by EMEA Finance magazine. In March 2019, he won the Special Award for Responsible Capitalism in Adversity from the prestigious FIRST organisation - a multidisciplinary international affairs organization, which aims to enhance dialogue between leaders in industry, finance and government.

Tornike Gogichaishvili

Board Member

Tornike joined the TBC team in 2018 as Deputy General Manager and Chief Operating Officer. He has 20 years of experience in financial services and operations management.

Prior to joining the TBC team in 2016, Tornike worked at the Bank of Georgia as Deputy General Manager and Operations Management Director. In 2010-2016, Tornike held the position of Director of the Bank of Georgia Operations Department. He was also the Head of International Banking at the Bank of Georgia Group. In 2006-2008, Tornike held the position of General Manager of Aldagi. He also served as Chief Financial Officer at UEDC PA Consulting and held various managerial positions at BCI Insurance Company from 1998-2004.

Tornike Gogichaishvili graduated from Tbilisi State University, Faculty of International Law, with a degree in Executive Diploma in Strategy and Innovation from the Oxford Business School and the Caucasus Business School (MBA).

George Tkhelidze

Board Member

George joined the group in 2014 from Barclays Investment Bank, where he has been Vice President of the Group of Financial Institutions for Europe, Central Asia and Africa since June 2011. Earlier, in September 2009, George was the Associate Director of Barclays Loan Financing and Restructuring Groups. During his career in Barclays, London, George worked and successfully conducted a number of acquisitions and mergers, as well as credit and capital market transactions with European financial institutions. Early in his career, George held various managerial positions at Aldagi Insurance Company, where he also served as CEO.

George earned a Master of Business Administration (MBA) degree from the London Business School (2009). He also holds a Master of International Commercial Law from the University of Nottingham (2002) and a Master of Law from Tbilisi State University (2000).

Paata Gadzadze

Board Member

Paata Gadzadze has been with TBC Group since 1994. Shortly after heading the Credit Division, he became Deputy Director at TBC Bank, joining the board in 1996. As Deputy Director, before taking over human resources and international property management, he was responsible for risk management and MIS between 1996 and 2011. That same year, he joined TBC Leasing and TBC Invest boards. Since 2016, Paata Gadzadze has held the position of General Director of TBC Insurance.He became a member of the Supervisory Board since 2024.

Mr. Gadzadze holds Bachelor’s (’90) and Master’s (’92) degrees in Economics from Tbilisi State University and a Master’s in Macroeconomics (’94).

Nana Gobadze

Independent Board Member

Nana joined JSC TBC Bank in 2009 as a Credit Analyst in the Corporate Banking Division, later progressing to roles as Manager in the Corporate Recovery Department and Sector Head for the Food Industry in Corporate and Investment Banking. Over a decade-long career in banking, she worked on providing financial solutions for corporate clients, managing M&A transactions, leading restructuring strategies and building relationships with key stakeholders in the food industry.

In 2021, Nana joined PepsiCo as a Transformation Manager for Net Revenue Management Department of South-West Europe and later transitioned to the role of Category Finance Manager of Europe Beverages, leading strategic planning and growth initiatives for the category. Currently she heads the Financial Planning & Analysis Department for Iberia.

Nana holds an MBA from IESE Business School (ranked #3 globally by the Financial Times) and a bachelor’s degree in business administration from the Free University of Tbilisi (ESM-Tbilisi).

10. Management Board

David Kiguradze

CEO

David Kiguradze was appointed as CEO of JSC "TBC Insurance" in 2024. From 2016, he held the position of Deputy CEO.

David has 24 years of work experience in the financial sector. Before joining TBC Group, he held various positions, including managerial ones, in the insurance industry. Since 2006, David joined the TBC team and over the years held positions as Head of Financial Services and Treasury at JSC "TBC Bank", CEO of "TBC Credit", and CEO of "TBC Pay".

David Kiguradze holds a bachelor's degree from the Free University Business School and a master's degree from IEDC Bled School of Management.

Nikolay Kobzev

Chief Operating Officer

Nikoloz Kobzev joined the team of JSC "TBC Insurance" in 2017 and continues to hold the position of Operations and Information Technology Director.

Nikolay Kobzev started working at JSC "GPI Holding" in 2003. In 2012, he was appointed as Head of the Information Technology Department. In 2013, he became a Project Manager for the American company ELI Lilly. In 2015, he joined The Boston Consulting Group and took the position of Consultant.

Nikolay Kobzev holds a Master's degree in Business Administration from Caucasus University (2011). In 2013, he was awarded a Master's degree in Business Administration from the University of Oxford.

Sergo Sakvarelidze

Deputy CEO/Chief Corporate Officer of JSC TBC Insurance

Sergo Sakvarelidze has held the position of Corporate Business Director at JSC "TBC Insurance" since 2024. Since 2022, he has been the Director of the Medical Insurance Department.

Sergo has 18 years of work experience in the insurance and healthcare sectors. From 2008, he worked at JSC "Aldagi" as Head of Expertise and Monitoring Service, and from 2010, he held the position of Head of Health Claims Management Department. In 2014, he became Director of the Claims Management Department at JSC "Imedi L", and in 2017, he took the position of Deputy CEO of the company. From 2020-2022, he was a consultant for insurance and commercial direction at medical centers "Inova" and "Bokhua Center". From 2020-2022, he held the position of Executive Director at "Tbilisi Heart Center" clinic.

In 2005, he graduated from Tbilisi State Medical University.

Nikoloz Sakvarelidze

Chief Financial Officer

Nikoloz Sakvarelidze joined "TBC Insurance" in April 2023 as CFO. He manages financial, procurement, administration, data and actuarial processes.

From 2011-2013, Nikoloz Sakvarelidze led the Enterprise Resource Planning and System Applications and Products team at LLC "Caucasus Online". In 2009-2011 and 2013-2015, at LLC "Georgian State Electrosystem", he was a Financial Analyst and later Head of the Finance Department, where he controlled a budget of approximately 100 million GEL and managed the company's liquidity and solvency. From 2012-

2020, he worked as Regional Director at Marine Resources Exploration International BV. From 2015 until joining "TBC Insurance", he held position as CFO of LLC “Galleria Tbilisi”.

In 2009, Nikoloz Sakvarelidze received a bachelor's degree in Economics from Grinnell College. He successfully passed the Chartered Financial Analyst (CFA) Level I and II exams. He is currently enrolled in the International Executive MBA program in IEDC Bled School of Management.

Nikoloz Bregvadze

Chief Digital and Business Development Officer

Nikoloz Bregvadze was appointed to his current position in 2024 and leads the company's digital transformation and strategic business development issues. Since 2019, he has been responsible for the company's digital sales and marketing, strategic projects, and UX & UI design directions.

Nikoloz Bregvadze has over 15 years of work experience in the financial and public sectors. Before TBC Insurance, he worked at the Personal Data Protection Service as the First Deputy of the Personal Data Protection Inspector. In this position, he participated in: developing regulations to comply with European standards, establishing relationships and cooperation with regulators of various sectors, auditing private and public sector organizations and providing subsequent recommendations aimed at optimizing their business processes, compliance with existing regulations, etc. At the beginning of his career, from 2008, he worked at JSC "TBC Bank" as a lawyer, where, from a legal perspective, he actively participated in projects related to the development and implementation of various digital platforms in the bank and its subsidiary companies.

Mr. Bregvadze holds a bachelor's and master's degree (LLM) in Law from Tbilisi State University (2002-2007) and an MBA from the Free University of Tbilisi (2017-2019).

Davit Chrikishvili

Chief Risk Officer of JSC TBC Insurance

David Chrikishvili has held the position of Risk Director at JSC "TBC Insurance" since 2024. He joined the insurance team in 2019 as Head of the Legal Department, and soon his work area expanded, and David Chrikishvili became the Head of Legal, Financial Monitoring, and Compliance Department.

Before joining "TBC Insurance", from 2012, Mr. Chrikishvili held the position of Senior Lawyer in the Legal Department of JSC "TBC Bank", and after promotion, he became the Senior Officer of Compliance and Legal Risks.

David Chrikishvili has been awarded a Master's degree in Law from the Georgian-American University. In 2023, he passed and continues his studies in the Master's program in Business Administration at the Free University.

Ivane Kakhadze

Retail, Small and Micro Business Director

Ivane Kakhadze has been working with the "TBC Insurance" team since its establishment and has 17 years of experience in the insurance industry. At the beginning of his career, from 2007-2014, Ivane Kakhadze worked at the insurance company "Aldagi" in various managerial positions, including as Head of the Agency Network and Head of the State Projects Department.

From 2014-2016, Ivane Kakhadze was the Sales and Development Director, CEO, and Supervisory Board member at the insurance company "Kopenbur". Since 2016, Ivane Kakhadze became the Head of Retail and Alternative Sales at "TBC Insurance". Under his leadership, since 2018, the company has consistently held leading positions in the retail insurance market. From 2024, Ivane Kakhadze holds the position of Retail, Small and Micro Business Director.

Ivane Kakhadze has a bachelor's degree in Business Management from Tbilisi State University.

David Kiguradze	Nikoloz Sakvarelidze
Chief Executive Officer	Chief Financial Officer

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David Kiguradze

Chief Executive Officer

Nikoloz Sakvarelidze

Chief Financial Officer

JSC TBC INSURANCE

International Financial Reporting Standards
Consolidated and Separate Financial Statements and
Independent Auditor's Report

31 December 2024

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Independent Auditor's Report

To the Shareholder and the Supervisory Board of JSC TBC Insurance

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of JSC TBC Insurance (the "Company") and its subsidiary (together - the "Group") as at 31 December 2024, and the Group's and the Company's consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing.

What we have audited

The Group's and the Company's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, comprising material accounting policy information and other explanatory information.

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 consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Management Report (but does not include the consolidated and separate financial statements and our auditor's report thereon).

Our opinion on the consolidated and separate financial statements does not cover the Management Report.

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

In addition, we are required by the Law of Georgia on Accounting, Reporting and Auditing to express an opinion whether certain parts of the Management Report comply with respective regulatory normative acts and to consider whether the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing.

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

- the information given in the Management Report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the consolidated and separate financial statements;
- the information given in the Management Report complies with the requirements of paragraph 6 of article 7 of the Law of Georgia on Accounting, Reporting and Auditing; and
- the information given in the Management Report includes the information required by paragraph 8 of article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and with the disclosure 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Levan Kankava (Reg.# SARAS-A-592839)

15 April 2025
Tbilisi, Georgia

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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 Group's and 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 Group's and 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 consolidated and separate 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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PricewaterhouseCoopers Georgia LLC

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Levan Kankava (Reg.# SARAS-A-592839)

15 April 2025
Tbilisi, Georgia

		Consolidated		Separate	
In thousands of Georgian Lari	**Note**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Cash and cash equivalents	5	15,077	12,248	15,060	12,092
Bank deposits	6	66,945	65,900	66,945	65,900
Insurance contract assets	8	4,546	18	4,546	18
Reinsurance contract assets	9	27,469	24,062	27,469	24,062
Other assets	10	1,961	1,877	1,879	1,803
Investment assets	7	23,368	13,339	23,368	13,339
Investment in subsidiary	11	-	-	6,584	6,242
Intangible assets	12	5,613	6,767	3,840	5,061
Right-of-use assets	13	4,386	3,806	4,386	3,619
Property and equipment	14	1,533	1,239	1,533	1,227
TOTAL ASSETS		**150,898**	**129,256**	**155,610**	**133,363**
Share capital	15	7,482	7,482	7,482	7,482
Retained earnings		55,584	42,124	61,394	47,537
Other reserves	15	4,180	1,300	3,100	220
TOTAL EQUITY		**67,246**	**50,906**	**71,976**	**55,239**
Insurance contract liabilities	8	53,425	45,720	53,425	45,720
Reinsurance contract liabilities	9	15,166	10,260	15,166	10,260
Current income tax liability	23	-	1,582	-	1,582
Financial liabilities	17	4,930	4,310	4,912	4,289
Other liabilities	18	3,664	3,567	3,664	3,552
Share-based payment liabilities	16	1,629	9,060	1,629	9,060
Lease liabilities	13	4,838	3,851	4,838	3,661
TOTAL LIABILITIES		**83,652**	**78,350**	**83,634**	**78,124**
TOTAL LIABILITIES & EQUITY		**150,898**	**129,256**	**155,610**	**133,363**

Approved for issue and signed on behalf of the Supervisory Board on 15 April 2025.

Davit Kiguradze
Chief Executive Officer

Nikoloz Sakvarelidze
Chief Financial Officer

TBC INSURANCE JSC

Consolidated and Separate Statements of Financial Position

In thousands of Georgian Lari	Note	Consolidated 31-Dec-24	Consolidated 31-Dec-23	Separate 31-Dec-24	Separate 31-Dec-23
Cash and cash equivalents	5	15,077	12,248	15,060	12,092
Bank deposits	6	66,945	65,900	66,945	65,900
Insurance contract assets	8	4,546	18	4,546	18
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TOTAL ASSETS		**150,898**	**129,256**	**155,610**	**133,363**
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Other reserves	15	4,180	1,300	3,100	220
TOTAL EQUITY		**67,246**	**50,906**	**71,976**	**55,239**
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Lease liabilities	13	4,838	3,851	4,838	3,661
TOTAL LIABILITIES		**83,652**	**78,350**	**83,634**	**78,124**
TOTAL LIABILITIES & EQUITY		**150,898**	**129,256**	**155,610**	**133,363**

Approved for issue and signed on behalf of the Supervisory Board on 15 April 2025.

Davit Kiguradze
Chief Executive Officer

Nikoloz Sakvarelidze
Chief Financial Officer

In thousands of Georgian Lari	**Note**	**Consolidated** **2024**	**Consolidated** **2023**	**Separate** **2024**	**Separate** **2023**
Insurance service revenue		196,345	160,743	196,345	160,743
Insurance service expenses		(147,914)	(128,945)	(147,914)	(128,945)
Net expenses from reinsurance contracts held		(12,132)	(2,094)	(12,132)	(2,094)
Insurance service result	19	**36,299**	**29,704**	**36,299**	**29,704**
Finance income from insurance contracts issued	20	(452)	276	(452)	276
Finance income from reinsurance contracts held	20	22	345	22	345
Net insurance finance income	20	**(430)**	**621**	**(430)**	**621**
Interest income calculated using EIR	21	9,475	9,592	9,475	9,592
Changes in expected credit loss	21	(165)	189	(165)	189
Other Income	21	183	255	(33)	93
Impairment of investments in subsidiaries		-	-	(222)	(655)
Net investment and other income		**9,493**	**10,036**	**9,055**	**9,219**
Net insurance and investment result		**45,362**	**40,361**	**44,924**	**39,544**
Salaries & other employee benefits	22	(11,775)	(11,632)	(11,402)	(11,148)
General and administrative expenses	22	(5,057)	(2,681)	(4,811)	(2,349)
Depreciation & amortisation	12/13/14	(1,596)	(1,215)	(1,382)	(1,001)
Finance costs	13	(306)	(93)	(298)	(90)
Foreign exchange gains, net		458	609	452	612
Profit before income tax		**27,086**	**25,349**	**27,483**	**25,568**
Income tax expense	23	(26)	(4,629)	(26)	(4,629)
PROFIT FOR THE YEAR		**27,060**	**20,720**	**27,457**	**20,939**
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,060**	**20,720**	**27,457**	**20,939**

In thousands of Georgian Lari	Note	Share Capital	Other Reserves	Retained Earnings	Total
Balance as at 1 January 2023		**7,482**	**1,300**	**32,417**	**41,199**
Profit for the Year		-	-	20,720	20,720
Total comprehensive income for the year		**-**	**-**	**20,720**	**20,720**
Dividends paid to shareholders	15 (b)	-	-	(11,013)	(11,013)
Balance as at 31 December 2023		**7,482**	**1,300**	**42,124**	**50,906**
Balance as at 1 January 2024		7,482	1,300	42,124	50,906
Profit for the Year		-	-	27,060	27,060
Total comprehensive income for the year		**-**	**-**	**27,060**	**27,060**
Dividends paid to shareholders	15 (b)	-	-	(13,600)	(13,600)
Capital contribution from parent	15 (c)	-	2,880	-	2,880
Total contributions from / (to) owner		**-**	**2,880**	**(13,600)**	**(10,720)**
Balance as at 31 December 2024		**7,482**	**4,180**	**55,584**	**67,246**

In thousands of Georgian Lari	**Note**	**Share Capital**	**Other Reserves**	**Retained Earnings**	**Total**
Balance as at 1 January 2023		**7,482**	**220**	**37,611**	**45,313**
Profit for the Year		-	-	20,939	20,939
Total comprehensive income for the year		**-**	**-**	**20,939**	**20,939**
Dividends paid to shareholders	15 (b)	-	-	(11,013)	(11,013)
Balance as at 31 December 2023		**7,482**	**220**	**47,537**	**55,239**
Balance as at 1 January 2024		7,482	220	47,537	55,239
Profit for the Year		-	-	27,457	27,457
Total comprehensive income for the year		**-**	**-**	**27,457**	**27,457**
Dividends paid to shareholders	15 (b)	-	-	(13,600)	(13,600)
Capital contribution from parent	15 (c)	-	2,880	-	2,880
Total contributions from / (to) owner		**-**	**2,880**	**(13,600)**	**(10,720)**
Balance as at 31 December 2024		**7,482**	**3,100**	**61,394**	**71,976**

		Consolidated		Separate	
In thousands of Georgian Lari	**Note**	**2024**	**2023**	**2024**	**2023**
Cash flows from operating activities					
Profit before income tax		27,086	25,349	27,483	25,568
Adjustments for:					
Depreciation & amortisation	12/13/14	3,848	3,145	3,634	2,931
Capital contribution from parent	16	2,880	-	2,880	-
Finance costs	13	306	93	298	90
Interest income	21	(9,475)	(9,592)	(9,475)	(9,592)
Write-off of intangible assets	12	1,516	-	1,516	-
Impairment of investment in subsidiary		-	-	222	655
Net impairment of financial assets		165	(189)	165	(189)
Foreign exchange translation differences		(458)	(609)	(452)	(612)
Finance income from insurance contracts issued		452	(276)	452	(276)
Finance income from reinsurance contracts held		(22)	(345)	(22)	(345)
Other costs		121	-	130	-
Operating cash flows before working capital changes and payments of interest and tax		**26,419**	**17,576**	**26,831**	**18,230**
Income taxes paid		(1,608)	(3,944)	(1,608)	(3,944)
Interest received on Current Accounts		1,943	1,906	1,943	1,906
Interest received on Bank Placements		11,155	3,793	11,155	3,793
Interest received on Investment Assets		1,276	1,132	1,276	1,132
Interest paid on lease liabilities	13	(306)	(93)	(298)	(90)
Changes in:					
Reinsurance contract assets and liabilities	9	1,521	(6,767)	1,521	(6,767)
Insurance contract assets and liabilities	8	2,725	871	2,726	871
Change in derivative forward agreements		-	1,012	-	1,012
Other assets	10	(84)	(526)	(72)	(484)
Financial liabilities		620	457	630	422
Other liabilities	18	97	636	96	636
Share based payment liability	16	(7,431)	2,931	(7,431)	2,931
Net cash from operating activities		**36,327**	**18,984**	**36,769**	**19,648**
Cash flows from investing activities					
Acquisition of property and equipment	14	(815)	(785)	(815)	(780)
Proceeds from the sale of property, plant and equipment	14	69	270	69	270
Acquisition of intangible assets	12	(2,889)	(2,977)	(2,642)	(2,660)
Capital contribution to a subsidiary	11	-	-	(564)	(1,121)
Acquisition of investment securities - principal	7	(30,602)	(12,280)	(30,602)	(12,280)
Repayment of investment securities upon maturity	7	20,949	4,024	20,950	4,024
Origination of placements with banks - principal		48,986	14,200	48,986	14,200
Repayment of placements with banks upon maturity		(55,000)	(12,980)	(55,000)	(12,980)
Net cash used in investing activities		**(19,302)**	**(10,528)**	**(19,618)**	**(11,327)**
Cash flows from financing activities					
Repayment of lease liabilities - principal	13	(652)	(781)	(640)	(751)
Dividends paid to the Company's shareholders	15 (b)	(13,600)	(11,013)	(13,600)	(11,013)
Net cash used in financing activities		**(14,252)**	**(11,794)**	**(14,240)**	**(11,764)**
Increase (decrease) in cash and cash equivalents		**2,773**	**(3,338)**	**2,911**	**(3,443)**
Cash and cash equivalents at 1 January	5	12,248	15,390	12,092	15,330
Effect of exchange rate changes on cash and cash equivalents		56	196	57	205
Cash and cash equivalents at 31 December		**15,077**	**12,248**	**15,060**	**12,092**

1 Group and its Operations

These consolidated and separate financial statements include the financial statements of JSC TBC Insurance (the Company) and its subsidiary (together referred to as the Group).

JSC TBC Insurance is a joint stock company as it is defined under the Law of Georgia on Entrepreneurs and are incorporated and domiciled in Georgia on 8 May 2014. The Company is licensed to provide non-life and life insurance services in Georgia, issued by the Insurance State Supervision Service of Georgia on 14 July 2014 and 1 December 2016, respectively. JSC TBC Insurance provides insurance services in property and casualty, health, life insurance and in other products. The Company's registering body is LEPL- National Agency of Public Registry. The Company's registered address and place of business is Al. Kazbegi Avenue, N24b, III Floor, Tbilisi, Georgia. The Company operates with 5 branches in Tbilisi, Batumi, Poti, Zugdidi and Kutaisi. The Company's registration number is 405042804.

As at 31 December 2024 and 2023 the Group's immediate and ultimate parent was TBC Bank Group PLC, owning 100.00% of the Group's shares (2023: 100.00%). TBC Bank Group PLC ("TBCG") is a public limited liability company, incorporated in England and Wales and listed on London Stock Exchange. TBC Bank Group PLC's registered legal address is 100 Bishopsgate, C/O Law Debenture, London, England, EC2N 4AG. Registered number of TBC Bank Group PLC is 10029943.

The Company has one fully-owned subsidiary entity – Redmed LLC. Redmed LLC was formed and domiciled in Georgia as a limited liability company under Georgian law on 21 June 2019. As at 31 December 2024, total capital contribution made in Redmed LLC by TBC Insurance was GEL 7,461 thousand (2023: 6,897 thousand). The principal business activity of the subsidiary entity is healthcare e-commerce.

The national currency of Georgia is the Georgian Lari ("GEL"), which is the currency in which these consolidated and separate financial statements are presented. Functional currency for the Company and its subsidiary is also GEL.

All financial information presented in GEL has been rounded to the nearest thousands, except when otherwise indicated.

2 Operating Environment of the Group

The Group's operations are in Georgia. Consequently, the Group is exposed to the economic and financial markets of Georgia, which display 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. In addition, the country is vulnerable to geopolitical and economic developments in its region and beyond. In particular, uncertainties related to the Russian-Ukrainian conflict and consequent developments may have an adverse impact on the Georgian economy. At the same time, the risks related to heightened domestic political tensions remain tangible, negatively affecting general economic environment, including the GEL stability. The country is also exposed to a lower though still tangible risk of resurged military conflicts in its breakaway regions occupied by Russia, while some relatively distant conflicts, such as the escalation in the middle east, might affect the Georgian economy through the stronger USD, higher oil prices, migration flows, etc. The consolidated and separate financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

The Group is exposed to climate change risks. In respect of this, the Group management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the financial statements, and the future effects on the Group's activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary to ensure the Group's viability and will adopt all government guidelines if and when these are issued in the markets in which the Group operates.

3 Basis of Preparation

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI") and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing. The material accounting policy information applied in the preparation of these consolidated and separate financial statements are set out below. Apart from the accounting policy changes effective from 1 January 2024 these policies have been consistently applied to all the periods presented, unless otherwise stated (Note 32).

4 Use of Estimates and Judgements

The preparation of consolidated and separate financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

(a) Best estimate liability (BEL)

The assumptions used in the estimation of insurance assets and liabilities are intended to result in best estimate liabilities (BEL) which are sufficient to cover any liabilities arising out of insurance contracts so far as can reasonably be foreseen.

For all types of insurance contracts, the Group estimates BEL arising from outstanding claims based on the latest information the Group has related to the severity of the claim. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In addition, the Group makes estimate of the ultimate liability arising from claims under life and health insurance contracts that are yet to be reported at the reporting date. The liability is calculated by using standard actuarial methods such as chain-ladder method for life insurance and expected loss ratio method for health insurance. The primary underlying assumption of the chain-ladder method is that historical loss development patterns are indicative of future loss development patterns. The expected loss ratio is the ratio of ultimate losses to earned premiums. The ultimate losses can be calculated as the earned premium multiplied by the expected loss ratio. The total reserve is calculated as the ultimate losses less paid losses.

Sensitivity analysis for life insurance shows that 5% increase in the chain-ladder development factors would increase best estimate liability by GEL 225 thousand (2023: GEL 319 thousand), accordingly 5% decrease in the development factors would decrease best estimate liability by GEL 159 thousand (2023: GEL 319 thousand).

Health insurance is short-tailed business as there is only a two-month limit to report a claim after the occurrence. To calculate BEL for health insurance management uses subsequent period actual claims which are reported before the financial statement reporting date. For the remaining period expert judgement is applied. Medical services received in a limited number of medical institutions may be reported after 2 months from claims occurrence date. Due to immateriality of such claims historically, no actuarial method is used, instead expert judgement is applied.

Management believes that the BEL set up is adequate and there will be no need of additional reserve requirements.

(b) Risk adjustment for non-financial risk (BEL)

Related area, where assumptions are used is calculation of the risk adjustment for non-financial risk. For groups of contracts with sufficient and reliable own statistics a stochastic bootstrapping method is applied. The Group uses 75% confidence interval in its calculations. Main assumption underlying this method is that sample resembles the population it was drawn from sufficiently well that resampling it enables to estimate how a sample statistic would vary.

4 Use of Estimates and Judgements (Continued)

Sensitivity analysis shows that 5% increase in confidence interval would increase the risk adjustment for non-financial risk by GEL 600 thousand (2023: GEL 201 thousand). The 5% decrease in confidence interval would decrease the risk adjustment by GEL 472 thousand (2023: GEL 169 thousand). Refer to the note 30 (d) (viii) for risk adjustment calculation methodology.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(c) PAA

Management uses PAA approach for credit life insurance portfolio based on the following judgement:

Credit-life policies are 1 month contracts which are automatically renewed till the loan is fully repaid. Premium amount is fixed share of the outstanding amount of the loan.

According to the Georgian Civil Law, life insurance contracts may be terminated/may not be renewed by the insurer at any time and without any specific reason, without prior notice to the insured, if the obligations assumed by the insurer under the relevant insurance policy have been fully fulfilled and there is no advance payment for the contract.

Since the insurance payments are done together with the loan payments, in practice, there is no chance of having advance payment from the policyholder in this relationship, and the insurer does not have any obligation to continue the service after 1 month.

Therefore, management believes that the coverage period of credit life insurance contracts is one year or less and an entity may simplify the measurement of a group of insurance contracts using the premium allocation approach.

Apart from those listed above, management has not made any critical judgments that have a significant effect on the amounts recognised in these consolidated and separate financial statements.

The coverage period of the remining portfolio is less than 1 year, therefore the Group uses PAA for its complete portfolio.

For IFRS 17 reporting purposes, the Group classified its portfolio into following groups of contracts:

	Product classification
Motor Insurance	Insurance contracts
Border MTPL	Insurance contracts
Property Insurance	Insurance contracts
Agro (Crop) Insurance	Insurance contracts
TBC Bank Borrowers' Credit Life Insurance	Insurance contracts
Health-related Insurance	Insurance contracts
Liability and Other Insurance	Insurance contracts

5 Cash and Cash Equivalents

Cash and cash equivalents represent current accounts placed in Georgian banks. Credit ratings of cash and cash equivalents were as follows:

	Consolidated		**Separate**	
In thousands of Georgian Lari	**2024**	**2023**	**2024**	**2023**
BB	13,427	12,221	13,410	12,065
BB-	-	3	-	4
B+	1,536	10	1,536	10
B	13	-	13	-
B-	101	-	101	-
Not rated	-	14	-	13
Total	**15,077**	**12,248**	**15,060**	**12,092**

5 Cash and Cash Equivalents (Continued)

Cash and cash equivalents include cash on hand and current accounts held at call with banks with original maturities of three months or less and are subject to insignificant risk of change in value. Cash and cash equivalents are carried at amortized cost and as at 31 December 2024 and 31 December 2023 were neither past due, nor impaired.

Cash and cash equivalent consists of GEL 8,759 thousand (2023: GEL 12,191 thousand) placed in JSC TBC Bank.

6 Bank Deposits

	Consolidated and Separate	
In thousands of Georgian Lari	**2024**	**2023**
JSC TBC Bank	41,460	29,534
JSC Bank of Georgia	9,846	15,594
JSC Pasha Bank	5,710	-
JSC Tera Bank	5,183	5,154
JSC Basis Bank	5,116	4,790
JSC Liberty Bank	1	11,066
Expected Credit Loss	(371)	(238)
Total bank deposits	**66,945**	**65,900**

GEL 8,453 thousand out of total amount of deposit placed at JSC TBC Bank is attributable to minimum capital requirements set by the Insurance State Supervision Service of Georgia.

Bank deposit balances are categorized as stage 1. Bank deposits are represented by placements with Georgian commercial banks with maturity of less than two years and earn annual interest of 10.95% to 14.50%. Bank deposits placed with a related party (JSC TBC Bank) earns an annual interest rate of 10.95% to 13.75%.

Credit ratings of placements with banks were as follows:

	Consolidated and Separate	
In thousands of Georgian Lari	**2024**	**2023**
BB	51,306	29,534
BB-	-	20,384
B+	10,300	16,220
B-	5,710	-
Total	**67,316**	**66,138**

As at 31 December 2024, GEL 46,001 thousand, out of total balance of bank deposits had maturity of less than one year, while the remaining balance had maturity of more than one year and less than two years.

7 Investment Assets

In thousands of Georgian Lari	**Consolidated and Separate**
Carrying amount as at 1 January 2023	4,919
Purchases	12,280
Repayment upon maturity	(4,024)
Interest income accrual	945
Interest received	(1,132)
Bond premium amortization	(21)
Impairment gain	7
Foreign exchange gain	365
Carrying amount as at 31 December 2023	**13,339**

7 Investment Assets (Continued)

Carrying amount as at 1 January 2024	**13,339**
Purchases	30,602
Repayment upon maturity	(20,949)
Interest income accrual	1,226
Interest received	(1,276)
Bond premium amortization	(19)
Impairment loss	(32)
Foreign exchange gain	477
Carrying amount as at 31 December 2024	**23,368**

Investment assets comprise of following corporate and government bonds, all carried at amortised cost:

Consolidated and Separate

Issuer	Maturity	Rating	2024	2023
US Treasury	28 November 2025	AA+ (Fitch Ratings)	3,197	-
US Treasury	12 June 2025	AA+ (Fitch Ratings)	2,978	-
TBC Bank Group PLC	18 April 2027	BB (Fitch Ratings)	2,829	-
JSC Energy development Georgia	22 June 2025	Not Rated	1,926	-
US Treasury	28 November 2025	AA+ (Fitch Ratings)	1,148	-
US Treasury	04 September 2025	AA+ (Fitch Ratings)	1,122	-
US Treasury	28 November 2025	AA+ (Fitch Ratings)	1,122	-
JSC Georgia Capital	03 August 2028	BB- (S&P Rating)	1,003	-
Tegeta Motors LLC	16 December 2025	BB- (Scope Ratings)	1,001	1,004
JSC Nikora	28 November 2025	BB- (Scope Ratings)	996	1,003
Tegeta Motors LLC	28 April 2025	BB- (Scope Ratings)	952	935
JSC TBC Bank	16 June 2029	BB (Fitch Ratings)	902	1,166
US Treasury	30 October 2025	AA+ (Fitch Ratings)	845	-
TBC Bank Group PLC	25 July 2026	BB (Fitch Ratings)	843	-
JSC Georgia Capital	03 August 2028	BB- (S&P Rating)	672	-
Tegeta Motors LLC	20 December 2026	BB- (Scope Ratings)	561	-
JSC Georgia Real Estate	08 July 2026	Not Rated	432	-
Tegeta Motors LLC	03 July 2026	BB- (Scope Ratings)	417	-
JSC Georgia Capital	03 August 2028	BB- (S&P Rating)	290	-
Tegeta Motors LLC	18 December 2025	BB- (Scope Ratings)	151	-
US Treasury	04 September 2025	AA+ (Fitch Ratings)	40	-
US Treasury	14 March 2024	AA+ (Fitch Ratings)	-	4,385
JSC TBC Bank	19 June 2024	BB (Fitch Ratings)	-	2,151
US Treasury	11 April 2024	AA+ (Fitch Ratings)	-	1,487
LLC Austrian Georgian Development	16 October 2025	Not Rated	-	822
JSC Nikora	12 November 2024	BB- (Scope Ratings)	-	413
Expected Credit Loss			(59)	(27)
Total Investment assets			**23,368**	**13,339**

Investment assets are classified in Stage 1. Details of changes in Expected Credit Loss (ECL) is shown in the table below:

Consolidated and Separate	**2024**			**2023**		
	Bank Deposits	Investment Assets	**Total**	Bank Deposits	Investment Assets	**Total**
ECL as at 1 January	(238)	(27)	**(265)**	(420)	(34)	**(454)**
New originated or purchased	(334)	(45)	**(379)**	(119)	(12)	**(131)**
Derecognised during the period	200	10	**210**	116	1	**117**
Changes to ECL model assumptions	2	2	**4**	185	18	**203**
Total movement for the period	**(132)**	**(33)**	**(165)**	**182**	**7**	**189**
ECL as at 31 December	(371)	(59)	**(430)**	(238)	(27)	**(265)**

7 Investment Assets (Continued)

The Group calculates expected credit loss for each financial instrument based on the credit rating of the issuer. Moody's annual default study is used to determine probability of default and loss given default for each rating group. Forward-looking information is incorporated in calculations. Expected 1 year credit loss by credit ratings is summarized in the table below. For the assets with maturities less than 1 year, ECL is prorated based on the time to maturity.

Credit Rating	Corporate / Sovereign	Expected Credit Loss
Aaa	Sovereign	0.00%
Ba1 / Ba2 / Ba3	Corporate	1.15%
B1 / B2 / B3	Corporate	2.56%
Not rated	Corporate	0.28%

8 Insurance Contract Liabilities (Assets)

2024	**Consolidated and Separate**			
	Liability for Incurred Claims		**Liability for Remaining coverage**	**Total**
	PVFCF*	**Risk Adjustment**		
Insurance contract assets as at 1 January	-	-	(18)	(18)
Insurance contract liabilities as at 1 January	26,649	1,623	17,447	45,719
Net insurance contract liabilities as at 1 January	**26,649**	**1,623**	**17,429**	**45,701**
Insurance contract revenue	-	-	(196,345)	(196,345)
Insurance expenses:	116,281	1,707	29,927	147,915
Incurred claims	99,408	1,876	-	101,284
Acquisition expenses	-	-	29,927	29,927
Changes related to the past service	(4,212)	428	-	(3,784)
Changes related to the future service	4,138	(597)	-	3,541
Other directly attributable expenses	16,947	-	-	16,947
Insurance service result (excluding reinsurance)	**116,281**	**1,707**	**(166,418)**	**(48,430)**
Insurance finance income	-	-	452	452
Cash flows:	**(110,192)**	**-**	**161,348**	**51,156**
Premium received	-	-	199,612	199,612
Claims paid	(93,245)	-	-	(93,245)
Other directly attributable expenses	(16,947)	-	-	(16,947)
Acquisition cash flows paid	-	-	(38,264)	(38,264)
Net insurance contract liabilities as at 31 December	**32,738**	**3,330**	**12,811**	**48,879**
Insurance contract assets as at 31 December	-	-	(4,546)	(4,546)
Insurance contract liabilities as at 31 December	32,738	3,330	17,357	53,425

8 Insurance Contract Liabilities (Assets) (Continued)

2023	Consolidated and Separate			
	Liability for Incurred Claims		Liability for Remaining coverage	Total
	PVFCF*	Risk Adjustment		
Insurance contract assets as at 1 January	-	-	(48)	(48)
Insurance contract liabilities as at 1 January	18,607	652	25,620	44,879
Net insurance contract liabilities as at 1 January	**18,607**	**652**	**25,572**	**44,831**
Insurance contract revenue	-	-	(160,743)	(160,743)
Insurance expenses:	101,059	971	26,914	128,944
Incurred claims	89,259	1,203	-	90,462
Acquisition expenses	-	-	26,914	26,914
Changes related to the past service	(2,553)	59	-	(2,494)
Changes related to the future service	449	(291)	-	158
Other directly attributable expenses	13,904	-	-	13,904
Insurance service result (excluding reinsurance)	**101,059**	**971**	**(133,829)**	**(31,799)**
Insurance finance income	-	-	276	276
Cash flows:	**(93,017)**	**-**	**125,411**	**32,394**
Premium received	-	-	159,152	159,152
Claims paid	(79,113)	-	(6)	(79,119)
Other directly attributable expenses	(13,904)	-	-	(13,904)
Acquisition cash flows paid	-	-	(33,735)	(33,735)
Net insurance contract liabilities as at 31 December	**26,649**	**1,623**	**17,430**	**45,702**
Insurance contract assets as at 31 December	-	-	(18)	(18)
Insurance contract liabilities as at 31 December	26,649	1,623	17,448	45,720

*PVFCF – Present value of future cash flows

9 Reinsurance Contract Assets (Liabilities)

2024	Consolidated and Separate			
	Asset for Incurred Claims		Asset for Remaining coverage	Total
	PVFCF*	Risk Adjustment		
Reinsurance contract assets as at 1 January	22,586	867	610	24,063
Reinsurance contract liabilities as at 1 January	-	-	(10,260)	(10,260)
Net reinsurance contract assets as at 1 January	**22,586**	**867**	**(9,650)**	**13,803**
Allocation of reinsurance premium	-	-	(28,253)	(28,253)
Amounts recoverable from reinsurers:	14,420	524	1,177	16,121
Incurred claims	14,420	524	-	14,944
Acquisition expenses	-	-	1,177	1,177
Reinsurance service result	**14,420**	**524**	**(27,076)**	**(12,132)**
Reinsurance finance income	276	-	(254)	22
Cash flows:	**(11,361)**	**-**	**21,972**	**10,611**
Premium paid	-	-	22,083	22,083
Claims and expenses recovered	(11,361)	-	-	(11,361)
Commission received	-	-	(111)	(111)
Net insurance contract assets as at 31 December	**25,921**	**1,391**	**(15,008)**	**12,304**
Insurance contract assets as at 31 December	25,921	1,391	158	27,470
Insurance contract liabilities as at 31 December	-	-	(15,166)	(15,166)

9 Reinsurance Contract Assets (Liabilities) (Continued)

2023	Consolidated and Separate			
	Asset for Incurred Claims		Asset for Remaining coverage	
	PVFCF*	Risk Adjustment		Total
Reinsurance contract assets as at 1 January	9,849	276	123	10,248
Reinsurance contract liabilities as at 1 January	-	-	(3,852)	(3,852)
Net reinsurance contract assets as at 1 January	**9,849**	**276**	**(3,729)**	**6,396**
Allocation of reinsurance premium	-	-	(22,668)	(22,668)
Amounts recoverable from reinsurers:	19,243	590	741	20,574
Incurred claims	19,243	590	-	19,833
Acquisition expenses	-	-	741	741
Reinsurance service result	**19,243**	**590**	**(21,927)**	**(2,094)**
Reinsurance finance income	-	-	345	345
Cash flows:	(6,506)	-	15,661	9,155
Premium paid	-	-	15,808	15,808
Claims and expenses recovered	(6,506)	-	-	(6,506)
Commission received	-	-	(147)	(147)
Net insurance contract assets as at 31 December	**22,586**	**866**	**(9,650)**	**13,802**
Insurance contract assets as at 31 December	22,586	866	610	24,062
Insurance contract liabilities as at 31 December	-	-	(10,260)	(10,260)

*PVFCF – Present value of future cash flows

The Group assesses the risk of reinsurer's non-performance based on credit rating change. In years 2024 and 2023 there have not been events of reinsurer's credit rating deterioration. Therefore, the Group experienced no effect of change in reinsurers' non-performance risk.

	Consolidated and Separate					
	2024			2023		
	Life & health-related	Property & Casualty	Total	Life & health-related	Property & Casualty	Total
Insurance contract assets	(3,189)	(1,357)	(4,546)	-	(18)	(18)
Insurance contract liabilities	19,382	34,043	53,425	22,243	23,477	45,720
Net insurance contract liabilities	**16,193**	**32,686**	**48,879**	**22,243**	**23,459**	**45,702**
Reinsurance contract assets	17,000	10,468	27,468	15,052	9,010	24,062
Reinsurance contract liabilities	(9,048)	(6,120)	(15,168)	(5,317)	(4,943)	(10,260)
Net reinsurance contract assets	**7,952**	**4,348**	**12,300**	**9,735**	**4,067**	**13,802**

10 Other Assets

	Consolidated		Separate	
In thousands of Georgian Lari	**2024**	**2023**	**2024**	**2023**
Prepayments	654	385	623	359
Restricted Cash	281	216	281	216
Other receivables	147	927	97	880
Other financial assets	**1,082**	**1,528**	**1,001**	**1,455**
Assets transferred through subrogation*	707	312	707	312
Inventories	172	37	171	36
Other non-financial assets	**879**	**349**	**878**	**348**
Total Other Assets	**1,961**	**1,877**	**1,879**	**1,803**

10 Other Assets (Continued)

* After an insurance claim is reimbursed, rights to any salvage property is transferred to the Group and are accounted as Assets transferred through subrogation.

11 Investment in Subsidiary

The Company has one fully-owned subsidiary entity – Redmed LLC. Refer to disclosure notes 1 and 30 b for detailed information.

	Separate	
In thousands of Georgian Lari	**2024**	**2023**
Carrying amount at 1 January	**6,242**	**5,776**
Capital contribution	564	1,121
Impairment of investment in subsidiary	(222)	(655)
Carrying amount at 31 December	**6,584**	**6,242**

Impairment of investment in subsidiary

As at the reporting date, the Company assessed whether there is any indication that the recoverable amount of the Company's investment in subsidiary has declined below the carrying value.

As at 31 December 2024, the Company identified impairment indicators related to its investment in Redmed LLC. The entity's actual operating profit was lower than that budgeted and therefore, management performed an impairment test.

The recoverable amount of the investment has been determined based on its value in use. The recoverable amount of the investment was determined to be lower than its carrying amount, hence the impairment loss of GEL 222 thousand was recognized in the statement of profit or loss as at 31 December 2024 (2023: GEL 655 thousand).

The following key assumptions were used in discounted cash flow projections:

- Cash flows were projected based on actual operating results in 2024 and a five-year forecast.
- Revenue was projected to increase by 43% in 2025. Growth rate gradually decreases in the following years to 22% in 2029.
- EBITDA was forecasted to grow by 5% in 2024, 22% in 2026, and 42% in 2027, with break-even expected in year 2028 followed by the positive net cash flows in 2029.
- A post-tax discount rate of 12.69% was applied in determining the recoverable amount. Applied pre-tax discount rate was 14.93%. A terminal value was derived at the end of the five-year period, with a long-term growth rate of 5% applied for the terminal period.

The key assumption to which the impairment model is most sensitive is discount rate – an increase of 1% point in the discount rate would have resulted in an additional impairment loss of approximately GEL 389 thousand (decrease of 1% point in the discount rate would have resulted in a reversal of previously accrued impairment loss by approximately GEL 292 thousand).

12 Intangible Assets

Consolidated

	Internally Generated Intangible Assets	Other Intangible Assets		
In thousands of Georgian Lari	**Computer & Other software**	**Licenses**	**Computer & Other software**	**Total**
Cost:				
Balance at 1 January 2023	6,369	249	2,122	8,740
Additions	2,157	324	496	2,977
Balance at 31 December 2023	**8,526**	**573**	**2,618**	**11,717**
Balance at 1 January 2024	8,526	573	2,618	11,717
Additions	1,622	677	590	2,889
Disposals	(2,448)	(461)	(237)	(3,146)
Balance at 31 December 2024	**7,700**	**789**	**2,971**	**11,460**
Accumulated Amortisation:				
Balance at 1 January 2023	1,739	192	1,174	3,105
Charge for the year	1,181	203	461	1,845
Balance at 31 December 2023	**2,920**	**395**	**1,635**	**4,950**
Balance at 1 January 2024	2,920	395	1,635	4,950
Charge for the year	1,547	449	530	2,526
Disposals	(1,232)	(266)	(131)	(1,629)
Balance at 31 December 2024	**3,235**	**578**	**2,034**	**5,847**
Net Book Value				
31 December 2023	**5,606**	**178**	**983**	**6,767**
31 December 2024	**4,465**	**211**	**937**	**5,613**

12 Intangible Assets (Continued)

Separate

	Internally Generated Intangible Assets	**Other Intangible Assets**		
In thousands of Georgian Lari	**Computer & Other software**	**Licenses**	**Computer & Other software**	**Total**
Cost:				
Balance at 1 January 2023	4,471	213	2,300	6,984
Additions	1,845	324	491	2,660
Balance at 31 December 2023	**6,316**	**537**	**2,791**	**9,644**
Balance at 1 January 2024	6,316	537	2,791	9,644
Additions	1,375	677	590	2,642
Disposals	(2,448)	(461)	(237)	(3,146)
Balance at 31 December 2024	**5,243**	**753**	**3,144**	**9,140**
Accumulated Amortisation:				
Balance at 1 January 2023	1,420	156	1,318	2,894
Charge for the year	1,027	203	459	1,689
Balance at 31 December 2023	**2,447**	**359**	**1,777**	**4,583**
Balance at 1 January 2024	2,447	359	1,777	4,583
Charge for the year	1,369	449	528	2,346
Disposals	(1,232)	(266)	(131)	(1,629)
Balance at 31 December 2024	**2,584**	**542**	**2,174**	**5,300**
Net Book Value				
31 December 2023	**3,869**	**178**	**1,014**	**5,061**
31 December 2024	**2,659**	**211**	**970**	**3,840**

13 Right-of-Use Assets and Lease Liabilities

The Group leases only offices. Rental contracts are typically made for fixed periods from 1 to 10 years.

	Consolidated		**Separate**	
In thousands of Georgian Lari	**Offices**	**Total**	**Offices**	**Total**
Carrying amount at 1 January 2023	**1,315**	**1,315**	**1,293**	**1,293**
Modifications	3,323	3,323	3,117	3,117
Depreciation charge	(832)	(832)	(791)	(791)
Carrying amount at 31 December 2023	**3,806**	**3,806**	**3,619**	**3,619**

13 Right-of-Use Assets and Lease Liabilities (Continued)

Carrying amount at 1 January 2024	**3,806**	**3,806**	**3,619**	**3,619**
Additions	1,291	1,291	1,291	1,291
Modifications	158	158	323	323
Depreciation charge	(869)	(869)	(847)	(847)
Carrying amount at 31 December 2024	**4,386**	**4,386**	**4,386**	**4,386**

Reconciliation of lease liabilities are as follows:

	Consolidated		**Separate**	
In thousands of Georgian Lari	**Year 2024**	**Year 2023**	**Year 2024**	**Year 2023**
Lease liabilities at 1 January	**3,851**	**1,339**	**3,661**	**1,318**
Cash flows	**(958)**	**(874)**	**(938)**	**(841)**
Repayments of principal	(652)	(781)	(640)	(751)
Interest payments	(306)	(93)	(298)	(90)
Non-cash changes	**1,945**	**3,386**	**2,115**	**3,184**
Interest accrual	306	93	298	90
Additions	1,291	-	1,291	-
Modifications	158	3,323	324	3,117
Foreign exchange adjustments	190	(30)	202	(23)
Lease liabilities at 31 December	**4,838**	**3,851**	**4,838**	**3,661**

The Group recognised lease liabilities as follows:

	Consolidated		**Separate**	
In thousands of Georgian Lari	**Year 2024**	**Year 2023**	**Year 2024**	**Year 2023**
Short-term lease liabilities	932	617	931	587
Long-term lease liabilities	3,906	3,234	3,907	3,074
Total lease liabilities	**4,838**	**3,851**	**4,838**	**3,661**

In year 2024 expenses relating to leases of low-value assets (included in general and administrative expenses) comprise GEL 157 thousand (2023: GEL 133 thousand).

14 Property and Equipment

Consolidated

In thousands of Georgian Lari	**Furniture and computer equipment**	**Motor vehicles**	**Leasehold improvements**	**Total**
Cost:				
Balance at 1 January 2023	1,721	359	1,415	3,495
Additions	661	83	41	785
Disposals	(222)	(83)	-	(305)
Balance at 31 December 2023	**2,160**	**359**	**1,456**	**3,975**
Balance at 1 January 2024	2,160	359	1,456	3,975
Additions	514	62	239	815
Disposals	(57)	(90)	-	(147)
Balance at 31 December 2024	**2,617**	**331**	**1,695**	**4,643**
Accumulated Depreciation:				
Balance at 1 January 2023	1,083	69	1,151	2,303
Charge for the year	290	35	143	468
Disposals	-	(35)	-	(35)
Balance at 31 December 2023	**1,373**	**69**	**1,294**	**2,736**
Balance at 1 January 2024	1,373	69	1,294	2,736
Charge for the year	299	33	120	452
Disposals	(47)	(31)	-	(78)
Balance at 31 December 2024	**1,625**	**71**	**1,414**	**3,110**
Net Book Value				
31 December 2023	**787**	**290**	**162**	**1,239**
31 December 2024	**992**	**260**	**281**	**1,533**

14 Property and Equipment (Continued)

Separate

In thousands of Georgian Lari	**Furniture and computer equipment**	**Motor vehicles**	**Leasehold improvements**	**Total**
Cost:				
Balance at 1 January 2023	1,638	359	1,415	3,412
Additions	661	83	36	780
Disposals	(222)	(83)	-	(305)
Balance at 31 December 2023	**2,077**	**359**	**1,451**	**3,887**
Balance at 1 January 2024	2,077	359	1,451	3,887
Additions	514	62	239	815
Disposals	(54)	(90)	-	(144)
Balance at 31 December 2024	**2,537**	**331**	**1,690**	**4,558**
Accumulated Depreciation:				
Balance at 1 January 2023	1,029	69	1,151	2,249
Charge for the year	272	35	139	446
Disposals	-	(35)	-	(35)
Balance at 31 December 2023	**1,301**	**69**	**1,290**	**2,660**
Balance at 1 January 2024	1,301	69	1,290	2,660
Charge for the year	288	33	119	440
Disposals	(44)	(31)	-	(75)
Balance at 31 December 2024	**1,545**	**71**	**1,409**	**3,025**
Net Book Value				
31 December 2023	**776**	**290**	**161**	**1,227**
31 December 2024	**992**	**260**	**281**	**1,533**

15 Equity

(a) Share capital

As at 31 December 2024, the Company had an authorized share capital of GEL 15,000 thousand (31 December 2023: GEL 15,000 thousand). 7,481,870 shares with par value of GEL 1 were issued and fully paid as at 31 December 2024 and 31 December 2023.

The parent of the Group is entitled to receive dividends as declared from time to time.

15 Equity (Continued)

(b) Dividends

In accordance with Georgian legislation the Group's distributable reserves are limited to the balance of retained earnings as recorded in the Group's statutory consolidated financial statements prepared in accordance with IFRSs.

	Consolidated and Separate	
In thousands of Georgian Lari	**2024**	**2023**
Dividends payable at 1 January	-	-
Dividends declared during the year	13,600	11,013
Dividends paid during the year	(13,600)	(11,013)
Dividends payable at 31 December	**-**	**-**
Dividends per share declared during the year (GEL)	**1.82**	**1.47**

(c) Other reserves

GEL 1,300 thousand in other reserves as at 31 December 2024 and 31 December 2023 consists of the accumulated result of the sale of subsidiaries to entities under common control in year 2019.

Existing share-based compensation plan was vested in year 2024 (Note 16). The Group had the opportunity to acquire respective shares at a price lower than fair value. The difference between fair value of shares transferred to employees and consideration paid to parent with amount of GEL 2,880 thousand in year 2024 (2023: nil) is reflected in other reserves part of the shareholders equity as the capital contribution from parent.

16 Share Based Payment Liabilities

In 2021 JSC TBC Insurance approved a compensation scheme for the top management, according to which, subject to the performance and service conditions, each year the company granted to the top management for service of the five years (2019 – 2023) phantom shares which were later to be converted in the actual shares of its parent entity (TBC Bank Group PLC). No dividend was paid on Phantom shares and there was restriction on any disposition and pledge of these rights; also, no voting rights were attached to phantom shares.

The individual performance indicators were set on an individual basis and were used to calculate the award amount provided to each employee. Under this compensation system the vesting period for each year's award extended to March 2024.

The award as well as respective personal income tax was accounted as cash settled share-based payment under IFRS 2. An expense was recognized in the income statement using graded vesting method over the vesting period which was until March 2024 for each year's award; and a liability was recorded as the other side of the entry. The liability was re-measured at each reporting date until settlement. As long as the amount of award was dependent on fulfilment of performance and service conditions, management has been revising estimated value of award based on forecasted achievement throughout 5 years and financial metrics in the fifth year and adjusting the liability accordingly.

KPIs that management need to fulfil included:

- Gross Written Premiums for the year 2023
- Net profit for the year 2023
- Book Value - Company net assets for the year 2023 adding dividends distributed before 2023

The conversion from phantom shares to real shares was done based on the actual IFRS results immediately preceding the date of conversion and on the predetermined formula.

16 Share Based Payment Liabilities (Continued)

In 2024 JSC TBC Insurance approved a compensation scheme for the top management. Top management receives cash bonuses, as well as share-based awards. According to the scheme, each year, subject to predefined performance conditions, a certain number of shares of the parent entity TBC Bank Group PLC are awarded to the top management of the company. The Group has the obligation to settle the award in its parent company's shares. The performance features key performance indicators (KPIs) individually. The KPIs are mainly related to achieving targeted market share, profitability and non-financial indicators regarding to customers' satisfaction, digitalization and employees' engagement. Once awarded, all shares carry service conditions and, before those conditions are met, are eligible for dividends from parent company; however, they cannot be sold or transferred to third parties. Service conditions foresee continuous employment until the gradual transfer of the full title to the scheme participants is complete. For Material Risk Taker ("MRT") employee, vesting period of 20% of awarded shares is 6 months since the award date. For the remaining portion of awarded shares of MRT, as well as 100% of awarded shares of other plan participants, vesting conditions are 33%, 33%, 34% per year for the 3-year period since the award date. Under this compensation system the total vesting period extends to 4 years since the service commencement date.

The mentioned scheme covers 3 years (2024-2026). The scheme is accounted as cash settled share-based payment, and the staff costs of all three annual tranches including related taxes are recognized on a pro-rata basis over the vesting period of each relevant scheme tranche and corresponding entry is credited to the liability. Staff cost expense and corresponding liability recognised during 2024 was GEL 1,629 thousand. The deferred share bonus are the grants of the possible bonus pool amount, which will be based on the performance conditions. The fair value of share-based payment liability at each reporting period end date for each tranche is measured by bonus amount (depended on probable service conditions accomplishment) discounted at present value. The tax part of the existing variable remuneration system is accounted for on cash settled basis. Cash settled part recognised as liability at the end of 31 December 2024 is GEL 1,629 thousand.

	Consolidated and Separate	
In thousands of Georgian Lari	**31-Dec-2024**	**31-Dec-2023**
Liability at the beginning of the period	**(9,060)**	**(6,129)**
Current year expense related to the 2024-2026 scheme	(1,322)	-
Current year expense related to the 2019-2023 scheme	(429)	(1,652)
Unwinding for present value discount related to the 2024-2026 scheme	(307)	-
Unwinding for present value discount related to the 2019-2023 scheme	(224)	(780)
Remeasurement of PY expense related to the 2019-2023 scheme	(18)	(499)
Total expense recognized as staff cost during the period	(2,300)	(2,931)
Fair value of shares transferred to employees	9,731	-
Share based payment liability at the end of the period	**(1,629)**	**(9,060)**

The intrinsic value of the vested liability at the end of year 2024 was nil (2023: nil).

17 Financial Liabilities

	Consolidated		Separate	
In thousands of Georgian Lari	**2024**	**2023**	**2024**	**2023**
Collaterals for surety bonds policies *	3,233	2,159	3,233	2,159
Payables to suppliers	1,697	2,151	1,679	2,130
Total financial liabilities	**4,930**	**4,310**	**4,912**	**4,289**

17 Financial Liabilities (Continued)

* For issued surety bond policies, the Group may ask to a policyholder to place full or partial amount of liability on the Group's bank account. After the expiry of the relevant policy, the amount is returned to the policyholder.

18 Other Liabilities

	Consolidated		Separate	
In thousands of Georgian Lari	**2024**	**2023**	**2024**	**2023**
Advances received	1,809	823	1,809	823
Accruals for employee compensation	1,495	2,501	1,495	2,486
Other liabilities	360	243	360	243
Total other liabilities	**3,664**	**3,567**	**3,664**	**3,552**

19 Insurance Service Result

2024	Consolidated and Separate		
In thousands of Georgian Lari	**Life & health-related**	**Property and Casualty**	**Total**
Insurance contract revenue	102,960	93,385	196,345
Incurred claims	(52,267)	(58,557)	(110,824)
Acquisition expenses	(20,221)	(9,706)	(29,927)
Changes related to the past service	600	(526)	74
Changes related to the future service	3,873	5,837	9,710
Other directly attributable expenses	(9,163)	(7,784)	(16,947)
Total Insurance expenses	(77,178)	(70,736)	(147,914)
Net expenses from reinsurance contracts held	(6,398)	(5,734)	(12,132)
Insurance service result	**19,384**	**16,915**	**36,299**

2023	Consolidated and Separate		
In thousands of Georgian Lari	**Life & health-related**	**Property and Casualty**	**Total**
Insurance contract revenue	79,844	80,899	160,743
Incurred claims	(40,612)	(54,131)	(94,743)
Acquisition expenses	(15,863)	(11,051)	(26,914)
Changes related to the past service	970	1,135	2,105
Changes related to the future service	2,436	2,075	4,511
Other directly attributable expenses	(4,654)	(9,250)	(13,904)
Total Insurance expenses	(57,723)	(71,222)	(128,945)
Net income (expenses) from reinsurance contracts held	3,091	(5,185)	(2,094)
Insurance service result	**25,212**	**4,492**	**29,704**

20 Net insurance finance income (expenses)

Finance income from insurance contracts issued and Finance income from reinsurance contracts held consist solely of foreign currency translation gains and losses related to insurance contracts issued and reinsurance contracts held respectively.

21 Investment and Other Income

2024			**Consolidated**
In thousands of Georgian Lari	**Interest income at EIR**	**Reversal (Impairment) of financial assets**	**Net investment & other income**
Cash and cash equivalents	1,934	-	1,934
Certificate of Deposit	6,327	(133)	6,194
Government bonds	80	-	80
Other debt securities	1,134	(32)	1,102
Other Income	-	-	183
Total investment and other income	**9,475**	**(165)**	**9,493**

2023			**Consolidated**
In thousands of Georgian Lari	**Interest revenue at EIR**	**Reversal (Impairment) of financial assets**	**Net investment & other income**
Cash and cash equivalents	1,906	-	1,906
Certificate of Deposit	6,762	182	6,944
Government bonds	183	-	183
Other debt securities	741	7	748
Other Income	-	-	255
Total investment and other income	**9,592**	**189**	**10,036**

2024			**Separate**
In thousands of Georgian Lari	**Interest revenue**	**Reversal (Impairment) of financial assets**	**Net investment & other income**
Cash and cash equivalents	1,934	-	1,934
Certificate of Deposit	6,327	(133)	6,194
Government bonds	80	-	80
Other debt securities	1,134	(32)	1,102
Other Income	-	-	(33)
Impairment of investment in subsidiary	-	-	(222)
Total investment and other income	**9,475**	**(165)**	**9,055**

2023			**Separate**
In thousands of Georgian Lari	**Interest revenue**	**Reversal (Impairment) of financial assets**	**Net investment & other income**
Cash and cash equivalents	1,906	-	1,906
Certificate of Deposit	6,762	182	6,944
Government bonds	183	-	183
Other debt securities	741	7	748
Other Income	-	-	93
Impairment of investment in subsidiary	-	-	(655)
Total investment and other income	**9,592**	**189**	**9,219**

22 Expenses by Nature

Consolidated

	2024			2023		
In thousands of Georgian Lari	**Directly attributable expenses**	**Other operating expenses**	**Total**	**Directly attributable expenses**	**Other operating expenses**	**Total**
Salaries	(5,781)	(7,037)	(12,818)	(4,773)	(5,166)	(9,939)
Bonuses other than management	(2,565)	(599)	(3,164)	(1,828)	(1,029)	(2,857)
Management Bonuses	-	(3,098)	(3,098)	-	(4,423)	(4,423)
Insurance and other benefits	(393)	(725)	(1,118)	(278)	(786)	(1,064)
Statutory pension	(267)	(316)	(583)	(192)	(228)	(420)
Total salaries & other employee benefits	**(9,006)**	**(11,775)**	**(20,781)**	**(7,071)**	**(11,632)**	**(18,703)**
Supervision Fee	(1,977)	-	(1,977)	(1,627)	-	(1,627)
Marketing and PR	(1,696)	(56)	(1,752)	(1,570)	(142)	(1,712)
Write-off if intangible assets	(937)	(579)	(1,516)	-	-	-
Software and Technical Support	(90)	(1,216)	(1,306)	(86)	(842)	(928)
Professional service fee	-	(1,009)	(1,009)	-	(756)	(756)
Office Purchases	(295)	(183)	(478)	(249)	(140)	(389)
Bank fees and other commissions	-	(472)	(472)	(364)	(32)	(396)
Post, Telecomm, Utilities	-	(386)	(386)	-	(393)	(393)
BMTPL Management Fee*	(239)	-	(239)	(283)	-	(283)
Non-refundable VAT on lease payments	(121)	(74)	(195)	(100)	(58)	(158)
Tax (other than on income)	-	(190)	(190)	-	(214)	(214)
Short-term leases	(94)	(63)	(157)	(84)	(49)	(133)
Other Admin Costs	(242)	(829)	(1,071)	(540)	(55)	(595)
Total General and administrative expenses	**(5,691)**	**(5,057)**	**(10,748)**	**(4,903)**	**(2,681)**	**(7,584)**
Depreciation and amortisation	(2,252)	(1,596)	(3,848)	(1,930)	(1,215)	(3,145)
Total Operating expenses	**(16,949)**	**(18,428)**	**(35,377)**	**(13,904)**	**(15,528)**	**(29,432)**

Separate

	2024			2023		
In thousands of Georgian Lari	**Directly attributable expenses**	**Other operating expenses**	**Total**	**Directly attributable expenses**	**Other operating expenses**	**Total**
Salaries	(5,781)	(6,711)	(12,492)	(4,773)	(4,725)	(9,498)
Bonuses other than management	(2,565)	(581)	(3,146)	(1,828)	(1,014)	(2,842)
Management Bonuses	-	(3,098)	(3,098)	-	(4,423)	(4,423)
Insurance and other benefits	(393)	(711)	(1,104)	(278)	(775)	(1,053)
Statutory pension	(267)	(301)	(568)	(192)	(211)	(403)
Total salaries & other employee benefits	**(9,006)**	**(11,402)**	**(20,408)**	**(7,071)**	**(11,148)**	**(18,219)**

22 Expenses by Nature (Continued)

Supervision Fee	(1,977)	-	(1,977)	(1,627)	-	(1,627)
Marketing and PR	(1,696)	(1)	(1,697)	(1,570)	(9)	(1,579)
Write-off if intangible assets	(937)	(579)	(1,516)	-	-	-
Software and Technical Support	(90)	(1,112)	(1,202)	(86)	(744)	(830)
Professional service fee	-	(985)	(985)	-	(731)	(731)
Office Purchases	(295)	(177)	(472)	(249)	(135)	(384)
Bank fees and other commissions	-	(472)	(472)	(364)	(32)	(396)
Post, Telecomm, Utilities	-	(378)	(378)	-	(381)	(381)
BMTPL Management Fee*	(239)	-	(239)	(283)	-	(283)
Non-refundable VAT on lease payments	(121)	(70)	(191)	(97)	(53)	(150)
Tax (other than on income)	-	(190)	(190)	-	(214)	(214)
Short-term leases	(94)	(63)	(157)	(86)	(47)	(133)
Other Admin Costs	(242)	(784)	(1,026)	(541)	(3)	(544)
Total General and administrative expenses	**(5,691)**	**(4,811)**	**(10,502)**	**(4,903)**	**(2,349)**	**(7,252)**
Depreciation and amortisation	(2,252)	(1,382)	(3,634)	(1,930)	(1,001)	(2,931)
Total Operating expenses	**(16,949)**	**(17,595)**	**(34,544)**	**(13,904)**	**(14,498)**	**(28,402)**

* In year 2018 a non-profit (non-commercial) legal entity Compulsory Insurance Center (The Center) was established in accordance with the legislation of Georgia for the management of compulsory motor third party liability (BMTPL) insurance by the insurers participating in the insurance system. Insurers contribute monthly management fees to the Center, the main functions and responsibilities of which are non-stop client services, realization of insurance policy and regulation of losses.

Professional service fee above includes GEL 325 thousand (2023: GEL 213 thousand) 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.

23 Income Tax Expense

On 13 May 2016 the Parliament of Georgia passed a bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. On 28th of December 2018, the law was further amended marking 1 January 2023 as the effective date for enacting the law for the financial institutions (banks, insurance companies, etc.). In December 2022, the effective date was again postponed and entered into force at 1 January 2024. The Group’s applicable income tax rate was 15% in 2024 (2023: 15%).

Reconciliation between the expected and the actual taxation charge is provided below:

	Consolidated		**Separate**	
In thousands of Georgian Lari	**2024**	**2023**	**2024**	**2023**
Profit Before Tax	**27,086**	**25,349**	**27,483**	**25,568**
Theoretical tax charge at statutory rate	4,063	3,802	4,122	3,835
Tax effect of items which are not deductible or assessable for taxation purposes:				
- Income which is exempt from taxation:**	**(4,063)**	**-**	**(4,122)**	**-**
- Distribution of PY profits	*(2,040)*	-	*(2,040)*	-
- Undistributed profits	*(2,023)*	-	*(2,023)*	-
- Non-deductible expenses	26	827	26	794
Income tax expense for the year	**26**	**4,629**	**26**	**4,629**

23 Income Tax (Continued)

* Georgian tax code requires insurers to account for insurance operations as per regulatory guidelines. The ISSSG still applies IFRS 4 for the regulatory reporting purposes.

**According to the Georgian tax code, to avoid double taxation, an entity can offset previously paid income tax, in case it distributes earnings of the period prior to the adoption of Estonian model of corporate taxation. The Group applied this exemption for dividends distributed in year 2024.

Reconciliation of income tax liability and the composition of Income tax expense are as follows:

	Consolidated and Separate	
In thousands of Georgian Lari	**2024**	**2023**
Balance at 1 January	**1,582**	**1,019**
Current tax	26	4,507
Deferred tax charge/(credit)	-	122
Income tax expense for the year	**26**	**4,629**
Income tax paid	**(1,608)**	**(3,944)**
Balance at 31 December	**-**	**1,582**

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 1st January 2024 and hence, no deferred income tax assets and liabilities will arise, there on. Therefore, any deferred tax asset balance was written off from the Group's balance sheet in year 2023.

24 Offsetting Financial Assets and Financial Liabilities

As at 31 December 2024 and 2023, there were no financial instruments subject to offsetting, enforceable master netting and similar arrangements.

25 Management of Capital

(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 Group's risk profile. The capital management of the Group 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 Group thereby providing a degree of security to policyholders.

It is in the Group'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 Group is financed through the issuance of shares. Maintaining a good capital base in the future is of crucial importance to the Group, both to allow the Group to take advantage of profitable growth opportunities and to cushion the effects of large loss events.

As part of the process of monitoring and managing its capital, the Group has implemented controls over conformity of the composition and structure of the assets, enabling the Group 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.

25 Management of capital (Continued)

(b) Regulatory requirements

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.

According to the ISSSG directive, an insurance company should meet the minimum capital requirement throughout the period and should, at all times, maintain a total of this amount in either cash and cash equivalents or in bank balances. According to the directive №27 of ISSSG, minimum capital requirement comprises 1/3 of company's RSM, no less than GEL 7,200 thousand.

With regulatory capital of GEL 55,234 thousand at December 31, 2024 (2023: GEL 37,858 thousand) JSC TBC Insurance was in compliance with capital requirements set by ISSSG.

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

As at the date these consolidated and separate financial statements were authorized for issue, the Group was in full compliance with the level of Regulatory Capital in respect of 100% of RSM.

26 Insurance Risk Management

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

The primary insurance activity carried out by the Group 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 Group 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 Group also has exposure to market risk through its insurance and investment activities. The Group 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 Group's underwriting strategy seeks diversity so that the Group'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 Group'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.

(ii) Reinsurance strategy

The Group reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The Group buys quota share reinsurance treaties for life, agro and surety lines of business, and excess of loss treaties for property, cargo and liabilities portfolios. In addition, facultative reinsurance coverage is bought for every risk in the above-mentioned products that fall out of the treaty limitations.

26 Insurance Risk Management (Continued)

Ceded reinsurance contains credit risk, and such reinsurance recoverable are reported after deductions for known insolvencies and uncollectible items. The Group monitors the financial condition of reinsurers on an on-going basis and reviews its reinsurance arrangements periodically. The reserve with amount of GEL 21 thousand (2023: GEL 21 thousand) is created for reinsurers' non-performance risk.

Table below reviews the Group's reinsurance recoverable by credit rating classes:

	Consolidated and Separate	
In thousands of Georgian Lari	**2024**	**2023**
AA+ to AA-	2,044	2,928
A+ to A-	6,195	3,632
B+ to B-	398	1,378
BB+ to BB-	1,737	-
Not rated Georgian	2,973	2,525
Not rated other	101	61
Total	**13,448**	**10,524**

(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 Group's main products and the ways in which it manages the associated risks.

(i) Motor insurance

Product features

The Group 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.

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 Group 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 Group's current experience.

(ii) Property insurance

Product features

The Group 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.

26 Insurance Risk Management (Continued)

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 Group is also exposed to the risk of exaggeration and dishonest action by claimants.

Underwriting risk is the risk that the Group 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 Group uses strict underwriting criteria to ensure that the risk of losses is acceptable to the Group. The Group reinsures its property risks by way of Excess of Loss, Surplus and Nat Cat treaties.

(iii) Life insurance

Product features

The Group 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 the financial institution or for a pre-determined amount.

Management of risk

The Group's underwriting strategy is to ensure that risks are well diversified by industry sectors and geography. The Group also has the right to reject payment in case a fraudulent claim is identified. The Group 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, an additional reserve for incurred claims is set up for life insurance contracts, calculated according to the chain-ladder statistical methodology.

(iv) Health insurance

Product features

Share of health insurance in the Group's total insurance business stood at 24% in the year 2024 in terms of gross premium written. Health insurance contracts pay benefits for medical treatments and hospital expenses of the beneficiaries. The portfolio fully consists of collective corporate contracts.

Management of risk

Health insurance subject is primarily peril of the need for a medical treatment. The Group manages its risks through writing collective corporate contracts and pricing policy according to the current health conditions of beneficiaries. Besides, the Group uses services of its partner healthcare providers and pharmacies based on pre-agreed prices.

(c) Concentrations of insurance risk

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Group'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 group, such as a particular geography.

For significant lines of business, the Group manages its risk concentration according to the internally approved risk appetite framework. Table below summarises relevant risk metrics at the reporting date:

26 Insurance Risk Management (Continued)

			Consolidated and Separate
Line of business	**2024**	**2023**	**Calculation method**
Motor	11.8%	10.8%	Concentration of vehicles with SI above USD 100,000 in total portfolio
Property	7.9%	8.6%	Share of HPP portfolio in Property portfolio
Agro	60.0%	60.0%	Single region SI concentration according to obligatory reinsurance contract.
Personal risks	69.6%	70.9%	Concentration of credit life policies with SI above USD 25,000 in total portfolio.
Bonds	18.9%	12.6%	Concentration of Guarantees with SI above USD 50,000 in total Portfolio
Health	13.6%	15.2%	Share of insured individuals per 1 client (organization or group of related organizations) in total portfolio.

Historically the Group's has been operating exclusively on Georgian insurance market. In 2024 the Group ceded a new reinsurance business from Uzbekistan which consists of 1.7% of Group's total portfolio.

The Group'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 Group purchases reinsurance coverage for various classes of its motor, life and property business. The Group assesses the costs and benefits associated with the reinsurance programme on an on-going basis.

(d) Claims development

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Group. The table compares the claims paid on an accident year basis with the reserves established for these claims. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. The lower part of the table provides a reconciliation of the total liability for incurred claims included in the statement of financial position and the estimate of cumulative claims. While the information in the table provides a historical perspective on the adequacy of unpaid claims estimates established in previous years, readers of these consolidated and separate financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Group believes that the estimate of total claims outstanding at the end of 2024 is adequate.

Estimate of cumulative claims gross

In thousands of Georgian Lari	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Accident Year	32,549	39,583	51,648	125,423	94,225	107,957	-
One Year Later	31,981	39,625	60,461	68,255	90,349	-	-
Two Years Later	32,097	41,697	52,201	67,590	-	-	-
Three Years Later	32,330	39,384	51,840	-	-	-	-
Four Years Later	32,078	39,070	-	-	-	-	-
Five Years Later	32,039	-	-	-	-	-	-
Cumulative gross claims paid	(31,640)	(38,520)	(51,106)	(66,025)	(83,038)	(85,895)	(356,224)
Gross cumulative claims liabilities – accident years from 2019 to 2024	**399**	**550**	**734**	**1,565**	**7,311**	**22,062**	**32,621**
Gross cumulative claims liabilities – prior accident years							117
Effect of discounting							-
Effect of the risk adjustment for non-financial risk							3,331
Gross LIC for the contracts originated							**36,069**

26 Insurance Risk Management (Continued)

Estimate of cumulative claims net

In thousands of Georgian Lari	2019	2020	2021	2022	2023	2024	Total
Accident Year	16,242	29,948	42,082	59,452	65,066	79,983	-
One Year Later	15,901	29,307	42,806	13,103	70,858	-	-
Two Years Later	15,970	29,324	37,034	13,873	-	-	-
Three Years Later	16,296	28,951	36,954	-	-	-	-
Four Years Later	16,240	28,733	-	-	-	-	-
Five Years Later	16,217	-	-	-	-	-	-
Cumulative net claims paid	(15,822)	(28,231)	(36,339)	(12,983)	(70,260)	(76,214)	(239,849)
Net cumulative claims liabilities – accident years from 2019 to 2024	**395**	**502**	**615**	**890**	**598**	**3,769**	**6,769**
Net cumulative claims liabilities – prior accident years							48
Effect of discounting							-
Effect of the risk adjustment for non-financial risk							1,940
Net LIC for the contracts originated							**8,757**

(e) Reinsurance risk

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual and portfolio risks. The reinsurance business ceded is placed on a proportional and non-proportional quota share/excess of loss basis with retention limits varying by product line. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Group's evaluation of the specific risk. All significant risks in all business lines the Company writes business are taken only with facultative cover with no significant retention. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Group 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 Group considers their relative creditworthiness.

27 Fair Values and Risk Management

(a) Fair value of financial assets and liabilities

A number of the Group'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 Group 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.

27 Fair Values and Risk Management (Continued)

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

	Consolidated					
	31-December-2024			**31-December-2023**		
In thousands of Georgian Lari	Level 1	Level 2	**Total**	Level 1	Level 2	**Total**
Cash and cash equivalents	-	15,077	**15,077**	-	12,248	**12,248**
Bank deposits	-	66,945	**66,945**	-	65,900	**65,900**
Investment securities at amortized cost	22,498	-	**22,498**	14,300	-	**14,300**
Total assets	**22,498**	**82,022**	**104,520**	**14,300**	**78,148**	**92,448**
Other financial liabilities	-	4,838	**4,838**	-	4,310	**4,310**
Total liabilities	**-**	**4,838**	**4,838**	**-**	**4,310**	**4,310**

	Separate					
	31-December-2024			**31-December-2023**		
In thousands of Georgian Lari	Level 1	Level 2	**Total**	Level 1	Level 2	**Total**
Cash and cash equivalents	-	15,060	**15,060**	-	12,092	**12,092**
Certificates of deposits	-	66,945	**66,945**	-	65,900	**65,900**
Investment securities at amortized cost	22,498	-	**22,498**	14,300	-	**14,300**
Total assets	**22,498**	**82,005**	**104,503**	**14,300**	**77,992**	**92,292**
Other financial liabilities	-	4,838	4,838	-	4,289	4,289
Total liabilities	**-**	**4,838**	**4,838**	**-**	**4,289**	**4,289**

The fair values in level 2 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

27 Fair Values and Risk Management (Continued)

Management believes that the fair value of the Group'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.

(b) Presentation of financial instruments by measurement category

The Group previously applied a temporary exemption from IFRS 9, stipulated by IFRS 4. Adoption of IFRS 17 also requires the Group to apply IFRS 9 from 1 January 2023. The Group recognized any difference between the previous carrying amount of financial instruments and the carrying amount after the initial application of IFRS 9 in the opening retained earnings (or other component of equity, as appropriate).

(i) Classification - Financial assets

On initial recognition, all of the Group's financial assets are classified as measured at amortized cost, because they meet both of the following conditions:

– 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 SPPI.

(ii) Business model assessment

The information considered during the business model assessment includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

– the frequency, volume, and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

(iii) Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;

– prepayment and extension features;

– terms that limit the Group's claim to cash flows from specified assets; and

– features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

27 Fair Values and Risk Management (Continued)

(iv) Subsequent measurement of financial assets and gains and losses

Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(v) Impairment

The Group recognises loss allowances for ECL on financial assets measured at amortised cost;

The Group's financial assets are determined to have low credit risk at the reporting date. Therefore, respective loss allowances are measured at an amount equal to 12-months ECL. These financial instruments are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(vi) Measurement of ECL and presentation of loss allowances

At each reporting date, the Group assesses whether financial assets measured at amortised cost 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 debtor;

– a breach of contract such as a default or past-due event;

– the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;

– the debtor entering bankruptcy or other financial reorganisation becoming probable; or

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

For financial assets measured at amortised cost the loss allowance is deducted from the gross carrying amount of the assets.

(vii) Derecognition and contract modification of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

(c) Financial risk management

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

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

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

27 Fair Values and Risk Management (Continued)

(i) Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Group's management compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(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 Group's exposure to credit risk is monitored on an ongoing basis.

The Group 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.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated and separate statement of financial position. For financial guarantees issued, the maximum exposure to credit risk is the amount of the commitment.

(iii) Credit exposure

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

	Consolidated		**Separate**	
In thousands of Georgian Lari	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Cash and cash equivalents	15,077	12,248	15,060	12,092
Bank Deposits	66,945	65,900	66,945	65,900
Investment assets	23,368	13,339	23,368	13,339
Insurance contract assets	4,546	18	4,546	18
Reinsurance contract assets	27,469	24,062	27,469	24,062
Other assets	428	1,143	378	1,096
Total credit exposure	137,833	116,710	137,766	116,507

The Group is not subject to significant credit risk on receivables arising out of direct insurance operations as policies are cancelled and the LRC is respectively reduced when there is objective evidence that the policyholder is not willing or able to continue paying policy premiums.

Management believes that impairment trigger on insurance policies is 30 days overdue.

(d) Liquidity risk

Liquidity risk is the risk that the Group 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

27 Fair Values and Risk Management (Continued)

controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Group. 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 Group 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 Group's liquidity positions are reviewed by the management on a monthly basis.

The contractual maturity analysis of the Group's undiscounted financial assets and liabilities as at 31 December 2024, as well as 31 December 2023 is as follows:

Consolidated

In thousands of Georgian Lari	Up to 1 year	1-2 years	2-3 years	3-4 years	4+ Years	Total
31-Dec-24						
Assets						
Cash and cash equivalents	15,077	-	-	-	-	**15,077**
Bank deposits	49,679	17,266	-	-	-	**66,945**
Investment assets	15,637	2,213	2,815	1,866	837	**23,368**
Insurance contract assets	4,546	-	-	-	-	**4,546**
Reinsurance contract assets	26,778	388	133	170	-	**27,469**
Other financial assets	392	36	-	-	-	**428**
Total financial assets	**112,109**	**19,903**	**2,948**	**2,036**	**837**	**137,833**
Liabilities						
Insurance contract liabilities	52,988	261	114	62	-	**53,425**
Reinsurance contract liabilities	14,936	110	68	52	-	**15,166**
Lease liability	932	995	1,109	1,137	665	**4,838**
Financial liabilities	4,519	411	-	-	-	**4,930**
Other liabilities	3,359	305	-	-	-	**3,664**
Total financial liabilities	**76,734**	**2,082**	**1,291**	**1,251**	**665**	**82,023**
Net maturity gap at 31 December 2024	**35,375**	**17,821**	**1,657**	**785**	**172**	**55,810**

27 Fair Values and Risk Management (Continued)

Consolidated

In thousands of Georgian Lari	Up to 1 year	1-2 years	2-3 years	3-4 years	4+ Years	Total
31-Dec-23						
Assets						
Cash and cash equivalents	12,248	-	-	-	-	**12,248**
Bank deposits	57,522	8,378	-	-	-	**65,900**
Investment assets	9,664	3,675	-	-	-	**13,339**
Insurance contract assets	18	-	-	-	-	**18**
Reinsurance contract assets	23,817	202	5	-	38	**24,062**
Other financial assets	1,047	96	-	-	-	**1,143**
Total financial assets	**104,316**	**12,351**	**5**	**-**	**38**	**116,710**
Liabilities						
Insurance contract liabilities	44,474	919	253	-	74	**45,720**
Reinsurance contract liabilities	10,259	1	-	-	-	**10,260**
Lease liability	617	695	739	866	934	**3,851**
Financial liabilities	3,951	359	-	-	-	**4,310**
Current income tax liability	1,582	-	-	-	-	**1,582**
Other liabilities	3,269	298	-	-	-	**3,567**
Total financial liabilities	**64,152**	**2,272**	**992**	**866**	**1,008**	**69,290**
Net maturity gap at 31 December 2023	**40,164**	**10,079**	**(987)**	**(866)**	**(970)**	**47,420**

27 Fair Values and Risk Management (Continued)

Separate

In thousands of Georgian Lari	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4+ Years**	**Total**
31-Dec-24						
Assets						
Cash and cash equivalents	15,060	-	-	-	-	**15,060**
Bank deposits	49,679	17,266	-	-	-	**66,945**
Investment assets	15,637	2,213	2,815	1,866	837	**23,368**
Insurance contract assets	4,546	-	-	-	-	**4,546**
Reinsurance contract assets	26,778	388	133	170	-	**27,469**
Other financial assets	346	32	-	-	-	**378**
Total financial assets	**112,046**	**19,899**	**2,948**	**2,036**	**837**	**137,766**
Liabilities						
Insurance contract liabilities	52,988	261	114	62	-	**53,425**
Reinsurance contract liabilities	14,936	110	68	52	-	**15,166**
Lease liability	932	995	1,109	1,137	665	**4,838**
Financial liabilities	4,495	417	-	-	-	**4,912**
Other liabilities	3,359	305	-	-	-	**3,664**
Total financial liabilities	**76,710**	**2,088**	**1,291**	**1,251**	**665**	**82,005**
Net maturity gap at 31 December 2024	**35,336**	**17,811**	**1,657**	**785**	**172**	**55,761**

27 Fair Values and Risk Management (Continued)

Separate

In thousands of Georgian Lari	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4+ Years**	**Total**
31-Dec-23						
Assets						
Cash and cash equivalents	12,092	-	-	-	-	**12,092**
Bank deposits	57,522	8,378	-	-	-	**65,900**
Investment assets	9,664	3,675	-	-	-	**13,339**
Insurance contract assets	18	-	-	-	-	**18**
Reinsurance contract assets	23,817	202	5	-	38	**24,062**
Other financial assets	1,004	92	-	-	-	**1,096**
Total financial assets	**104,117**	**12,347**	**5**	**-**	**38**	**116,507**
Liabilities						
Insurance contract liabilities	44,474	919	253	-	74	**45,720**
Reinsurance contract liabilities	10,259	1	-	-	-	**10,260**
Lease liability	587	661	702	823	888	**3,661**
Financial liabilities	3,932	357	-	-	-	**4,289**
Current income tax liability	1,582	-	-	-	-	**1,582**
Other liabilities	3,269	283	-	-	-	**3,552**
Total financial liabilities	**64,103**	**2,221**	**955**	**823**	**962**	**69,064**
Net maturity gap at 31 December 2023	**40,014**	**10,126**	**(950)**	**(823)**	**(924)**	**47,443**

27 Fair Values and Risk Management (Continued)

(e) Maturity profiles

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

(f) 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 Group's exposure to market risk policies and procedures are in place to set and monitor asset allocation and portfolio limit structures.

(g) Currency risk

The Group's assets and liabilities are denominated in more than one currency. If the assets and liabilities in one currency do not match, the Group 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 Group aims to close currency positions and ensures that an open currency position remains within the limits at all times.

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

27 Fair Values and Risk Management (Continued)

Consolidated

In thousands of Georgian Lari	USD 31-Dec-2024	EUR 31-Dec-2024	GEL 31-Dec-2024	USD 31-Dec-2023	EUR 31-Dec-2023	GEL 31-Dec-2023
Cash and cash equivalents	1,400	671	13,006	1,374	9	10,865
Bank deposits	-	-	66,945	-	-	65,900
Investment assets	22,114	935	319	10,877	935	1,527
Insurance contract assets	1,339	403	-	-	-	18
Reinsurance contract assets	9,231	1,373	1,591	8,464	606	14,992
Other financial assets	-	-	428	-	-	1,143
Insurance contract liabilities	(20,640)	(4,154)	(3,942)	(12,219)	(1,130)	(32,371)
Reinsurance contract liabilities	(1,886)	533	(1,102)	(6,316)	(38)	(3,906)
Lease liabilities	(4,668)	-	(170)	(3,667)	-	(184)
Other financial liabilities	(3,579)	(563)	(788)	(1,090)	12	(3,232)
Net Exposure	**3,311**	**(802)**	**76,287**	**(2,577)**	**394**	**54,752**

Separate

In thousands of Georgian Lari	USD 31-Dec-2024	EUR 31-Dec-2024	GEL 31-Dec-2024	USD 31-Dec-2023	EUR 31-Dec-2023	GEL 31-Dec-2023
Cash and cash equivalents	1,400	671	12,989	1,374	9	10,709
Bank deposits	-	-	66,945	-	-	65,900
Investment assets	22,114	935	319	10,877	935	1,527
Insurance contract assets	1,339	403	-	-	-	18
Reinsurance contract assets	9,231	1,373	1,591	8,464	606	14,992
Other financial assets	-	-	378	-	-	1,096
Insurance contract liabilities	(20,640)	(4,154)	(3,942)	(12,219)	(1,130)	(32,371)
Reinsurance contract liabilities	(1,886)	533	(1,102)	(6,316)	(38)	(3,906)
Lease liabilities	(4,668)	-	(170)	(3,667)	-	6
Other financial liabilities	(3,579)	(563)	(762)	(1,090)	12	(3,211)
Net Exposure	**3,311**	**(802)**	**76,246**	**(2,577)**	**394**	**54,760**

27 Fair Values and Risk Management (Continued)

The following significant exchange rates have been applied:

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

	Average Rate	Reporting date spot rate
In Georgian Lari	**2023**	**31 December 2023**
USD	2.6279	2.6894
EUR	2.8416	2.9753

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 thousands of Georgian Lari	**Profit or (Loss) and Equity**	**Profit or (Loss) and Equity**
31 December 2024		
USD (20% movement)	(563)	563
EUR (20% movement)	136	(136)
31 December 2023		
USD (20% movement)	438	(438)
EUR (20% movement)	(67)	67

(i) Interest rate risk

Interest rate risk is the risk that fluctuations in market interest rates will affect adversely the financial position and the results of operations of the Group.

The Group has low exposure to floating rate interest bearing instruments. Financial assets that are exposed to interest rate risk are investment securities held to maturity. It comprises only 1.5% (2023: 2.1%) of total credit exposure, therefore, management believes that the Group does not have significant exposure to interest rate risk.

28 Contingencies

(a) Legal proceedings

In the normal course of business, the Group is a party to legal actions, mainly related to claims or subrogation payments. There are no major legal disputes as at the reporting date which could have a material impact on the Group's financial position.

(b) Taxation contingencies

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by the tax authorities after four years have passed since the end of the year in which the breach occurred.

28 Contingencies (Continued)

(b) Taxation contingencies (Continued)

These circumstances may create tax risks in Georgia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated and separate financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

29 Related Parties

(a) Key management remuneration

Key management includes Directors (executive).

	2024		2023	
In thousands of Georgian Lari	**Expense**	**Accrued Liability**	**Expense**	**Accrued Liability**
Short-term benefits				
Salaries and bonuses	2,533	692	2,963	813
Share-based compensation				
Cash-settled share-based compensation	2,300	1,629	2,931	9,060
Other benefits				
Statutory pension and insurance	55	-	43	-
Total key management compensation	**4,888**	**2,321**	**5,937**	**9,873**

29 Related Parties (Continued)

(b) Transactions with other related parties

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

Consolidated	**2024**				**2023**			
In thousands of Georgian Lari	**Parent**	**Entities Under Common Control***	**Other****	**Percent of Total**	**Parent**	**Entities Under Common Control***	**Other****	**Percent of Total**
Assets								
Cash and cash equivalents	-	8,759	-	58%	-	12,191	-	100%
Bank deposits	-	41,460	-	62%	-	29,534	-	45%
Investment Assets	-	4,574	-	20%	-	3,317	-	25%
Other assets		285		15%	-	219	-	12%
Total assets	**-**	**55,078**	**-**	**37%**	**-**	**45,261**	**-**	**35%**
Liabilities								
Insurance contract liabilities	-	13,263	112	25%	-	9,508	39	21%
Lease liabilities	-	-	-	0%	-	49	-	0%
Total liabilities	**-**	**13,263**	**112**	**16%**	**-**	**9,557**	**39**	**12%**
Equity								
Dividends declared / paid	13,600	-	-	100%	11,013	-	-	100%
Total equity	**13,600**	**-**	**-**	**20%**	**11,013**	**-**	**-**	**22%**

Consolidated	**2024**			**2023**		
In thousands of Georgian Lari	**Entities Under Common Control***	**Other****	**Percent of Total**	**Entities Under Common Control***	**Other****	**Percent of Total**
Income Statement						
Insurance revenue	65,932	2,196	35%	56,574	844	36%
Insurance service expenses	(21,601)	(294)	15%	(20,976)	(510)	17%
Net Investment & Other Income	4,726	-	50%	4,482	-	47%
Total	**49,057**	**1,902**		**40,080**	**334**	

29 Related Parties (Continued)

Separate			**2024**					**2023**		
In thousands of Georgian Lari	**Parent**	**Subsidiary**	**Entities Under Common Control***	**Other****	**Percent of Total**	**Parent**	**Subsidiary**	**Entities Under Common Control***	**Other****	**Percent of Total**
Assets										
Cash and cash equivalents	-	9	8,750	-	58%	-	132	12,059	-	100%
Bank deposits	-	-	41,460	-	62%	-	-	29,534	-	45%
Investment assets	-	-	4,574	-	20%	-	-	3,317	-	25%
Investment in subsidiary	-	6,584	-	-	100%	-	6,242	-	-	100%
Other assets	-	-	282	-	15%	-	-	216	-	12%
Total assets	**-**	**6,593**	**55,066**	**-**	**40%**	**-**	**6,374**	**45,126**	**-**	**39%**
Liabilities										
Insurance contract reserves	-	-	13,263	112	25%	-	1	9,507	39	21%
Lease liabilities	-	-	-	-	0%	-	-	49	-	0%
Total liabilities	**-**	**-**	**13,263**	**112**	**16%**	**-**	**1**	**9,556**	**39**	**12%**
Equity										
Dividends declared / paid	13,600	-	-	-	100%	11,013	-	-	-	100%
Total equity	**13,600**	**-**	**-**	**-**	**19%**	**11,013**	**-**	**-**	**-**	**20%**

29 Related Parties (Continued)

Separate	**2024**				**2023**			
In thousands of Georgian Lari	**Subsidiary**	**Entities Under Common Control***	**Other****	**Percent of Total**	**Subsidiary**	**Entities Under Common Control***	**Other****	**Percent of Total**
Income Statement								
Insurance revenue	14	65,918	2,196	35%	13	56,561	844	36%
Insurance service expenses	(18)	(21,584)	(294)	15%	(9)	(20,967)	(510)	17%
Net Investment & Other Income	284	4,726	-	53%	-	4,482	-	45%
Total	**280**	**49,060**	**1,902**		**4**	**40,076**	**334**	

Bank deposits placed with related parties earn annual interest rate of 10.95% to 13.75%.

* Entities under common control include TBC Group PLC subsidiaries.

** Other related parties mostly comprise of TBC Bank Group PLC Top Management and organisations related to TBC Bank Group PLC Top Management.

30 Material Accounting Policy Information

(a) Consolidated and separate financial statements

In accordance with IFRS 10, the Group's consolidated financial statements include the financial statements of the Company and its subsidiary.

(b) Investment in subsidiary

Investment in the subsidiary is accounted for at cost in the separate financial statements. Dividends received from a subsidiary are recognized in profit or loss when the right to receive the dividend is established.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in a subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to Georgian Lari (GEL) at exchange rates 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 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.

(d) Insurance and reinsurance contracts

(i) Insurance and reinsurance contracts – Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

All insurance contracts are classified as contracts without direct participation features.

(ii) Aggregation and recognition of insurance contracts

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) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

30 Material Accounting Policy Information (Continued)

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

(iii) Aggregation and recognition of reinsurance contracts

Reinsurance contracts are aggregated into groups for measurement purposes. Portfolios identified for insurance contracts are used to determine groups of reinsurance contracts; each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- contracts for which there is net gain on initial recognition; and
- any remaining contracts in the annual cohort.

Reinsurance contract held by the Group is recognised from the earliest of:

- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the entity recognises an onerous group of underlying insurance contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

(iv) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic

and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

(v) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

(vi) Insurance 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 Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

30 Material Accounting Policy Information (Continued)

A substantive obligation to provide services ends when:

- the Group 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
- the Group 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 up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

(vii) 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 Group 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 to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

(vii) Measurement

The Group uses Premium allocation approach (PAA) for its total portfolio. this approach is an optional simplification of the measurement of the liability for remaining coverage, for insurance contracts with short-term coverage. A group of insurance contracts is eligible for the premium allocation approach if, at inception: (a) each contract in the group has a coverage period (that is, the period in which the entity provides insurance contract services) of one year or less; or (b) the measurement of the liability for remaining coverage for the group using the premium allocation approach is reasonably expected to produce a measurement which is not materially different from using the general model or the variable fee approach. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Therefore, the Group applies PAA approach.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are not discounted because they are expected to be paid in one year or less from the date the claims are incurred.

(viii) Non-financial risk adjustment

For groups with sufficient and reliable own statistics a stochastic bootstrapping method is applied to calculate sufficient number of scenarios from which one in line with the 75% confidence level equivalent is taken. The BEL determined at this confidence level is compared to the actual BEL of the Company. This way the difference between the two gives the related risk adjustment. For groups where sufficient and/or reliable data is not available the average RA% of the remaining portfolio can be chosen.

30 Material Accounting Policy Information (Continued)

In the end the total Company level RA is determined as simple sum of RAs per groups, while also the diversification effect is calculated using the easiest and most reliable parameters for correlation between those from Solvency II Directive. For the final RA%s this diversification ratio is incorporated into the raw (previously calculated) RA%s. Later these RA%s are used in the calculations as multipliers to the BEL.

For the reinsurance RA rates the followings are considered:

- In terms of proportional reinsurance - due to the proportionality - simply the gross rates are applied.

- In terms of non-proportional reinsurance:

   - the share of projected such payments are usually nil or immaterial due to the low probability of such huge claims to happen,

   - however, it actually happens a few times, but those are not sufficient for a reliable sophisticated analysis, therefore as the best benchmark still the gross rates are applied.

(ix) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Group disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses. 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.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

(x) Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

(xi) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items.

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows. the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

(xii) Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

30 Material Accounting Policy Information (Continued)

(xiii) Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. The insurance finance income or expenses are recognized in the statement of profit or loss.

(xiv) Transition

The group first applied IFRS 17 to the financial year beginning at 1 January 2023 using the full retrospective approach for all of its insurance contract portfolios. Judgements and assumptions relevant to the transition are disclosed in note 4.

(e) Financial instruments

(i) Initial recognition. Investments in debt securities are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised resulting in an immediate accounting loss.

(ii) Classification and subsequent measurement – The Group classifies investments in debt securities in amortized cost category. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

(iii) Impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for investments in debt securities. The Group measures ECL and recognises net impairment losses on investments in debt securities at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Investments in debt securities are presented in the consolidated statement of financial position net of the allowance for ECL.

For investments in debt securities the Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

30 Material Accounting Policy Information (Continued)

(iv) Derecognition - The Group derecognises investments in debt securities when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(g) Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the consolidated and separate financial statements are authorised for issue are disclosed in the subsequent events note.

(h) Property and equipment

***(i)* Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within other income or other expense in profit or loss.

(ii) Subsequent expenditure

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life of furniture and equipment varies from 5 to 10 years; for leasehold improvements the useful life is the term of underlying lease or if not defined, not more than 7 years and useful life for motor vehicles is 10 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Right-of-use assets

The Group leases only offices. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

30 Material Accounting Policy Information (Continued)

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The estimated useful live of Right-of-use assets varies from 1 to 10 years.

(j) Intangible assets

The Group’s intangible assets have definite useful life and primarily include capitalised computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Capitalised computer software is amortised on a straight-line basis over expected useful lives of 1 to 10 years.

(k) Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. The Group’s corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the Group under residual value guarantees,

30 Material Accounting Policy Information (Continued)

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of office leases across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(m) Income tax

Income tax expense comprises current tax. After enforcing the Estonian model of corporate taxation for insurance companies in year 2024, deferred income tax is no more applicable. Taxable income consists of (1) distributed retained earnings, (2) expenses unrelated to the company operations, (3) gratuitous delivery of goods or services, and (4) representative expenses above the threshold defined be the tax code.

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.

(n) Share based payment liability

In 2024 JSC TBC Insurance approved a compensation scheme for the top management, according to which, subject to the performance and service conditions, each year the company grants to the top management shares of its parent entity (TBC Bank Group PLC). After the granting of the shares, the shares are vested throughout 3 years, proportionately. There is restriction on any disposition and pledge of these rights during the vesting period; also, no voting rights are attached to shares.

The award as well as respective personal income tax is accounted as cash settled share-based payment under IFRS 2. An expense is recognized in the income statement and a liability is recorded as the other side of the entry. For details, please refer to the note 16.

31 Adoption of New or Revised Standards and Interpretations

The following amended standards became effective from 1 January 2024. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

32 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted. Unless otherwise stated, the amendments did not have material impact on the Group

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

32 New Accounting Procurements (Continued)

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

32 New Accounting Procurements (Continued)

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

33 Subsequent Events

The Group declared dividends of GEL 20,000 thousand to be distributed in year 2025. There have been no other events after the reporting period that require adjustment to or disclosure in these consolidated and separate financial statements.