

**Financial Statements
and Independent Auditor's Report**

**«Cube Invest» Closed Joint Stock
Company**

31 December 2024

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Independent Auditor's Report

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To the shareholders of «Cube Invest» Closed Joint Stock Company:

Opinion

We have audited the financial statements of «Cube Invest» Closed Joint Stock Company (the “Company”), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

Statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2024	2023
Interest income calculated using effective interest rate	5	292,118	484,051
Interest expense	5	(1,912,945)	(1,074,659)
Net interest expense		(1,620,827)	(590,608)
Fee and commission income	6	3,147,396	1,086,451
Fee and commission expense	6	(1,517,979)	(1,974,283)
Net fee and commission income (expense)		1,629,417	(887,832)
Net trading income	7	16,603,587	13,289,362
Net gain on reclassification of financial assets at amortised cost	14	347,305	-
Net gain from foreign currency translation		1,237,727	234,089
(Credit loss expense) reversal of credit loss expense	8	19,371	(26,426)
Net operating income		18,216,580	12,018,585
Personnel expenses	9	(7,566,284)	(6,185,706)
Other expenses	10	(358,237)	(229,793)
Profit before income tax		10,292,059	5,603,086
Income tax expense	11	(1,798,018)	(1,013,959)
Profit for the year		8,494,041	4,589,127
Total comprehensive income for the year		8,494,041	4,589,127

The statement of profit or loss and other comprehensive is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 53.

Statement of financial position

In thousand AMD	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	12	5,618,180	777,907
Amounts due from financial institutions	13	998,240	6,565,125
Investments in securities	14	17,102,685	8,787,573
Securities pledged under sale and repurchase agreements	14	42,410,537	9,831,841
Borrowings provided	15	-	265,234
Property, equipment and intangible assets	16	166,001	29,255
Deferred income tax assets	11	4,427	59,393
Other assets	17	107,115	31,924
Total assets		66,407,185	26,348,252
Liabilities and equity			
Liabilities			
Amounts due to financial institutions and individuals	18	39,428,401	9,319,697
Liabilities on brokerage services	19	13,831,228	10,110,539
Income tax liabilities		1,121,841	1,035,352
Other liabilities	20	385,839	456,829
Total liabilities		54,767,309	20,922,417

Statement of financial position (continued)

In thousand AMD	Notes	31 December 2024	31 December 2023
Equity			
Share capital	21	760,000	640,000
Statutory general reserve		96,479	71,479
Retained earnings		10,783,397	4,714,356
Total equity		11,639,876	5,425,835
Total liabilities and equity		66,407,185	26,348,252

The financial statements were approved on 7 April 2025.

Mikayel Margaryan
CEO/ Chairman of the Management Board

Armen Azizyan
Chief Accountant




The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 53.

Statement of changes in equity

In thousand AMD	Share capital	Statutory general reserve	Retained earnings	Total
Balance at 1 January 2024	640,000	71,479	4,714,356	5,425,835
Profit for the year	-	-	8,494,041	8,494,041
Total comprehensive income for the year	-	-	8,494,041	8,494,041
Increase in share capital	120,000	-	-	120,000
Distribution to reserve	-	25,000	(25,000)	-
Dividends to shareholders (Note 21)	-	-	(2,400,000)	(2,400,000)
Total transactions with owners	120,000	25,000	(2,425,000)	(2,280,000)
Balance at 31 December 2024	760,000	96,479	10,783,397	11,639,876
Balance at 1 January 2023	640,000	71,479	125,229	836,708
Profit for the year	-	-	4,589,127	4,589,127
Total comprehensive income for the year	-	-	4,589,127	4,589,127
Balance at 31 December 2023	640,000	71,479	4,714,356	5,425,835

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 53.

Statement of cash flows

In thousand AMD

	2024	2023
Cash flows from operating activities		
Interest received	208,953	324,350
Interest paid	(1,865,040)	(1,082,552)
Fee and commission received	3,147,396	1,086,451
Fee and commission paid	(1,517,979)	(1,974,283)
Net trading income	15,865,893	13,391,968
Net gain on reclassification of financial assets at amortised cost	347,305	-
Personnel expenses	(7,566,284)	(6,185,706)
Other (expenses) income	(128,334)	4,587
Cash flows from operating activities before changes in operating assets and liabilities	8,491,910	5,564,815
(Increase) decrease in operating assets		
Amounts due from financial institutions	4,859,360	(5,936,447)
Borrowings provided	(2,532,000)	(1,358,134)
Payments of borrowings provided	90,000	1,243,539
Investments in securities	(40,023,633)	(14,817,058)
Other assets	(339,263)	664,818
Increase in operating liabilities		
Liabilities on brokerage services	7,135,320	10,104,085
Other liabilities	(344,797)	355,358
Net cash used in operating activities before income tax	(22,663,103)	(4,179,024)
Income tax paid	(1,656,563)	-
Net cash used in operating activities	(24,319,666)	(4,179,024)

Statement of cash flows (continued)

In thousand AMD

	2024	2023
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(62,766)	(23,458)
Net cash used in investing activities	(62,766)	(23,458)
Cash flow from financing activities		
Proceeds from issue of share capital	120,000	-
Amounts due to financial institutions and individuals	30,364,717	5,592,056
Financial liabilities held for trading	-	(846,764)
Payment of lease liabilities	(26,888)	(8,400)
Payment of dividends (Note21)	(1,416,335)	-
Net cash from financing activities	29,041,494	4,736,892
Net increase in cash and cash equivalents	4,659,062	534,410
Cash and cash equivalents at the beginning of the year	777,907	618,492
Effect of exchange differences on cash and cash equivalents	192,472	(374,995)
Effect of ECL changes	(11,261)	-
Cash and cash equivalents at the end of the year (Note 12)	5,618,180	777,907

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 53.

Notes to the financial statements

«Cube Invest» Closed Joint Stock Company

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

1 Nature of operations

The Company operates in the securities and foreign exchange markets, in particular:

- is a securities broker and dealer,
- provides registry and custody services,
- provides advisory services on the stock market,
- carries out non-cash foreign currency trading operations.

2 General information, statement of compliance with IFRS and going concern assumption

«Cube Invest» CJSC (the “Company”) was incorporated on 03 February 2017 and operates as a closed joint stock company. The Company is regulated by the legislation of the Republic of Armenia (“RA”). The Company was registered under license number 33A, provided on 3 February 2017 by the Central Bank of Armenia (the “CBA”) and was granted a license to provide investment services.

The Company registered “Shanghai Dragon” non-public interval contractual investment fund under license number 107A, provided on 28 June 2024 by the CBA but did not carry out any activities in 2024.

The registered office of the Company is located in Yerevan. The Company's legal address is at 1 Amiryan St, Yerevan 0010.

In 2024 the number of employees of the Company was 44 (2023: 30).

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements are prepared on a going concern basis, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Company.

Business environment

Armenia's business environment faces challenges due to geopolitical tensions, particularly ongoing aggression from Azerbaijan, and regional instability. The war in Ukraine has further complicated the situation, causing disruptions in trade, sanctions on Russia, and global inflation. Armenia's reliance on Russia has strained, affecting trade, remittances, and security guarantees, urging Armenia to diversify its economic relationships, though this comes with its own risks.

The Armenian dram is stronger than expected, controlling inflation but creating difficulties for exporters and businesses with foreign-currency liabilities. Global inflation and rising energy costs pressure Armenia's economy, especially due to reliance on imports.

Despite these challenges, businesses are diversifying supply chains and exploring new markets, while the government's reform efforts provide a path for long-term stability. However, Armenia's success will depend on its businesses' ability to navigate these risks effectively.

These financial statements reflect management's assessment of the impact of the Armenian business environment on the operations of the Company. The Company's management constantly analyzes the economic situation in the current environment. The future economic and political situation and its impact on the Company's operations may differ from the management's current expectations.

2.1 Presentation of financial statements

The Company presents its statement of financial position in order of liquidity based on the Company's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 26.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2024

In the current year the Company has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024.

New standards and amendments described below and applied for the first time in 2024 did not have a material impact on the annual financial statements of the Company:

- "Classification of Liabilities as Current or Non-current" (Amendments to IAS 1)
- "Lease Liability in a Sale and Leaseback" (Amendments to IFRS 16)
- "Supplier Finance Arrangements" (Amendments to IAS 7 and IFRS 7)
- "Non-current Liabilities with Covenants" (Amendments to IAS 1)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement, which are presented below:

- "Lack of Exchangeability" (Amendments to IAS 21)
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 "Presentation and Disclosures in Financial Statements"

Management does not anticipate a material impact on the Company's financial statements from these Standards and Amendments except for the Standards presented below, which are in the process of assessment.

"Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the impact of the new amendments.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

4 Material accounting policies

The following material accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

4.1 Basis of preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention. The financial instruments are stated at present discounted value of future cash flows as well as at fair value.

4.1.1 Comparative Information

Comparative information is reclassified to conform to changes in presentation in the current year.

The effect of main changes in presentation of the statement of financial position is as follows:

Statement of financial position

	31 December 2023	Reclassification adjustment	31 December 2023 (reclassified)
Cash and cash equivalents	708,359	69,548	777,907
Amounts due from financial institutions	6,634,673	(69,548)	6,565,125

The effect of main changes in presentation of the statement of cash flows is as follows:

Statement of cash flows

	2023	Reclassification adjustment	31 December 2023 (reclassified)
Amounts due from financial institutions	(6,005,430)	68,983	(5,936,447)
Cash and cash equivalents at the beginning of the year	617,927	565	618,492
Cash and cash equivalents at the end of the year	708,359	69,548	777,907

4.2 Climate-related matters

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks.

Physical risks arise as the result of acute weather events such as floods, droughts and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves and droughts.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

4.3 Foreign currency

Functional and presentation currency

The national currency of Armenia is the Armenian dram ("AMD"), which is the Company's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Company.

These financial statements are presented in AMD (unless otherwise stated), since management believes that this currency is more useful for the users of these financial statements. All financial information presented in AMD has been rounded to the nearest thousand.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transactions. Gains and losses resulting from the translation of trading assets are recognised in the statement of profit or loss and other comprehensive income in net trading income, while gains less losses resulting from translation of non-trading assets are recognized in the statement of profit or loss. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Changes in the fair value of monetary securities denominated in foreign currency classified as investment securities at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in the own equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities

classified as equity investment in respect of which an election has been made to present subsequent changes in fair value in OCI are included in the fair value reserve in equity.

Differences between the contractual exchange rate of a certain transaction and the prevailing average exchange rate on the date of the transaction are included in gains less losses from trading in foreign currencies in net trading income.

The exchange rates at year-end used by the Company in the preparation of the financial statements are as follows:

	31 December 2024	31 December 2023
AMD/1 USD Dollar	396.56	404.79
AMD/1 EUR	413.89	447.9
AMD/1 RUB	3.71	4.5

4.4 Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Expense is recognized to the extent that it is probable that the economic benefits will flow from the Company and the expense can be reliably measured. The following specific criteria must also be met before revenue is recognized:

The effective interest rate method

Interest income and expense are recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECL). For purchased or originated creditimpaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 4.6 (vi).

Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, – is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Company's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Company first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest and foreign exchange differences related to trading assets and liabilities. Net trading income also includes gains less losses from trading in foreign exchange translation is recognized in profit or loss when the corresponding service is provided, as well as net gain or loss from derivative instruments.

4.5 Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In the case when financial statements are authorized for issue before appropriate tax returns are submitted, taxable profits or losses are based on estimates. Tax authorities might have more stringent position in interpreting tax legislation and in reviewing tax calculations. As a result, tax authorities might claim additional taxes for those transactions, for which they did not claim previously. As a result, significant additional taxes, fines and penalties could arise. Tax review can include 3 calendar years immediately preceding the year of a review. In certain circumstances tax review can include even more periods.

Deferred tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The Republic of Armenia also has various operating taxes, which are assessed on the Company's activities. These taxes are included as a component of other expenses in the statement of profit or loss and other comprehensive income.

4.6 Financial instruments

i) Recognition and initial measurement

The Company initially recognises borrowings provided and attracted on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which The Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company'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 its 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 Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Financial liabilities are never reclassified.

Financial liabilities

The Company classifies its financial liabilities as measured at amortised cost or FVTPL.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see Note 4.6 (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a

portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Company retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see Note 4.6 (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, The Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see Note 4.6 (v)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

v) Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

vi) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') on the following financial instruments that are not measured at FVTPL:

- financial assets measured at amortised cost

- financial assets measured at fair value through other comprehensive income

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL (12mECLs) 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.

Lifetime expected credit losses (LTECLs) are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 27.1.2.

Based on the above process, The Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, The Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

PD (the Probability of Default) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD (the Exposure at Default) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD (the Loss Given Default) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The PD, the EAD and the LGD are further explained in note 27.1.2.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see Note 4.6 (iii)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, The Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by The Company on terms that The Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, The Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.

Presentation of allowances for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.
- loan commitments and financial guarantee contracts: generally, as a provision;

The Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

Write-offs

Borrowings and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.6.1 Cash and cash equivalents

Cash and cash equivalents comprise balances on bank accounts including highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash in a short time of a period and which are subject to an insignificant risk of changes in value, as well as accounts in clearing systems.

Cash and cash equivalents are carried at amortised cost.

4.6.2 Amounts due from financial institutions

In the normal course of business, the Company maintains advances or deposits for various periods of time with other banks. Term deposits are measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at amortized cost based on maturities estimated by management. Amounts due from financial institutions are carried net of any allowance for impairment losses.

4.6.3 Borrowings provided and receivables

Borrowings provided and receivables are financial assets with fixed or determinable payments, which arise when the Company provides money directly to a debtor with no intention of trading the receivable.

Borrowings provided with fixed maturities are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the borrowing, for example where the borrowing is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the borrowing and included in the statement of profit or loss and other comprehensive income as losses on origination of assets. Subsequently, the borrowings and receivables are measured using the effective interest method. Borrowings that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Borrowings provided are carried net of any allowance for impairment losses.

4.6.4 Investments in securities

The "investment securities" caption in the statement of financial position includes:

- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

4.6.5 Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements and faced as the separate balance sheet item. The corresponding liability is presented within amounts due to financial institutions or customers.

Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from financial institutions or loans and advances to customers as appropriate and are not recognized in the statement of financial position. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

4.7 Leases

For any new contracts the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company,
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defies scope of the contract,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases

Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in the other liabilities.

4.8 Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation. If the recoverable value of property and equipment is lower than its carrying amount, due to circumstances not considered to be temporary, the respective asset is written down to its recoverable value.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

	Useful life (years)	Rate (%)
Computers and communication	3-5	33.3-20
Other fixed assets	3-8	33.3-12.5

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is incurred and when it satisfies the criteria for asset recognition. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

4.9 Intangible assets

Intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

4.10 Impairment of non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use.

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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

4.12 Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

General reserve

The general reserve is established in accordance with the requirements of the RA legislation in order to cover general credit risks, including possible losses and other unforeseen risks and expenses. The reserve was created in accordance with the Company's statute, which provides for the creation of a reserve for these purposes in the amount of not less than 15% of the share capital reflected in the accounting accounts.

Retained earnings

Include accumulated earnings of current periods.

Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

4.13 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

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

4.13.1 Significant judgements in applying accounting policies

Classification of financial assets:

The Company assesses the business model within which the assets are held and also assesses whether the contractual terms of the financial asset are solely payments of principal and interest on the outstanding principal amount.

Establish criteria for calculating ECL

The Company establishes the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determines methodology for incorporating forward-looking information into measurement of ECL and selects and approves of models used to measure ECL.

4.13.2 Assumptions and estimations uncertainty

Measurement of fair values

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and

assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 24).

Useful Life of property and equipment

Useful life evaluation of property and equipment is the result of judgement, based on the experience with similar assets. Future economic benefits are embodied in assets and mainly consumed along with usage. Management evaluates the remaining useful life according to the asset's current technical condition and estimated period, during which the Company expects to receive benefits. For the evaluation of remaining useful life are considered the following main factors: expectable usage of assets, depending on the operational factors and maintenance program, that is depreciation arising from the changes in the market conditions.

Extension options for leases

When the Company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

Related party transactions

In the normal course of business, the Company enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis (see Note 23).

Impairment of financial instruments

The Company assesses whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL, as well as the key assumptions used in estimating recoverable cash flows (see Note 27).

Tax legislation

Armenian tax legislation is subject to varying interpretations. see Note 22.

5 Interest income and expense

	2024	2023
Interest income calculated using effective interest rate		
Cash and cash equivalents	102,888	10,719
Investments in securities	-	453,083
Reverse repurchase transactions	189,230	20,249
Total interest income	292,118	484,051
Interest expense		
Amounts due to financial institutions	42,909	488,196
Repurchase agreements	1,867,068	585,092
Lease liabilities	2,968	1,371
Total interest expense	1,912,945	1,074,659
Total net interest expense	(1,620,827)	(590,608)

6 Fee and commission income and expense

	2024	2023
Custodial activities	667,673	266,801
Commissions from securities transactions	2,464,859	804,855
Other fees and commissions	14,864	14,795
Total fee and commission income	3,147,396	1,086,451
Commissions from brokerage services	1,355,436	1,826,733
Custodial activities	95,046	101,105
Banking services	63,738	43,498
Other expenses	3,759	2,947
Total fee and commission expense	1,517,979	1,974,283

7 Net trading income

	2024	2023
Net gain from trading and revaluation of securities	14,967,154	12,371,115
Net gain from trading in foreign currencies	1,627,058	951,378
Net gain (loss) from derivative instruments	9,375	(33,131)
Total net trading income	16,603,587	13,289,362

8 Credit loss expense (reversal of credit loss expense)

	Note	2024			2023	
		Stage 1	Total	Stage 1	Total	
Cash and cash equivalents	12	11,261	11,261	-	-	
Amounts due from financial institutions	13	(2,114)	(2,114)	16,926	16,926	
Investments in securities	14	(23,847)	(23,847)	7,314	7,314	
Borrowings provided	15	(4,671)	(4,671)	2,186	2,186	
Total credit loss expense (reversal of credit loss expense)		(19,371)	(19,371)	26,426	26,426	

9 Personnel expenses

	2024	2023
Compensations of employees, related taxes included	7,566,284	6,185,706

Employee benefits include bonuses in the amount of AMD 6,512,064 thousand (2023: AMD 5,652,681 thousand) paid to employees for market expansion activities and the development of new business segments.

10 Other expenses

	2024	2023
Consulting and other services	71,770	66,269
Communications	51,159	33,667
Representative and advertising expenses	44,123	17,632
Expenses of short term and low value assets leases	26,370	25,963
Taxes, other than income tax, duties	25,454	12,304
Amortization and depreciation	24,951	15,981
Repair and maintenance of tangible assets	20,965	9,181
Office supplies	19,528	10,138
Business trip expenses	18,576	20,128
Rating service expenses	14,904	-
Membership fees	13,604	4,154
Charitable donations	10,000	-
Insurance	3,215	46
Security	1,296	816
Other expenses	12,322	13,514
Total other expenses	358,237	229,793

11 Income tax expense

	2024	2023
Current tax expense	1,743,052	1,035,352
Deferred tax	54,966	(21,393)
Total income tax expense	1,798,018	1,013,959

The corporate income tax within the Republic of Armenia is levied at the rate of 18% (2023: 18%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 18%.

Numerical reconciliation between the tax expenses and accounting profit is provided below:

	2024	Effective tax rate (%)	2023	Effective tax rate (%)
Profit before taxation	10,292,059		5,603,086	
Income tax	1,852,571	18	1,008,555	18
Non-deductible expenses	168,238	2	8,960	-
Foreign exchange gains (losses)	(222,791)	(2)	(42,136)	(1)
Tax loss carried forward	-	-	38,580	1
Income tax expense	1,798,018	18	1,013,959	18

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Deferred tax calculation in respect of temporary differences:

	2023	Recognized in profit or loss	Net	Deferred tax asset	Deferred tax liability
Cash and cash equivalents	-	2,027	2,027	2,027	-
Amounts due from financial institutions	-	395	395	395	-
Investments in securities	18,215	(50,977)	(32,762)	-	(32,762)
Property and equipment	(4,315)	3,870	(445)	-	(445)
Provisions	43,607	(7,142)	36,465	36,465	-
Lease liabilities	1,886	(3,139)	(1,253)	-	(1,253)
Deferred tax asset (liability)	59,393	(54,966)	4,427	38,887	(34,460)

	2022	Recognized in profit or loss	Net	Deferred tax asset	Deferred tax liability
Property and equipment	(75)	(4,240)	(4,315)	-	(4,315)
Investments in securities	-	18,215	18,215	18,215	-
Provisions	4,803	38,804	43,607	43,607	-
Other assets	(171)	171	-	-	-
Lease liabilities	-	1,886	1,886	1,886	-
Tax loss carried forward	33,443	(33,443)	-	-	-
Deferred tax asset (liability)	38,000	21,393	59,393	63,708	(4,315)

12 Cash and cash equivalents

	31 December 2024	31 December 2023
Accounts in banks	2,423,710	435,985
Deposits for less than 90 days	2,541,752	69,548
Current accounts in clearing systems	663,979	272,374
	5,629,441	777,907
Credit loss allowance	(11,261)	-
Total cash and cash equivalents	5,618,180	777,907

The Company's bank accounts opened in one bank, the balance of which is AMD 398,000 thousand (2023: AMD 288,725 thousand) and all funds deposited into these accounts in the future are pledged as a collateral for the Company's main loan agreement (Note 18).

An analysis of changes in the ECLs on cash and cash equivalents as follows:

	2024		2023	
	Stage 1	Total	Stage 1	Total
ECL allowance at 1 January	-	-	-	-
Net remeasurement of loss allowance	11,261	11,261	-	-
Balance at 31 December	11,261	11,261	-	-

13 Amounts due from financial institutions

	31 December 2024	31 December 2023
Deposit in bank	1,000	1,000
Amounts receivable on custodial activities	41,417	1,484
Receivables on securities transactions	957,976	6,566,947
Other	39	-
	1,000,432	6,569,431
Credit loss allowance	(2,192)	(4,306)
Total amounts due from financial institutions	998,240	6,565,125

Deposit in bank have a maturity of more than 90 days and according to the contract, it is allowed to make unlimited inputs and withdrawals on the deposit amount, maintaining a balance of AMD 1,000 thousand on the deposit.

An analysis of changes in the ECLs on amount due from financial institutions as follows:

	2024		2023	
	Stage 1	Total	Stage 1	Total
ECL allowance at 1 January	4,306	4,306	13,269	13,269
Net remeasurement	(2,114)	(2,114)	16,926	16,926
Amounts written-off	-	-	(25,889)	(25,889)
Balance at 31 December	2,192	2,192	4,306	4,306

14 Investments in securities

Investment securities measured at amortised cost

	31 December 2024	31 December 2023
Investment securities measured at amortised cost		
RA state bonds	-	263,895
Credit loss allowance	-	(718)
Total investment securities measured at amortised cost	-	263,177
Investment securities measured at amortised cost pledged under repurchase agreements		
RA state bonds	-	8,500,020
Credit loss allowance	-	(23,129)
Total investment securities measured at amortised cost pledged under repurchase agreements	-	8,476,891

All debt securities have fixed coupons.

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For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

An analysis of changes in the ECLs on investment securities measured at amortised cost pledged under repurchase agreements as follows:

	2024		2023	
	Stage 1	Total	Stage 1	Total
ECL allowance at 1 January	23,847	23,847	16,533	16,533
Net remeasurement of credit loss allowance	(23,847)	(23,847)	7,314	7,314
Balance as at 31 December	-	-	23,847	23,847

Investment securities measured at amortised cost upon profitability and maturity terms:

	31 December 2024		31 December 2023	
	%	Maturity	%	Maturity
RA state bonds	-	-	9.25-12.5%	2028-2037

The Company has changed the business model of financial assets management and as at 1 January 2024 reclassified securities with carrying amount of AMD 8,763,915 thousand have been from the amortized cost category to the fair value through profit or loss (FVTPL) category in accordance with the provisions of IFRS 9. The gain arising from the difference between the amortized cost and fair value as a result of the reclassification in the amount of AMD 347,305 thousand was immediately recognized in the statement of profit or loss and other comprehensive income. The Company has not restated the data for the previous reporting period, and the reclassification was performed on a prospective basis in accordance with IFRS 9.

Securities measured at FVTPL

	31 December 2024	31 December 2023
Debt securities measured at FVTPL		
RA state bonds	4,912,788	1,657,978
RA corporate bonds	5,118,303	1,640,631
Non-resident state bonds	4,814,030	-
Non-resident corporate bonds	2,251,026	3,965,776
Non-resident corporate shares	6,538	1,260,011
Total debt securities at FVTPL	17,102,685	8,524,396
Debt securities measured at FVTPL pledged under repurchase agreements		
RA state bonds	42,178,146	1,354,950
RA corporate bonds	232,391	-
Total debt securities at FVTPL pledged under repurchase agreements	42,410,537	1,354,950

Investment securities measured at FVTPL by profitability and maturity date comprise:

	31 December 2024		31 December 2023	
	%	Maturity	%	Maturity
RA state bonds	3.6-12.5	2026-2050	3.6-12.5%	2025-2037
RA corporate bonds	4.75-11.5	2025-2030	5.5%	2025
Non-resident state bonds	0	2025	-	-
Non-resident corporate bonds	1.45-10.25	2025-2029	5.18-5.25	2024

15 Borrowings provided

	31 December 2024	31 December 2023
Borrowings provided to related parties	-	269,905
	-	269,905
Credit loss allowance	-	(4,671)
Total borrowings provided	-	265,234

An analysis of changes in the ECLs on borrowings provided as follows:

	2024		2023	
	Stage 1	Total	Stage 1	Total
ECL allowance as at 1 January	4,671	4,671	2,485	2,485
Net remeasurement of credit loss allowance	(4,671)	4,671	2,186	2,186
Balance as at 31 December	-	-	4,671	4,671

As at 31 December 2023 the borrowings have been provided to the parties related to the Company (see Note 23).

The borrowings provided to the related parties are short-term and interest-free. The borrowings have been discounted by 16.2%, the fair value of which is presented in Note 24.24. As at 31 December 2023 the estimated fair value of borrowing provided approximates its carrying amount.

Maturity analysis of borrowing provided is disclosed in Note 26.

Credit, currency and interest rate analyses of borrowing provided are disclosed in Note 27.

16 Property and equipment and intangible assets

	Computers and communication	Other	Leasehold improvement	Intangible assets	Right-of-use assets	Total
					Office premises	
Cost						
As at 1 January 2023	6,299	1,615	-	-	22,168	30,082
Additions	11,150	3,956	-	8,352	-	23,458
As at 31 December 2023	17,449	5,571	-	8,352	22,168	53,540
Additions	14,472	4,976	1,435	41,883	99,249	162,015
Remeasurement	-	-	-	-	(1,641)	(1,641)
As at 31 December 2024	31,921	10,547	1,435	50,235	119,776	213,914
Accumulated depreciation						
As at 1 January 2023	3,965	624	-	-	3,715	8,304
Expenses for the year	8,050	541	-	-	7,390	15,981
As at 31 December 2023	12,015	1,165	-	-	11,105	24,285
Expenses for the year	4,851	1,180	51	-	18,869	24,951
Remeasurement	-	-	-	-	(1,323)	(1,323)
As at 31 December 2024	16,866	2,345	51	-	28,651	47,913

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	Computers and communi- cation	Other	Leasehold improvement	Intangible assets	Right-of-use assets Office premises	Total
Carrying amount						
As at 31 December 2023	5,434	4,406	-	8,352	11,063	29,255
As at 31 December 2024	15,055	8,202	1,384	50,235	91,125	166,001

Fully depreciated items

As at 31 December 2024 property, equipment and intangible assets included fully depreciated assets in amount of AMD 14,834 thousand (2023: AMD 6,341 thousand).

Restrictions on title of fixed assets

As at 31 December 2024, the Company does not possess any fixed assets pledged as security for liabilities or whose title is otherwise restricted (31 December 2023: neither).

Contractual commitments

As at 31 December 2024 the Company does not possess contractual commitments to invest in fixed assets (31 December 2023: neither).

17 Other assets

	31 December 2024	31 December 2023
Amounts receivable on custodial activities	4,871	8,325
Other amounts receivable	91,928	20,631
Total other financial assets	96,799	28,956
Fuel	-	213
Prepayments	1,235	1,010
Other prepaid taxes	16	323
Other assets	9,065	1,422
Total non-financial assets	10,316	2,968
Total other assets	107,115	31,924

The ECLs relating to other financial assets here rounds to zero and therefore, have not been disclosed here.

18 Amounts due to financial institutions and individuals

	31 December 2024	31 December 2023
Loans from banks	-	244
Borrowings from related parties	41,697	208,386
Borrowings from other parties	117,309	-
Loans under repurchase agreements	39,198,802	9,111,067
Loans under repurchase agreements with individuals	70,593	-
Total amounts due to financial institutions and individuals	39,428,401	9,319,697

Loans from financial institutions and individuals have fixed interest rates.

Loans attracted under repurchase agreements are secured by securities measured at FVTPL in amount of AMD 42,410,537 thousand (2023: investment securities measured at amortised cost in amount of AMD 1,354,950 thousand and measured at FVTPL in amount of AMD 8,476,891 thousand).

The Company has a master credit agreement with bank under which it receives loans, credit lines, guarantees, overdrafts, factoring financing, financial leasing. The balance of the loan received from the bank as at 31 December 2024 is zero (31 December 2023: the Company had an open credit line agreement with a maximum limit of USD 2,000 thousand, an annual interest rate of 16% and the balance of which was zero). The Company's bank accounts and all funds subsequently deposited into these accounts are pledged against this agreement, as well as the Company has signed a guarantee agreement with property and funds owned by the Company (Note 12).

The Company has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period (2023: neither).

19 Liabilities on brokerage services

Liabilities on brokerage services arise as a result of agreements concluded between the Company and its clients. The Company undertakes to provide brokerage services to clients in accordance with the terms and conditions set by the agreements for a fee determined accordingly. These liabilities are short-term (see Note 26).

20 Other liabilities

	31 December 2024	31 December 2023
Lease liabilities	84,164	10,476
Other amounts payable	50,910	72,620
Due to personnel	204,952	218,399
Total other financial liabilities	340,026	301,495
Tax payable, other than income tax	45,813	155,334
Total other non-financial liabilities	45,813	155,334
Total other liabilities	385,839	456,829

Lease liabilities

The Company has leases for the head office. The lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Right-of-use assets are presented in the statement of financial position in the line of property and equipment (see Note 16):

Set out below are presented the movements of lease liabilities during the period.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	2024	2023
As at 1 January	10,476	17,505
Additions	99,249	-
Remeasurement	(1,641)	-
Accretion of interest	2,968	1,371
Payments	(26,888)	(8,400)
Total lease liabilities at 31 December	84,164	10,476

In 2024 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 is 12.11% (2023: 10%).

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 December 2024 (see Note 27.3).

21 Equity

As at 31 December 2024 the Company's registered and paid-in share capital was AMD 760,000 thousand. In accordance with the Company's statutes, the share capital consists of 76,000 ordinary shares, all of which have a par value of AMD 10,000 each.

The respective shareholdings as at 31 December 2024 and 2023 may be specified as follows:

	31 December 2024		31 December 2023	
	Paid-in share capital	%	% of total paid-in capital	%
Armine Najaryan	380,000	50%	320,000	50%
Armen Ter-Hakobyan	380,000	50%	320,000	50%
	760,000	100%	640,000	100%

As at 31 December 2024, the Company did not possess any of its own shares.

In 2024, the Company increased its share capital by AMD 120,000 thousand.

In 2024, the General Meeting of Shareholders of the Company decided to pay dividends of AMD 1,600,000 thousand to the Company's shareholders from the retained earnings of previous years. The Company also paid an interim dividend of AMD 800,000 thousand for 2024.

Of the dividends paid, AMD 983,665 thousand was used to repay loans received from related parties.

Distributable among shareholders reserves, in accordance with the RA legislation, equal the amount of accumulated loss. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general banking risks, including future losses and other unforeseen risks or contingencies.

22 Contingencies

Tax and legal matters

The taxation system in Armenia 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. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

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

authorities were successful in enforcing their interpretations, could be significant. Management believes that the Company has complied with all regulations and has completely settled all its tax liabilities.

As at 31 December 2024 there were no legal actions and complaints taken against the Company. Therefore, the Company has not made any respective provision related to such tax and legal matters.

Insurance

The insurance industry in Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company has full coverage in respect of movable property damage. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

23 Transactions with related parties

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of the present financial statements, related parties include shareholders, members of Company's Management as well as other persons and enterprises related with and controlled by them respectively.

The Company does not have ultimate controlling party.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and other transactions. These transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

	2024		2023	
	Shareholders and parties related with them	Key management personnel and parties related with them	Shareholders and parties related with them	Key management personnel and parties related with them
Statement of financial position				
Borrowings provided				
As at 1 January gross	265,234	-	155,310	-
Borrowings provided during the year	2,532,000	-	1,355,948	-
Borrowings repaid during the year	(2,801,905)	-	(1,241,353)	-
Credit loss allowance	-	-	(4,671)	-
Balance at 31 December	-	-	265,234	-
Borrowings received				
As at 1 January	42,549	-	47,068	-
Received during the year	6,947	-	18,222	-
Paid during the year	(7,799)	-	(22,741)	-
Balance at 31 December	41,697	-	42,549	-

	2024		2023	
	Shareholders and parties related with them	Key management personnel and parties related with them	Shareholders and parties related with them	Key management personnel and parties related with them
Liabilities on brokerage services				
As at 1 January	-	-	-	-
Received during the year	4,730,639	-	-	-
Paid during the year	(4,620,821)	-	-	-
Balance at 31 December	109,818	-	-	-
Statement of profit or loss and other comprehensive income				
Interest expense	(2,326)	-	(2,305)	-
Loss from sale of securities	(698)	-	-	-
Lease expenses of short-term and low-value assets	(10,800)	-	(11,700)	-
credit loss expense (reversal of credit loss expense)	(4,671)	-	2,186	-
Business trip expenses	(653)	(2,581)	(1,430)	(4,766)
Revaluation	257	-	(1,195)	-
Net income from trading in from foreign currency	5,172	-	-	-
Commissions from custodial activities	2,438	-	-	-
Income from brokerage services	6,079	-	-	-

Compensation of key management personnel was comprised of the following:

	31 December 2024	31 December 2023
Salaries and bonuses	160,189	139,909
Total compensations of key management personnel	160,189	139,909

24 Fair value measurement

Financial and non-financial assets and liabilities measured at fair value are presented below in accordance with the fair value hierarchy. This hierarchy groups financial and non-financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24.1 Financial instruments that are not measured at fair value

The table below presents the fair value of financial assets and liabilities not measured at their fair value in the statement of financial position and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Notes to the Financial Statements

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	31 December 2024				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	5,618,180	-	5,618,180	5,618,180
Amounts due from financial institutions	-	998,240	-	998,240	998,240
Other assets	-	96,799	-	96,799	96,799
Financial liabilities					
Amounts due to financial institutions and individuals	-	39,428,401	-	39,428,401	39,428,401
Liabilities on brokerage services	-	13,831,228	-	13,831,228	13,831,228
Lease liabilities	-	84,164	-	84,164	84,164
Other liabilities (excluding finance lease)	-	255,862	-	255,862	255,862

	31 December 2023				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	777,907	-	777,907	777,907
Amounts due from financial institutions	-	6,565,125	-	6,565,125	6,565,125
Borrowings provided	-	230,422	-	230,422	265,234
Investments securities measured at amortised cost, including the pledged securities	-	8,541,426	-	8,541,426	8,476,891
Other assets	-	28,956	-	28,956	28,956
Financial liabilities					
Amounts due to financial institutions and individuals	-	9,319,697	-	9,319,697	9,319,697
Liabilities on brokerage services	-	10,110,539	-	10,110,539	10,110,539
Lease liabilities	-	10,476	-	10,476	10,476
Other liabilities (excluding finance lease)	-	291,019	-	291,019	291,019

Amounts due from and to financial institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates, which are mainly the same as current interest rates.

Notes to the Financial Statements

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Investment securities measured at amortised cost

Market values have been used to determine the fair value of investment securities measured at amortised cost traded on an active market. For securities that are not traded on an active market, the fair value was estimated as the present value of estimated future cash flows discounted at the year-end market rates.

24.2 Financial instruments that are measured at fair value

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities measured at FVTPL, including the pledged securities	7,549,830	51,963,392	-	59,513,222
Net fair value	7,549,830	51,963,392	-	59,513,222

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities measured at FVTPL, including the pledged securities	6,866,417	3,012,929	-	9,879,346
Net fair value	6,866,417	3,012,929	-	9,879,346

There have been no transfers between levels 1 and 2 in the reporting period.

The fair value measurement methods and valuation mechanism have not changed compared to the previous reporting period.

Unquoted debt securities

The fair value of unquoted debt securities at FVOCI is measured using a valuation technique, which uses current market rates to discount future cash flows of the financial instruments.

Fair value measurements in Level 3

The Company's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data.

25 Offsetting of financial assets and financial liabilities

In the ordinary course of business, the Company performs different operations with financial instruments which may be presented in net amounts when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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The table below presents financial assets and financial liabilities that are offset in the statement of financial position or are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

	Gross amount of recognised financial assets/liabilities	Gross amount of recognised financial assets/liabilities in the statement of financial position	Net amount of financial liabilities in the statement of financial position	31 December 2024		
				Related amounts that are not offset in the statement of financial position		
				Financial instruments	Cash collateral received	Net
Financial assets						
Repurchase agreements (Note 14, 18)	(39,269,395)	-	(39,269,395)	42,410,537	-	3,141,142
Total	(39,269,395)	-	(39,269,395)	42,410,537	-	3,141,142

	Gross amount of recognised financial assets/liabilities	Gross amount of recognised financial assets/liabilities in the statement of financial position	Net amount of financial liabilities in the statement of financial position	31 December 2023		
				Related amounts that are not offset in the statement of financial position		
				Financial instruments	Cash collateral received	Net
Financial assets						
Repurchase agreements (Note 14, 18)	(9,111,067)	-	(9,111,067)	9,831,841	-	720,774
Total	(9,111,067)	-	(9,111,067)	9,831,841	-	720,774

26 Maturity analysis of assets and liabilities

The table below shows an analysis of financial assets and liabilities analyzed according to when they are expected to be recovered or settled. See Note 27.3 for the Company's contractual undiscounted repayment obligations.

	31 December 2024						
	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
Assets							
Cash and cash equivalents	5,618,180	-	5,618,180	-	-	-	5,618,180
Amounts due from financial institutions	997,240	1,000	998,240	-	-	-	998,240
Investments in securities	5,066,415	465,147	5,531,562	5,395,246	6,175,877	11,571,123	17,102,685
Securities pledged under repurchase agreements	41,550,567	859,970	42,410,537	-	-	-	42,410,537
Other assets	96,799	-	96,799	-	-	-	96,799
	53,329,201	1,326,117	54,655,318	5,395,246	6,175,877	11,571,123	66,226,441

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	31 December 2024						
	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
Liabilities							
Amounts due to financial institutions and individuals	38,182,916	1,225,612	39,408,528	19,873	-	19,873	39,428,401
Liabilities on brokerage services	13,831,228	-	13,831,228	-	-	-	13,831,228
Lease liabilities	3,026	37,015	40,041	44,123	-	44,123	84,164
Other liabilities	-	255,862	255,862	-	-	-	255,862
	52,017,170	1,518,489	53,535,659	63,996	-	63,996	53,599,655
Net position	1,312,031	(192,372)	1,119,659	5,331,250	6,175,877	11,507,127	12,626,786
Accumulated gap	1,312,031	1,119,659		6,450,909	12,626,786		

	31 December 2023						
	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
Assets							
Cash and cash equivalents	777,907	-	777,907	-	-	-	777,907
Amounts due from financial institutions	6,564,125	1,000	6,565,125	-	-	-	6,565,125
Borrowings provided	-	265,234	265,234	-	-	-	265,234
Investments in securities	1,259,294	3,965,776	5,225,070	2,479,446	1,083,057	3,562,503	8,787,573
Securities pledged under repurchase agreements	9,831,841	-	9,831,841	-	-	-	9,831,841
Other assets	28,956	-	28,956	-	-	-	28,956
	18,462,123	4,232,010	22,694,133	2,479,446	1,083,057	3,562,503	26,256,636
Liabilities							
Amounts due to financial institutions and individuals	9,111,648	208,049	9,319,697	-	-	-	9,319,697
Liabilities on brokerage services	10,110,539	-	10,110,539	-	-	-	10,110,539
Lease liabilities	615	7,115	7,730	2,746	-	2,746	10,476
Other liabilities	-	291,019	291,019	-	-	-	291,019
	19,222,802	506,183	19,728,985	2,746	-	2,746	19,731,731
Net position	(760,679)	3,725,827	2,965,148	2,476,700	1,083,057	3,559,757	6,524,905
Accumulated gap	(760,679)	2,965,148		5,441,848	6,524,905		

27 Risk management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks.

Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk.

Risk management structure

The risk management procedure is carried out within separate independent bodies.

General Meeting of shareholders

The General Meeting of shareholders is responsible for the overall risk management approach and for approving the risk strategies and principles.

Management Board

The Management Board has the responsibility to monitor the overall risk process within the Company. The Management is also responsible for the management of Company's assets and liabilities, as well as liquidity risk and financing risk management.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risks.

27.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation.

Credit exposures arise principally in provision of borrowings, and investment activities that bring debt securities and other bills into the Company's asset portfolio.

In 2024 and 2023 there are not impaired assets in the Company.

The carrying amounts of the Company's financial assets best represent the maximum exposure to credit risk related to them, without taking account of any collateral held or other credit enhancements.

With the purpose of mitigating its credit risk the Company may set maximum limits with institutions it collaborates with for the allocation of resources. Separate limit may be set for each institution.

27.1.1 Credit quality analysis

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets, without taking account of any collateral held or other credit enhancements.

Explanation of internal rating grades is included in Note 27.1.2.

Internal rating grade	31 December 2024		31 December 2023	
	Stage 1	Total	Stage 1	Total
Cash and cash equivalents				
Standard	5,629,441	5,629,441	777,907	777,907
Gross carrying amount	5,629,441	5,629,441	777,907	777,907
Credit loss allowance	(11,261)	(11,261)	-	-
Net carrying amount	5,618,180	5,618,180	777,907	777,907
Amounts due from financial institutions				
Standard	1,000,432	1,000,432	6,569,431	6,569,431
Gross carrying amount	1,000,432	1,000,432	6,569,431	6,569,431
Credit loss allowance	(2,192)	(2,192)	(4,306)	(4,306)
Net carrying amount	998,240	998,240	6,565,125	6,565,125
Investments in securities				
Securities measured at amortised cost, including the pledged securities				
Standard	-	-	8,763,915	8,763,915
Gross carrying amount	-	-	8,763,915	8,763,915
Credit loss allowance	-	-	(23,847)	(23,847)
Net carrying amount	-	-	8,740,068	8,740,068
Borrowings provided				
Standard	-	-	269,905	269,905
Gross carrying amount	-	-	269,905	269,905
Credit loss allowance	-	-	(4,671)	(4,671)
Net carrying amount	-	-	265,234	265,234
Other financial assets				
Standard	96,799	96,799	28,956	28,956
Net carrying amount	96,799	96,799	28,956	28,956

27.1.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies (see Note 4.6 (vi)).

Significant increase in credit risk

At each reporting date, The Company assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, The Company use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

The Company considers both quantitative and forward-looking qualitative criteria in order to assess whether a significant increase in credit risk has occurred.

However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, The Company use past due information to determine whether there have been significant increases in credit risk since initial recognition.

Criteria for borrowings

The criteria for advances to customers are presented in the following paragraphs. All presented criteria have the same weight in determining a significant increase in credit risk.

- 30 days past due. More than 30 days past due is an indicator of a significant increase in credit risk.
- Past due - other than 30 days. Significant increase in credit risk is considered when although at the reporting date, days past due are less than 30, during the last 6 months there was at least one case of more than 60 days past due.
- Default ('stage 3') during the last 12 months. Significant increase in credit risk is considered when although at the reporting date the outstanding amount of the facility is not classified as default, during the last 12 months it was at least once in stage 3.
- Borrowings in the probation period. Significant increase in credit risk is considered in case of a forbore performing loan or forbore non-performing loan, which is in the probation period (period after cure period). wherein, the loan should not have overdue days of more than 30 days or any indication of an unlikelihood to pay.

Criteria for Investment securities

The criteria for securities are presented in the following paragraphs. All presented criteria have the same weight in determining a significant increase in credit risk.

- Relative change in 12-month PD. A significant change in 12-month PD is considered as factor of changes in lifetime PD. This is indicative of a significant increase in credit risk. This criterion is used when the Entity has an internal credit rating system.
- Relative change in lifetime PD. A significant change in lifetime PD is indicative of a significant increase in credit risk. This criterion is used when the Entity has an internal credit rating system
- Change notches external credit score rate. For this criterion, the country's rating will be taken into account government securities or corporate rating will be taken into account for corporate securities. A significant change notches in the credit score assigned by the Big Three credit rating agencies (Standard & Poor's, Moody's, and Fitch) is indicative of a significant increase in credit risk. A significant increase in credit risk is taken into account when the S & P rating goes down one level each time, beginning with BB (S&P) (or the equivalent of Moody's and Fitch). In cases where an issuers of securities don't have a corporate rating in a rating agency and the Company does not have an equivalent internal rating system, the corporate default rate corresponding to sovereign rating of the country is taken into consideration.

Exit criteria from significant deterioration stage

If none of the indicators that are used by The Company to assess whether significant increase in credit risk has occurred, is present, transfer from stage 2 to stage 1 is performed, with the exception of forbore loans for which a probation period is used.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative (primarily driven by days past due: Not overdue financial assets are defined high grade, overdue less than 30 days – standard grade, overdue more than 30 days and less than 90 days – substandard or low grade and overdue more than 90 days – non-performing grade) factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Collective or individual assessment

The Company calculates ECLs either on a collective or an individual basis. Asset classes where the Company calculates ECL on an individual basis include:

- Individually significant loans of Stage 3, regardless of the class of financial assets
- The treasury, trading and interbank relationships such as Due from banks, Securities pledged under repurchase agreements and debt instruments at amortised cost/FVOCI
- Exposures that have been classified as POCI when the original loan was derecognised and a new loan was recognised as a result of a credit driven debt restructuring.

Those assets for which ECL does not calculated individually the Company groups into segment on the basis of shared credit risk characteristics.

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- lawsuit, execution or enforced execution in order to collect debt,
- license of the borrower is withdrawn,
- multiple restructurings on one exposure,
- there are justified concerns about a borrower's future ability to generate stable and sufficient cash flows,
- debt service coverage ratio indicates that debt is not sustainable
- loss of major customer or tenant,
- connected customer has filed for bankruptcy,
- restructuring with a material part which is forgiven (net present value (NPV) loss),
- Company starts bankruptcy proceedings

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. The Company's criterion for 'cure' for ECL purposes is less stringent than the 12 months' requirement for forbore non-performing exposures.

Forborne and modified loan

The Company sometimes makes concessions or modifications to the original terms of borrowings as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forbore when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forbore loans to help ensure that future payments continue to be likely to occur.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis.

The Company defines the "cure" period as a 12-month period after forbearance, which is applied for forbore non-performing exposures. Given the fact that it is impossible to determine financial difficulties immediately after forbearance, it is necessary to use the "cure" period to determine whether the loan was effectively cured. All forbore non-performing loans must remain at stage 3 after the forbearance date, despite the behavior of the loan (no overdue days, etc.).

The Company defines the probation period as 24-month period after "cure" period, which is applied for forbore performing exposures (excluding any grace period). Once an asset has been classified as forbore performing exposures, it will remain forbore for a minimum 24-month probation period.

In order for the loan to be reclassified out of the forbore category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing;
- The probation period of two years has passed from the date the forbore contract was considered performing;
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- The customer does not have any contract that is more than 30 days past due.

Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12mECL), or over the remaining lifetime (LTECLs) of the obligation.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Loss given default (LGD)

LGD is determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Exposure at default (EAD)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For products with contractual terms, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Bank's recent default data.

Forward looking information

The Company did not include any forward looking information for financial assets. Management estimates that the impact of forward looking information is not significant.:

27.1.3 Risk concentrations

Geographical sectors

Credit risk assets are mainly located in the territory of the Republic of Armenia.

27.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Company manages market risk by setting open position limits on financial instruments that are regularly reviewed and approved by the CEO.

27.2.1 Market risk – Non-trading

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at 31 December 2024 and 31 December 2023 the Company did not possess financial assets or liabilities with variable interest rate.

The following is a sensitivity analysis of the gain or loss due to changes in the fair value of financial instruments at FVTPL performed as at 31 December 2024 based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

Currency	2024	
	Change in basis points	Profit or loss
AMD	1	(2,058,518)
AMD	(1)	2,259,070

Currency	2023	
	Change in basis points	Profit or loss
AMD	1	(281,145)
AMD	(1)	33,891

Average effective interest rates

The table below displays average interest rates for interest earning assets and interest-bearing liabilities as at 31 December 2024 and 31 December 2023. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2024			2023		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD	Other currencies	AMD	USD	Other currencies
Interest earning assets						
Deposit in bank	8.59	-	-	8.8	-	-
Securities pledged under repurchase agreements	10.83	6.26		12.5	5.57	
Investments in securities	10.56	3.71		9.89	-	

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For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	2024			2023		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD	Other currencies	AMD	USD	Other currencies
Interest earning assets						
Interest bearing liabilities						
Loans from banks	-	-	-	-	16	-
Repurchase agreements with banks	7.74	5.00	-	9.98	-	-
Repurchase agreements with individuals	-	3.16	-	-	-	-
Borrowings received	-	4.93	-	-	5.31	-

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Positions are monitored on a daily basis.

The tables below indicate the currencies to which the Company had significant exposure as at 31 December 2024 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a reasonably possible movement of the currency rate against the Armenian dram, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges, and equity instruments). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

Currency	31 December 2024		31 December 2023	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	10	872,358	10	496,229
EUR	10	4,834	10	18,238
USD	(10)	(872,358)	(10)	(496,229)
EUR	(10)	(4,834)	(10)	(18,238)

The Company's exposure to foreign currency exchange risk is as follow:

	Armenian Dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and cash equivalents	2,562,252	2,531,570	524,358	5,618,180
Amounts due from financial institutions	1,027	452,953	544,260	998,240
Investments in securities	4,012,153	13,089,501	1,031	17,102,685
Securities pledged under repurchase agreements	36,171,230	6,239,307	-	42,410,537
Other assets	9,206	84,117	3,476	96,799
Total	42,755,868	22,397,448	1,073,125	66,226,441

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For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	Armenian Dram	Freely convertible currencies	Non-freely convertible currencies	Total
Liabilities				
Amounts due to financial institutions and individuals	38,710,171	427,933	290,297	39,428,401
Liabilities on brokerage services	355,813	13,201,473	273,942	13,831,228
Lease liabilities	84,164	-	-	84,164
Other liabilities	211,541	-	44,321	255,862
Total	39,361,689	13,629,406	608,560	53,599,655
Net position as at 31 December 2024	3,394,179	8,768,042	464,565	12,626,786
Total financial assets				
	10,987,338	15,171,888	97,410	26,256,636
Total financial liabilities	9,358,646	10,022,423	350,662	19,731,731
Net position as at 31 December 2023	1,628,692	5,149,465	(253,252)	6,524,905

Freely convertible currencies represent mainly US dollar amounts, but also include currencies from other OECD countries. Non-freely convertible amounts relate to currencies of CIS countries, excluding Republic of Armenia

27.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

The liquidity management of the Company requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources. The Company maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2024 based on contractual undiscounted repayment obligations. see Note 2626 for the expected maturities of these liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

	31 December 2024					
	Trading derivatives	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Non-derivative financial liabilities						
Amounts due to financial institutions and individuals	38,266,585	1,237,658	20,075	-	39,524,318	39,428,401
Liabilities on brokerage services	13,831,228	-	-	-	13,831,228	13,831,228
Lease liabilities	3,872	43,987	50,641	-	98,500	84,164
Other liabilities	-	255,862	-	-	255,862	255,862
Total undiscounted non-derivative financial liabilities	52,101,685	1,537,507	70,716	-	53,709,908	53,599,655

	31 December 2023					
	Trading derivatives	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Non-derivative financial liabilities						
Amounts due to financial institutions and individuals	9,131,597	257,386	-	-	9,388,983	9,319,697
Liabilities on brokerage services	10,110,539	-	-	-	10,110,539	10,110,539
Lease liabilities	700	7,700	11,200	-	19,600	10,476
Other liabilities	-	291,019	-	-	291,019	291,019
Total undiscounted non-derivative financial liabilities	19,242,836	556,105	11,200	-	19,810,141	19,731,731

27.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors and Executive Management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements, including the minimal requirements of the Central Bank of Armenia on internal control system;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

28 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Amounts due to financial liabilities	Financial liabilities measured at FVTPL	Lease liabilities	Total liabilities from financing activities
Carrying amount at 31 December 2022	3,713,135	851,630	17,505	4,582,270
Proceeds from issue	246,613,761	-	-	246,613,761
Redemption	(241,021,705)	(846,764)	(8,400)	(241,876,869)
Foreign currency translation	(1,383)	(4,866)	-	(6,249)
Other	15,889	-	1,371	17,260
Carrying amount at 31 December 2023	9,319,697	-	10,476	9,330,173
Proceeds from issue	182,297,282	-	99,249	182,396,531
Redemption	(151,932,565)	-	(26,888)	(151,959,453)
Foreignn currency translation	(303,918)	-	-	(303,918)
Other	47,905	-	1,327	49,232
Carrying amount at 31 December 2024	39,428,401	-	84,164	39,512,565

The "Other" line includes origination of new lease liabilities and lease modifications being non-movements. This also includes the effect of accrued but not yet paid interest on amounts due to financial liabilities, borrowings received and lease liabilities. The Company classifies interest paid as cash flows from operating activities.

29 Capital adequacy

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

Regulatory capital consists of Tier 1 capital, which comprises share capital, accumulated loss including current year profit, and general reserve. The other component of regulatory capital is Tier 2 capital, which includes revaluation reserve.

The Central Bank of Armenia decided to determine the minimum size of total capital 300,000 thousand Armenian drams for the investment companies.

The minimum ratio between total capital and risk weighted assets required by the Central Bank of Armenia is 12%.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operating risks.

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As at 31 December 2024 and 2023 the amount of total capital, risk weighted assets and capital adequacy ratio calculated in accordance with the requirements of Central Bank of Armenia are provided below.

	Unaudited	
	31 December 2024	31 December 2023
Tier 1 capital	11,889,325	6,394,396
Total regulatory capital	11,889,325	6,394,396
Risk-weighted assets	1,494,488	1,065,946
Capital adequacy ratio (N1.1)	12.57%	16.67%

The Company has complied with all externally imposed capital requirements through the period.