Financial Statements and Independent Auditor's Report

Closed Joint Stock Company “APRICOT CAPITAL”

31 December 2024

Contents

Independent Auditor's Report

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To the shareholders of Closed Joint Stock Company "APRICOT CAPITAL"

Opinion

We have audited the financial statements of Closed Joint Stock Company "APRICOT CAPITAL" (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 accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Armen Hovhannisyan
Chief Executive Officer of "Grant Thornton" CJSC

Naira Ulunts
Engagement Manager

30 April 2025

Statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2024	2023
Interest income calculated using effective interest rate	5	432,686	85,437
Interest expense	5	(18,586)	(7,006)
Net interest income		**414,100**	**78,431**
Fee and commission income	6	23,504,618	7,250,077
Fee and commission expense	6	(3,735,839)	(419,278)
Net fee and commission income		**19,768,779**	**6,830,799**
Net trading income	7	3,020,677	2,075,374
Net losses from non-trading assets and liabilities translation		(543,427)	(85,271)
Net operating income		**22,660,129**	**8,899,333**
(Credit loss expense) reversal of credit loss expense	8	(27,135)	25,147
Personnel expenses	9	(15,401,593)	(2,585,016)
Other expenses	10	(553,342)	(383,971)
Profit before income tax		**6,678,059**	**5,955,493**
Income tax expense	11	(1,295,433)	(1,108,665)
Profit for the year		**5,382,626**	**4,846,828**
Total comprehensive income for the year		**5,382,626**	**4,846,828**

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 9 to 46.

Statement of financial position

In thousand AMD	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	12	6,828,358	9,063,116
Amounts due from financial institutions	13	7,004,925	3,951,633
Securities at FVTPL	14	7,046,984	1,390,190
Borrowings provided	15	1,268,986	-
Property, equipment and intangible assets	16	111,655	160,159
Deferred income tax assets	11	128,559	13,811
Other assets	17	463,252	2,258,937
Total assets		22,852,719	16,837,846
Liabilities and equity			
Liabilities			
Amounts due to financial institutions	18	1,956,300	1,693,269
Amounts due to others	19	4,977,299	5,196,126
Current income tax liabilities		825,557	1,060,187
Other liabilities	20	1,387,005	417,648
Total liabilities		9,146,161	8,367,230
Equity			
Share capital	21	320,000	320,000
Additional paid-in capital		(146,684)	-
Retained earnings		13,533,242	8,150,616
Total equity		13,706,558	8,470,616
Total liabilities and equity		22,852,719	16,837,846

The financial statements were approved on 30 April 2025 by:

Vachik Gevorgyan

Executive Director

Artur Harutyunyan

Chief Accountant (representative of "Nexia Armenia" CJSC)

REPUBLIC OF ARMENIA YEREVAN CLOSED JOINT-STOCK COMPANY
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"APRICOT CAPITAL"
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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 9 to 46.

Statement of changes in equity

In thousand AMD	Share capital	Additional paid-in capital	Retained earnings	Total
Balance at 1 January 2024	**320,000**	**-**	**8,150,616**	**8,470,616**
Profit for the year	-	-	5,382,626	5,382,626
Total comprehensive income for the year	**-**	**-**	**5,382,626**	**5,382,626**
Net adjustment to fair value of borrowing to shareholder after income tax	-	(146,684)	-	(146,684)
Total transactions with owners	**-**	**(146,684)**	**-**	**(146,684)**
Balance at 31 December 2024	**320,000**	**(146,684)**	**13,533,242**	**13,706,558**
Balance at 1 January 2023	320,000	-	3,303,788	3,623,788
Profit for the year	-	-	4,846,828	4,846,828
Total comprehensive income for the year	**-**	**-**	**4,846,828**	**4,846,828**
Balance at 31 December 2023	**320,000**	**-**	**8,150,616**	**8,470,616**

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 9 to 46.

Statement of cash flows

In thousand AMD

	2024	2023
Cash flows from operating activities		
Interest received	366,190	72,271
Interest paid	(14,525)	-
Fee and commission received	23,504,618	7,200,864
Fee and commission paid	(3,735,839)	(419,278)
Net trading income	3,020,677	1,830,965
Other expenses	(15,995,748)	(3,016,769)
Cash flows from operating activities before changes in operating assets and liabilities	**7,145,373**	**5,668,053**
(Increase) decrease in operating assets		
Amounts due from financial institutions	(2,246,236)	(3,126,750)
Purchase of securities	(5,695,738)	(1,085,866)
Other assets	2,053,790	309,140
Increase (decrease) in operating liabilities		
Amounts due to financial institutions	143,475	917,313
Amounts due to customers	(783,619)	2,769,222
Other liabilities	18,141	(35,245)
Net cash flow from operating activities before income tax	**635,186**	**5,415,867**
Income tax paid	(1,612,612)	(790,362)
Net cash from (used in) operating activities	**(977,426)**	**4,625,505**
Cash flows from investing activities		
Borrowings (provided) repaid	(1,425,914)	829,023
Purchase of property, equipment and intangible assets	(15,455)	(70,643)
Net cash from (used in) investing activities	**(1,441,369)**	**758,380**
Cash flows from financing activities		
Repayment of lease liabilities	(33,600)	(34,382)
Net cash used in financing activities	**(33,600)**	**(34,382)**
Net increase (decrease) in cash and cash equivalents	**(2,452,395)**	**5,349,503**
Cash and cash equivalents at the beginning of the year	9,063,116	3,144,909
Effect of ECL on cash	(233)	5,137
Exchange differences on cash	217,870	563,567
Cash and cash equivalents at the end of the year (Note 12)	**6,828,358**	**9,063,116**

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 9 to 46.

Notes to the financial statements

Closed Joint Stock Company “APRICOT CAPITAL”

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

1 Nature of operations

Closed Joint Stock Company “APRICOT CAPITAL” operates in the securities and foreign exchange markets, particularly the execution of transactions with securities on its own behalf or on behalf of a client, provides broker-dealer, asset management and advisory services.

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

“APRICOT CAPITAL” (the “Company”) is a closed joint stock company and is regulated by the legislation of the Republic of Armenia (“RA”). The Company was registered on 7 July 2022 by the Board of the Central Bank of Armenia (the “CBA”) under license 126A and was granted a license to provide investment services.

The Company is a manager of four investment funds:

- “Safe Strategy” interval non-public contractual investment fund by the decision #13 A of the Board of the Central Bank of Armenia dated 07.02.2023;
- “DEVELOPMENT STRATEGY” contractual non-public closed-end investment fund by the decision #159 A of the Board of the Central Bank of Armenia dated 22.09.2023;
- “APRICOT IG BONDS” contractual non-public investment fund by the decision #222 A of the Board of the Central Bank of Armenia dated 12.12.2023;
- “Y-Global” contractual non-public investment fund by the decision #98 A of the Board of the Central Bank of Armenia dated 14.06.2024.

The Company’s head office is located in Yerevan. The legal address of the Company is 10 V. Sargsyan St, Yerevan 0010, Armenia, "Piazza Grande" Business Center.

As at 31 December 2024 the number of the Company's employees was 39 (2023: 29).

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.

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)
- *"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 IFS 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.

4.2 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.

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

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 directly 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.

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.

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	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 credit impaired 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

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 investment management fees, placement fees – 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, dividends and foreign exchange differences related to trading assets and liabilities. Net trading income also includes gains less losses from foreign exchange translation and 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 of 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 of 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 of 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.(vi)), 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 financial assets are first recognised, The Company recognises an allowance based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, The Company records an allowance for the LTECLs. Stage 2 financial assets also include facilities, where the credit risk has improved and the financial asset has been reclassified from Stage 3.
- Stage 3: Financial assets 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 financial asset 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.

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 accounts in RA commercial banks, including highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and current accounts in clearing systems.

Cash and cash equivalents are carried at amortised cost.

4.6.2 Borrowings provided and receivables

Borrowings provide 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.

4.6.3 Securities at FVTPL

Investments in securities in the statement of financial position include debt and equity securities that are measured at FVTPL or designated as of FVTPL; these are at fair value with changes recognised immediately in profit or loss.

4.6.4 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.

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts due from financial institutions or loans and advances to customers with repos 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.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return the securities is recorded as a trading liability and measured at fair value.

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 communications	1-3	33-100
Vehicles	8	12.5
Property, office equipment	8	12.5
Other fixed assets	8	12.5

Leasehold improvements are capitalized and depreciated over the lease term 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, licences and other intangible assets.

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. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic lives over a period of 1 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Software development costs are recognised as an expense as incurred.

4.10 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.

4.11 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.

Additional paid-in capital

Additional paid-in capital represents the amount of the fair value adjustment on the borrwoing to the Company's shareholder.

Retained earnings

Include accumulated earnings of current and previous periods.

4.12 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.

4.12.1 Significant judgements in applying accounting policies

The following are the judgements made by management in applying the accounting policies that have the most significant effect on the financial statements.

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 (see Note 4.6 (ii).

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.

4.12.2 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. However, such factors as operational, technical or commercial depreciation often lead to decrease of asset's economic benefit. 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 and technical and commercial 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.

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

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.

Impairment of financial instruments

The Company assess of 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 4.6iv)).

Tax legislation

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

5 Net interest income and expense

	2024	2023
Interest income calculated using effective interest rate		
Time deposits and current accounts in banks	200,941	67,862
Reverse repurchase agreements	170,033	17,575
Borrowings to related parties	61,712	-
Total interest income	**432,686**	**85,437**
Borrowings from individuals	(10,184)	-
Amounts due to financial institutions	(4,341)	-
Lease liabilities	(4,061)	(7,006)
Total interest expense	**(18,586)**	**(7,006)**
Total net interest income	**414,100**	**78,431**

6 Fee and commission income and expense

	2024	2023
Brokerage services	22,203,483	7,092,442
Custodial services	1,182,116	45,564
Securities transactions commissions	119,019	101,404
Securities portfolio management commissions	-	10,667
Total fee and commission income	**23,504,618**	**7,250,077**
Brokerage services	3,590,513	353,158
Custodial services	142,243	65,519
Banking and other expenses	3,083	601
Total fee and commission expense	**3,735,839**	**419,278**

The growth in brokerage services is due to the Company's intensified activities in international markets and increase in volume of services rendered to non-resident customers.

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

7 Net trading income

	2024	2023
Net gain from trading and remeasurment of securities at FVTPL	3,596,739	2,127,386
Net loss from trading in foreign currency	(591,881)	(57,431)
Dividends from securities at FVTPL	13,841	5,419
Net gain on derivative instruments	1,978	-
Total net trading income	**3,020,677**	**2,075,374**

8 Credit loss expense (reversal of credit loss expense)

		2024		2023	
	Note	Stage 1	Total	Stage 1	Total
Cash and cash equivalents	12	233	233	(5,137)	(5,137)
Borrowings provided	15	26,902	26,902	(20,010)	(20,010)
Total reversal of credit loss expense (reversal of credit loss expense)		**27,135**	**27,135**	**(25,147)**	**(25,147)**

9 Personnel expenses

	2024	2023
Compensations of employees, related taxes included	15,397,130	2,583,360
Training of personnel and other expenses	4,463	1,656
Total personnel expenses	**15,401,593**	**2,585,016**

Employee benefits include bonuses in the amount of AMD 11,252,555 thousand (2023: AMD 1,400,000 thousand) paid to employees, including employees related to the Company for market expansion activities and the development of new business segments.

10 Other expenses

	2024	2023
Charity	86,787	21,923
Communications	76,630	44,999
Repair and maintenance of tangible assets	68,265	63,520
Consulting and other services	65,834	73,635
Depreciation and amortisation	63,960	59,315
Business trip expenses	48,460	20,412
Taxes (other than income tax) and duties	41,217	28,227
Office expenses	24,380	4,822
Representative costs	20,585	4,241
Public relations	10,677	16,379
Advertising	6,152	19,625
Membership fees	3,948	844
Insurance	3,592	2,401
Other expenses	32,855	23,628
Total other expense	**553,342**	**383,971**

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

11 Income tax expense

	2024	2023
Current tax expense	1,377,982	1,115,688
Deferred tax recovery	(82,549)	(7,023)
Total income tax expense	**1,295,433**	**1,108,665**

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 (loss) is provided below:

	2024	Effective tax rate (%)	2023	Effective tax rate (%)
Profit before taxation	6,678,059	-	5,955,493	
Income tax	1,202,051	18	1,071,989	18
Non-deductible expenses, net	97,817	2	15,349	-
Foreign exchange (gains) losses	(4,435)	-	21,327	1
Income tax expense	**1,295,433**	**20**	**1,108,665**	**19**

Deferred tax calculation in respect of temporary differences:

				2024		
	2023	Recognized in profit or loss	Recognized in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Cash and cash equivalents	285	42	-	327	327	-
Securities at FVTPL	1,174	1,803	-	2,977	2,977	-
Borrowings provided	-	(6,182)	32,199	26,017	26,017	-
Property and equipment	(9,593)	9,134	-	(459)	-	(459)
Lease liabilities	9,670	(5,316)	-	4,354	4,354	-
Other liabilities	12,275	83,068	-	95,343	95,343	-
Deferred tax asset (liability)	**13,811**	**82,549**	**32,199**	**128,559**	**129,018**	**(459)**

			2023		
	2022	Recognized in profit or loss	Net	Deferred tax asset	Deferred tax liability
Cash and cash equivalents	1,209	(924)	285	285	-
Securities at FVTPL	1,459	(285)	1,174	1,174	-
Borrowings provided	3,602	(3,602)	-	-	-
Property and equipment	(16,419)	6,826	(9,593)	-	(9,593)
Lease liabilities	16,295	(6,625)	9,670	9,670	-
Other liabilities	642	11,633	12,275	12,275	-
Deferred tax asset (liability)	**6,788**	**7,023**	**13,811**	**23,404**	**(9,593)**

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

12 Cash and cash equivalents

	31 December 2024	31 December 2023
Accounts in banks	4,532,058	4,254,610
Deposits for less than 90 days	92,983	4,451,605
Current accounts in clearing systems	2,205,132	358,483
	6,830,173	**9,064,698**
Credit loss allowance	(1,815)	(1,582)
Total cash and cash equivalents	**6,828,358**	**9,063,116**

As at 31 December 2024 83% of cash and cash equivalents is concentrated in three commercial banks (2023: 99% in two commercial banks).

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

	31 December 2024	31 December 2023
	Stage 1	Stage 1
ECL allowance at 1 January	1,582	6,719
Net remeasurement of loss allowance	233	(5,137)
Balance at 31 December	**1,815**	**1,582**

13 Amounts due from financial institutions

	31 December 2024	31 December 2023
Reverse repurchase agreements with RA banks	6,173,992	2,775,834
Amounts receivable from banks	437,081	-
Amounts receivable from investment companies	5,206	123,783
Amounts receivable from other financial institutions	388,646	1,052,016
Total amounts due from financial institutions	**7,004,925**	**3,951,633**

The ECLs relating to amounts due from financial institutions rounds to zero and therefore not recognized or disclosed.

Fair value of securities purchased under reverse repurchase agreements and carrying value of loans provided as at 31 December 2024 are presented as follows:

	2024		2023	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
RA state securities	6,930,697	6,173,992	2,864,594	2,775,834
Total assets pledged and loans under reverse repurchase agreements	**6,930,697**	**6,173,992**	**2,864,594**	**2,775,834**

14 Securities at FVTPL

	31 December 2024	31 December 2023
State bonds	3,819,451	763,079
Corporate bonds	1,805,378	99,558
Equity instruments	1,418,273	527,553
Investments in shares of a fund managed by the company	3,882	-
Total securities at FVTPL	**7,046,984**	**1,390,190**

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

Securities measured at FVTPL upon profitability and maturity terms:

	31 December 2024		31 December 2023	
	%	Maturity	%	Maturity
RA Government bonds	7-96	2025-2033	4.49-12.13	2023-2026
State bonds of non-residents	0.5-5.25	2025-2047	5.7	2035
Corporate bonds of non-residents	1.85-5	2025-2031	27-31	2024-2027

As at 31 December 2024 unquoted securities measured at FVTPL amounted to AMD 153,322 thousand (2023: AMD 81,917 thousand).

15 Borrowings provided

	31 December 2024	31 December 2023
Borrowings provided to related parties	1,295,888	-
	1,295,888	**-**
Credit loss allowance	(26,902)	-
Total borrowings provided	**1,268,986**	**-**

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

	31 December 2024	31 December 2023
	Stage 1	Stage 1
ECL allowance at 1 January	-	20,010
Net remeasurement of loss allowance	26,902	(20,010)
Balance at 31 December	**26,902**	**-**

As at 31 December 2024 the borrowings have been provided to the parties related to the Company (see Note 23).

As at 31 December 2024 the estimated fair value of borrowing provided to non-financial companies approximates it carrying amount. See Note 24.

Maturity analysis of borrowing provided is disclosed in Note 26.

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

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

16 Property and equipment and intangible assets

	Computer and communication	Vehicles	Other	Intangible assets	Right-of-use assets (office pemise)	Capital investment in leasehold improvement	Total
Cost							
As at 1 January 2023	6,118	17,300	94	45,682	95,922	-	165,116
Additions	12,591	-	18,160	8,942	-	30,950	70,643
Disposals	-	-	-	-	(13,309)	-	(13,309)
As at 31 December 2023	**18,709**	**17,300**	**18,254**	**54,624**	**82,613**	**30,950**	**222,450**
Additions	7,928	-	5,353	2,175	-	-	15,456
As at 31 December 2024	**26,637**	**17,300**	**23,607**	**56,799**	**82,613**	**30,950**	**237,906**
Accumulated depreciation							
As at 1 January 2023	1,282	529	3	1,049	3,995	-	6,858
Expenses for the year	11,052	2,162	2,889	5,487	29,201	8,524	59,315
Disposals	-	-	-	-	(3,882)		(3,882)
As at 31 December 2023	**12,334**	**2,691**	**2,892**	**6,536**	**29,314**	**8,524**	**62,291**
Expenses for the year	11,625	2,163	4,990	6,137	27,538	11,507	63,960
As at 31 December 2024	**23,959**	**4,854**	**7,882**	**12,673**	**56,852**	**20,031**	**126,251**
Carrying amount							
As at 31 December 2023	**6,375**	**14,609**	**15,362**	**48,088**	**53,299**	**22,426**	**160,159**
As at 31 December 2024	**2,678**	**12,446**	**15,725**	**44,126**	**25,761**	**10,919**	**111,655**

Fully depreciated items

As at 31 December 2024 the cost of the property, equipment and intangible assets included fully depreciated assets amounted to AMD 18,835 thousand (2023: AMD 6,236 thousand).

Restrictions on title of fixed and intangible assets

As at 31 December 2024 and 2023 the Company does not possess any fixed or intangible assets pledged as security for liabilities or whose title is otherwise restricted.

Contractual commitments

As at 31 December 2024 the Company does not have contractual commitments to invest in propert, equipment and intangible assets (2023: neither).

17 Other assets

	31 December 2024	31 December 2023
Amounts receivable	437,164	2,239,576
Total other financial assets	**437,164**	**2,239,576**
Prepayments	26,088	19,361
Total non-financial assets	**26,088**	**19,361**
Total other assets	**463,252**	**2,258,937**

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

Amounts receivables are the result of securities transactions with individuals and legal entities, which are settled in a short period of time.

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

18 Amounts due to financial institutions

	31 December 2024	31 December 2023
Amounts payable to banks	124,392	125,654
Amounts payable to investment companies	288,148	14,865
Amounts payable to other financial institutions	1,543,760	1,552,750
Total amounts due to financial institutions	**1,956,300**	**1,693,269**

The Company has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period (2023: either).

19 Amounts due to other parties

	31 December 2024	31 December 2023
Brokerage accounts of customers*	4,532,833	2,774,675
Amounts payable on securities transactions	444,466	2,421,451
Total amounts due to customers	**4,977,299**	**5,196,126**

*The amounts recorded in the brokerage accounts of customers are the amounts that the Company used for its own needs in accordance with the agreements concluded between the Company and its customers before the execution of transactions on the customers instructions. These liabilities are short-term (see Note 26).

20 Other liabilities

	31 December 2024	31 December 2023
Lease liabilities	24,185	53,724
Due to personnel	530,801	68,191
Accounts payables	16,820	-
Total other financial liabilities	**571,806**	**121,915**
Tax payable, other than income tax	815,199	295,733
Total other non-financial liabilities	**815,199**	**295,733**
Total other liabilities	**1,387,005**	**417,648**

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).

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

Set out below are presented the movements of lease liabilities during the period and reconciliation of cash flows from financing activity.

	2024	2023
As at 1 January	53,724	90,527
Derecognition	-	(9,427)
Accretion of interest	4,061	7,006
Payments	(33,600)	(34,382)
Total lease liabilities at 31 December	**24,185**	**53,724**

In 2024 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 is 10.5% (2023: 10.5%).

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 December 2024 is disclosed in Note 27.3.

21 Share capital

As at 31 December 2024 the Company's registered and paid-in share capital was AMD 320,000 thousand. In accordance with the Company's statues, the share capital consists of 32,000 ordinary shares, all of which have a par value of AMD 10,000 each.

The respective shareholders as at 31 December 2024 may be specified as follows:

	31 December 2024		31 December 2023	
	Paid-in share capital	% of total paid-in capital	Paid-in share capital	% of total paid-in capital
"Apricot Group" CJSC	320,000	100	-	-
Vardan Amaryan	-	-	320,000	100
	320,000	**100**	**320,000**	**100**

As at 31 December 2024 the Company did not possess any of its own shares (2023: either).

In 2024 there were no dividends declared and paid by the Company.

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.

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

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's ultimate controlling party is Vardan Amaryan, who is the sole shareholder of "Apricot Group" CJSC.

A number of transactions are entered into with related parties in the normal course of business. These include borrowings, trading of securities and other.

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

	2024		2023
	Shareholders and parties related with them	Funds	Shareholders and parties related with them
Statement of financial position			
Borrowings provided			
Borrowings outstanding as at 1 January, gross	-	-	818,140
Borrowings provided during the year	1,425,914	-	-
Adjustment from initial recognition and revaluation	(130,026)	-	-
Repaid	-	-	(818,140)
Borrowings outstanding as at 31 December, gross	**1,295,888**	**-**	**-**
Credit loss allowance	(26,902)	-	-
Borrowings outstanding as at 31 December	**1,268,986**	**-**	**-**
Investments in fund shares managed by the Company	**-**	**3,882**	**-**
Brokerage accounts of customers	**146,931**	**372,361**	**-**
Other financial assets	**2,523**	**-**	**27,447**
Statement of profit or loss and other comprehensive income			
Interest income	61,244		-
Net income from trading of securities	1.030	-	-
Fund management fee	-	25,108	-
Loss from initial recognition of borrowing	178,883	-	-
Fee and commission income	1,901	2,595	554
Credit loss (expense) reversal of credit loss expense	(26,902)	-	20,010
Business trip expenses	(29,007)	-	(12,042)
Net gain (loss) from foreign currency revaluation	17,057	-	(6,800)

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

Compensation of key management personnel was comprised of the following:

	31 December 2024	31 December 2023
Salaries and bonuses to related employees with shareholder	11,994,997	1,525,632
Salaries and bonuses to key management	1,903,395	445,977
Total	**13,898,392**	**1,971,609**

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 teach fair value measurement is categorised.

					31 December 2024
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	6,828,358	-	6,828,358	6,828,358
Amounts due from financial institutions	-	7,004,925	-	7,004,925	7,004,925
Borrowings provided	-	1,268,986	-	1,268,986	1,268,986
Other financial assets	-	437,164	-	437,164	437,164
Financial liabilities					
Amounts due to financial institutions	-	1,956,300	-	1,956,300	1,956,300
Amounts due to other individuals	-	4,977,299	-	4,977,299	4,977,299
Lease liabilities	-	24,185	-	24,185	24,185
Other financial liabilities	-	547,621	-	547,621	547,621

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

					31 December 2023
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	9,063,116	-	9,063,116	9,063,116
Amounts due from financial institutions	-	3,951,633	-	3,951,633	3,951,633
Other financial assets	-	2,239,576	-	2,239,576	2,239,576
Financial liabilities					
Amounts due to financial institutions	-	1,693,269	-	1,693,269	1,693,269
Amounts due to other individuals	-	5,196,126	-	5,196,126	5,196,126
Lease liabilities	-	53,724	-	53,724	53,724
Other financial liabilities	-	68,191	-	68,191	68,191

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.

24.2 Financial instruments that are measured at fair value

				31 December 2024
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities at FVTPL	4,543,012	2,346,768	3,882	6,893,662
Net fair value	**4,543,012**	**2,346,768**	**3,882**	**6,893,662**

				31 December 2023
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities at FVTPL	935,798	372,475	-	1,308,273
Net fair value	**935,798**	**372,475**	**-**	**1,308,273**

There have been no transfers between levels 1 and 2 in the 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 (see Note 14).

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.

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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.

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.

						31 December 2024
				Related amounts that are not offset in the statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial assets/ liabilities in the statement of financial position	Gross amount of recognised financial assets/ liabilities	Financial instruments	Cash collateral received	Net
Financial assets						
Reverse repurchase agreements with banks (Note 13)	6,173,992	-	6,173,992	-	6,173,992	-
Total	**6,173,992**	**-**	**6,173,992**	**-**	**6,173,992**	**-**

						31 December 2023
				Related amounts that are not offset in the statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial assets/ liabilities in the statement of financial position	Gross amount of recognised financial assets/ liabilities	Financial instruments	Cash collateral received	Net
Financial assets						
Reverse repurchase agreements with banks (Note 13)	2,775,834	-	2,775,834	-	2,775,834	-
Total	**2,775,834**	**-**	**2,775,834**	**-**	**2,775,834**	**-**

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	6,735,416	92,942	6,828,358	-	-	-	6,828,358
Amounts due from financial institutions	7,004,925	-	7,004,925	-	-	-	7,004,925
Securities at FVTPL	334,649	4,443,103	4,777,752	622,010	1,647,222	2,269,232	7,046,984
Borrowings provided	61,244	1,207,742	1,268,986	-	-	-	1,268,986
Other financial assets	437,164	-	437,164	-	-	-	437,164
	14,573,398	**5,743,787**	**20,317,185**	**622,010**	**1,647,222**	**2,269,232**	**22,586,417**

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	1,956,300	-	1,956,300	-	-	-	1,956,300
Amounts due to other individuals	4,977,299	-	4,977,299	-	-	-	4,977,299
Lease liabilities	2,594	21,591	24,185	-	-	-	24,185
Other financial liabilities (except lease liabilities)	547,621	-	547,621	-	-	-	547,621
	7,483,814	**21,591**	**7,505,405**	**-**	**-**	**-**	**7,505,405**
Net position	**7,089,584**	**5,722,196**	**12,811,780**	**622,010**	**1,647,222**	**2,269,232**	**15,081,012**
Accumulated gap	**7,089,584**	**12,811,780**	**-**	**13,433,790**	**15,081,012**		

							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	9,063,116		9,063,116	-	-	-	9,063,116
Amounts due from financial institutions	3,951,633	-	3,951,633	-	-	-	3,951,633
Securities at FVTPL	527,554	165,037	692,591	306,369	391,230	697,599	1,390,190
Other financial assets	2,239,576	-	2,239,576	-	-	-	2,239,576
	15,781,879	**165,037**	**15,946,916**	**306,369**	**391,230**	**697,599**	**16,644,515**
Liabilities							
Amounts due to financial institutions	1,693,269	-	1,693,269	-	-	-	1,693,269
Amounts due to other individuals	5,196,126	-	5,196,126	-	-	-	5,196,126
Lease liabilities	2,342	27,197	29,539	24,185	-	24,185	53,724
Other financial liabilities (except lease liabilities)	68,191	-	68,191	-	-	-	68,191
	6,959,928	**27,197**	**6,987,125**	**24,185**	**-**	**24,185**	**7,011,310**
Net position	**8,821,951**	**137,840**	**8,959,791**	**282,184**	**391,230**	**673,414**	**9,633,205**
Accumulated gap	**8,821,951**	**8,959,791**	**-**	**9,241,975**	**9,633,205**		

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 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 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. Loan commitments represent the amounts guaranteed.

Explanation of internal rating grades is included in Note 27.1.2.

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

Internal rating grade				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents				
Standard	6,830,173	-	-	6,830,173
Gross carrying amount	**6,830,173**	**-**	**-**	**6,830,173**
Credit loss allowance	(1,815)	-	-	(1,815)
Net carrying amount	**6,828,358**	**-**	**-**	**6,828,358**
Amounts due from banks and other financial institutions				
Standard	7,004,925	-	-	7,004,925
Net carrying amount	**7,004,925**	**-**	**-**	**7,004,925**
Borrowings provided				
Standard	1,295,888	-	-	1,295,888
Gross carrying amount	**1,295,888**	**-**	**-**	**1,295,888**
Credit loss allowance	(26,902)	-	-	(26,902)
Net carrying amount	**1,268,986**	**-**	**-**	**1,268,986**
Other financial assets				
Standard	437,164	-	-	437,164
Net carrying amount	**437,164**	**-**	**-**	**437,164**

Internal rating grade				31 December 2023
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents				
Standard	9,064,698	-	-	9,064,698
Gross carrying amount	**9,064,698**	**-**	**-**	**9,064,698**
Credit loss allowance	(1,582)	-	-	(1,582)
Net carrying amount	**9,063,116**	**-**	**-**	**9,063,116**
Amounts due from banks and other financial institutions				
Standard	3,951,633	-	-	3,951,633
Net carrying amount	**3,951,633**			**3,951,633**
Other financial assets				
Standard	2,239,576	-	-	2,239,576
Net carrying amount	**2,239,576**	**-**	**-**	**2,239,576**

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.

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

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 provided

The criteria for provided borrowings 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 of 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 of least once in stage 3.
- Borrowings in the probation period. Significant increase in credit risk is considered in case of a forborne performing borrowing or forborne non-performing borrowing, 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 unlikeliness 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 B2 (S&P) (or the equivalent of Moody's and Fitch). In cases where 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.

The table below shows the mapping of Company's grading system and external ratings of the counterparties.

		2024	2023
	Grade	12 month PD range	12 month PD range
AAA to A-	Hight	0.001-0.023%	0.001-0.05%
BBB+ to B-	Standard	0.010-3.137%	0.09-5.53%
CCC+ to CC	Low	5.403-27.625%	5.53%-25.7%
D	Non-Performing	100%	100%

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 forborne 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 borrowing 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

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, except for borrowings and debt investment securities provided to banks and other financial institutions, the contractual payments of which are 30 days past due.

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 unlikeliness 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 forborne non-performing exposures.

Forborne and modified borrowing

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 borrowing forborne 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 forborne 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 forborne 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 forborne 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 forborne performing exposures (excluding any grace period). Once an asset has been classified as forborne performing exposures, it will remain forborne for a minimum 24-month probation period.

In order for the loan to be reclassified out of the forborne 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 forborne 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.

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- 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 Company'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

The following table breaks down the Company's main credit exposure at their carrying amounts, as categorized by geographical region as at 31 December.

	Armenia	Other non-OECD countries	OECD countries	Total
Cash and cash equivalents	4,161,864	938,280	1,728,214	6,828,358
Amounts due from financial institutions	6,174,104	826,617	4,204	7,004,925
Securities at FVTPL	572,157	3,360,113	3,114,714	7,046,984
Borrowings provided	1,268,986	-	-	1,268,986
Other financial assets	196,442	240,722	-	437,164
As at 31 December 2024	**12,373,553**	**5,365,732**	**4,847,132**	**22,586,417**
As at 31 December 2023	**12,352,314**	**3,817,515**	**474,686**	**16,644,515**

Assets have been classified based on the country in which the counterparty is located.

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 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.

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

Currency	2024		2023	
	Change in basis points	Profit or loss	Change in basis points	Profit or loss
AMD	+1	(9,040)	+1	(5,508)
AMD	- 1	11,651	- 1	6,940

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						
Deposits in banks	-	2.0	1.5	9.2	4.3	-
Reverse repurchse agreements with RA banks	-	4.22	2.45	-	4	3
Securities at FVTPL	10.5	10.6	1.18	10.9	9.0	-

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). 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	5	570,430	5	316,663
EUR	5	49,012	5	3,584
RUB	5	(26,530)	5	94,941
USD	(5)	(570,430)	(5)	(316,663)
EUR	(5)	(49,012)	(5)	(3,584)
RUB	(5)	26,530	(5)	(94,941)

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

	31 December 2024			
	Armenian Dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and cash equivalents	2,797,166	2,884,570	1,146,622	6,828,358
Amounts due from financial institutions	142	6,959,973	44,810	7,004,925
Securities at FVTPL	568,237	6,475,498	3,249	7,046,984
Borrowings provided	9,752	1,259,234	-	1,268,986
Other financial assets	43,593	260,427	133,144	437,164
Total	**3,418,890**	**17,839,702**	**1,327,825**	**22,586,417**
Liabilities				
Amounts due to financial institutions	42	297,446	1,658,812	1,956,300
Amounts due to other individuals	-	4,788,241	189,058	4,977,299
Lease liabilities	24,185	-	-	24,185
Other financial liabilities	536,419	10	11,192	547,621
Total	**560,646**	**5,085,697**	**1,859,062**	**7,505,405**
Net position as at 31 December 2024	**2,858,244**	**12,754,005**	**(531,237)**	**15,081,012**
Total financial assets	**1,047,001**	**12,501,216**	**3,096,298**	**16,644,515**
Total financial liabilities	**121,915**	**6,320,285**	**569,110**	**7,011,310**
Net position as at 31 December 2023	**925,086**	**6,180,931**	**2,527,188**	**9,633,205**

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 26 for the expected maturities of these liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

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					31 December 2024
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	Total gross amount outflow	Carrying amount
Non-derivative financial liabilities					
Amounts due to financial institutions	1,956,300	-	-	1,956,300	1,956,300
Amounts due to other individuals	4,977,299	-	-	4,977,299	4,977,299
Lease liability	2,800	22,400	-	25,200	24,185
Other financial liabilities (except lease liabilities)	547,621	-	-	547,621	547,621
Total undiscounted non-derivative financial liabilities	**7,484,020**	**22,400**	**-**	**7,506,420**	**7,505,405**

					31 December 2023
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	Total gross amount outflow	Carrying amount
Non-derivative financial liabilities					
Amounts due to financial institutions	1,693,269	-	-	1,693,269	1,693,269
Amounts due to other individuals	5,196,126	-	-	5,196,126	5,196,126
Lease liability	2,800	30,800	25,200	58,800	53,724
Other financial liabilities (except lease liabilities)	68,191	-	-	68,191	68,191
Total undiscounted non-derivative financial liabilities	**6,960,386**	**30,800**	**25,200**	**7,016,386**	**7,011,310**

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 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;

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- ethical and business standards; and
- risk mitigation.

28 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, profit for the period.

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.

As at 31 December 2024 and 2023 the amount of regulatory capital, risk waited 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	16,528,288	10,510,887
Total regulatory capital	**16,528,288**	**10,510,887**
Risk-weighted assets	43,795,146	65,109,158
Capital adequacy ratio	**38%**	**16%**

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