ARMBROK OJSC

Financial statements

For the year ended 31 December 2022
together with independent auditor's report

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Independent auditor's report

To the Shareholders of ARMBROK OJSC

Opinion

We have audited the financial statements of ARMBROK OJSC (the "Company"), which comprise the statement of financial position as at 31 December 2022, 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 significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other matter

The Company's financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified audit opinion on those statements on 27 April 2022.

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.

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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.

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance) Eric Hayrapetyan

Responsible Auditor Armine Voskanyan

2 May 2023

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

'000 AMD	***Note***	***2022***	***2021***
Interest revenue calculated using effective interest rate	6	1,258,388	1,227,452
Interest expense	6	(1,159,338)	(944,531)
Net interest income		**99,050**	**282,921**
Fee and commission income	7	3,959,508	247,963
Fee and commission expense	7	(992,278)	(125,916)
Net fee and commission income		**2,967,230**	**122,047**
Net trading gain	8	7,598,612	115,855
Net loss from sale of financial assets at FVTOCI		(583,369)	(137,605)
Net gain/(loss) from foreign currency revaluation		551,994	(18,579)
Other income		8,708	2,487
Staff costs	9	(7,492,903)	(135,779)
Administrative expenses	10	(211,152)	(98,529)
Share of profits of associate	17	4,729	18,069
Share of results of joint venture	18	-	(331)
Net charge of loss allowance	26	13,632	(527)
Profit before income tax		**2,956,531**	**150,029**
Income tax expense	11	(419,294)	(30,818)
Profit for the year		**2,537,237**	**119,211**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on investments measured at FVTOCI		(684,746)	(767,562)
Less: Cumulative gain/(loss) on investments in reclassified to profit or loss upon sale		583,369	137,605
Income tax effects of the movement in other comprehensive income		18,293	113,392
Other comprehensive loss, net of tax		**(83,084)**	**(516,565)**
Total comprehensive income/(loss) for the year		**2,454,153**	**(397,354)**

These financial statements were approved and signed on 2 May 2023 by:

Aram Kayfajyan
Chief Executive Officer

Siranush Khlghatyan
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 5 to 37.

Statement of financial position

As at 31 December 2022

'000 AMD	***Note***	***31 December 2022***	***31 December 2021***
Assets			
Cash and cash equivalents	12	4,606,794	33,549
Term deposits	13	6,189	97,020
Amounts receivable under reverse repurchase agreements	14	995,337	-
Financial assets at fair value through profit or loss			
- Held by the Company	15	2,057,159	743,215
- Pledged under repurchase agreements	15	563,002	395,878
- Pledged under borrowings from financial institutions	15	932,786	76,754
Financial assets at fair value through OCI			
-Held by the Company	16	1,502	148,390
-Pledged under repurchase agreements	16	8,157,158	11,065,739
-Pledged under borrowings from financial institutions	16	-	101,230
Investment in associate	17	144,288	139,559
Investment in joint venture	18	22,833	22,833
Property, equipment and intangible assets	19	205,023	206,250
Right of use assets	20	162,321	182,611
Deferred tax assets	11	51,029	-
Current income tax assets		-	1,697
Other assets	21	499,967	84,989
Total assets		**18,405,388**	**13,299,714**
Equity			
Share capital	22	267,150	267,150
Share premium		208,011	208,011
Statutory general reserve		79,670	79,670
Financial assets at fair value through OCI reserve		(52,533)	30,551
Retained earnings		4,063,397	1,633,020
Total equity		**4,565,695**	**2,218,402**
Liabilities			
Amounts payable under repurchase agreements	23	8,309,880	10,677,662
Amounts due to financial institutions	24	887,418	163,692
Current income tax liabilities		471,717	–
Deferred tax liabilities	11	-	2,965
Lease liabilities	20	145,750	157,675
Trade and other payables	26	3,997,251	51,641
Provisions		27,677	27,677
Total liabilities		**13,839,693**	**11,081,312**
Total equity and liabilities		**18,405,388**	**13,299,714**

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 5 to 37.

Statement of changes in equity

For the year ended 31 December 2022

'000 AMD	*Share capital*	*Share premium*	*Statutory general reserve*	*Financial assets at fair value through OCI reserve*	*Retained earnings*	*Total*
As of 1 January 2021	**267,150**	**208,011**	**79,670**	**547,116**	**1,754,244**	**2,856,191**
Profit for the year	–	–	–	–	119,211	**119,211**
Other comprehensive loss for the year						
Net change in fair value of equity instruments at fair value through OCI, net of tax	–	–	–	(516,565)	–	**(516,565)**
Total comprehensive income for the year	–	–	–	**(516,565)**	**119,211**	**(397,354)**
Dividends declared (Note 22)	–	–	–	–	(240,435)	**(240,435)**
As of 31 December 2021	**267,150**	**208,011**	**79,670**	**30,551**	**1,633,020**	**2,218,402**
Profit for the year	-	-	-	-	2,537,237	**2,537,237**
Other comprehensive loss for the year						
Net change in fair value of equity instruments at fair value through OCI, net of tax	-	-	-	(83,084)	-	**(83,084)**
Total comprehensive income for the year	**-**	**-**	**-**	**(83,084)**	**2,537,237**	**2,454,153**
Dividends declared (Note 22)	**-**	**-**	**-**	**-**	(106,860)	**(106,860)**
As of 31 December 2022	**267,150**	**208,011**	**79,670**	**(52,533)**	**4,063,397**	**4,565,695**

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 5 to 37.

Statement of cash flows

For the year ended 31 December 2022

'000 AMD	***Note***	***2022***	***2021***
Operating activities			
Interest received		1,476,750	1,241,030
Interest paid		(1,139,380)	(918,289)
Fee and commissions received		3,675,800	214,098
Fee and commissions paid		(796,575)	(122,200)
Other operating income		8,709	825
Salary and other related payments		(4,195,273)	(106,170)
Other operating expenses paid		(165,373)	(103,184)
Operating profit before working capital changes		**(1,135,342)**	**206,110**
Working capital changes in:			
Deposits		90,831	393,000
Reverse repurchase agreements		(995,604)	–
Investment securities		8,445,714	3,076,944
Other assets		35,408	15,812
Amounts due to financial institutions		751,213	(452,856)
Repurchase agreements		(2,283,479)	(2,703,675)
Trade and other payables		78,748	(5,926)
Operating profit before income tax paid		**4,987,489**	**529,409**
Income tax paid		(6,230)	(90,944)
Net cash flows from operating activities		**4,981,259**	**438,465**
Investing activities			
Acquisition of property and equipment and intangible assets		(24,262)	(150,808)
Net cash flows from investing activities		**(24,262)**	**(150,808)**
Financing activities			
Repayment of lease liabilities	20	(34,000)	(34,000)
Dividends paid	22	(106,860)	(231,695)
Net cash flows used in financing activities		**(140,860)**	**(265,695)**
Net increase in cash and cash equivalents		**4,816,137**	**21,962**
Net foreign exchange difference		(239,289)	(14,660)
Cash and cash equivalents at 1 January		34,150	26,848
Cash and cash equivalents at 31 December	12	**4,610,998**	**34,150**

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 5 to 37.

(thousands of Armenian drams)

1. Reporting entity

(a) Organisation and operations

“Armbrok” OJSC (the Company), is an investment company regulated by the legislation of RA. The Company was registered on 4 November 2008 by the Central Bank of Armenia under license number 10. “Armbrok” OJSC is an Armenian open joint stock company as defined in the Civil Code of the Republic of Armenia. Following the rebranding by the Company “Armbrok” OJSC replaced previously used “Armenbrok” OJSC.

As at 31 December 2022 and 2021, the ultimate controlling party of the Company was Aram Kayfajyan.

The Company carries out its activities in the securities and foreign currency markets, in particular:

- Securities placements;
- Trust management of securities;
- Securities brokerage and dealing;
- Registrar and depository services;
- Consultations on securities market;
- Non-cash foreign currency trading operations.

The Company’s registered office is 39 Hanrapetutyan street, 0010, Yerevan, Republic of Armenia. During 2022 the Company expanded its trading activities in the international market while in 2021 and earlier years the Company was only trading with securities issued in Armenia.

Number of employees as at 31 December 2022 was 37 (31 December 2021: 19).

(b) Armenian business environment

The Company’s operations are primarily located in Armenia. Consequently, the Company is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, the breakout of armed conflict in Nagorno-Karabakh in September 2020 followed by cease-fire arrangement over disputed Nagorno-Karabakh territories, later escalation of the conflict in the Republic of Armenia territory has further increased uncertainty in the business environment.

As a result of the war in Ukraine, many leading countries and economic unions have announced severe economic sanctions on Russia and Belarus, including Russian banks, other entities and individuals. Since the start of the war, there has been a significant volatility of the Russian ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in other markets. The situation is still unfolding, but it has already resulted in a humanitarian crisis and huge economic losses in Ukraine, Russia, and the rest of the world. Ukraine and Russia are important trade partners of Armenia.

As a result of the war there was an influx of non-residents (especially from Russia) to Armenia contributing to the development of Armenian economy with the resulting double-digit growth, increased inflation rate generally increased revenue in the Company specifically. Particularly, it provided better opportunities for the Company to access international trade markets by attracting high qualified and experienced non-resident traders were hired who contributed their knowledge, expertise and network for providing the Company access to new markets and new types of trading activities. As a result, the main performance results were positively impacted. The Company’s management is monitoring the economic situation in the current environment. As the war is still waging, it is impossible to reliably assess the final impact this may have on the Company’s business as there is uncertainty over the magnitude of the impact on the economy in general.

The financial statements reflect management’s assessment of the impact of the Armenian business environment on the operations and the financial position of the Company. The future business environment may differ from management’s assessment.

(thousands of Armenian drams)

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

(b) Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is the Company's functional currency and the currency in which these financial statements are presented. These financial statements are presented in thousands of Armenian Dram ("AMD"), and all values are rounded to the nearest thousands, except when otherwise indicated.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of certain financial instruments that are stated at fair value.

(d) Reclassification

In comparative statement of profit or loss and other comprehensive income reclassification of net loss from foreign currency revaluation was made from the net gain from financial assets at fair value through profit or loss to conform to classification used in the current year. This reclassification had no impact on net profit, equity or statement of cash flows as previously reported.

3. Significant accounting policies

(a) Fair value measurement

The Company measures financial instruments such as investment securities at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(b) Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date:

	31 December 2022	*31 December 2021*
AMD / 1 US dollar	393.57	480.14
AMD / 1 Euro	420.06	542.61
AMD / 1 RUB	5.59	6.42

Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period under the line “Net gain/(loss) from foreign currency revaluation”. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

(c) Financial Instruments

Financial assets and financial liabilities are recognised in the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest income' line item.

Debt instruments classified as at FVTOCI

The government bonds held by the Company are classified as at FVTOCI. The government bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these government bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these government bonds had been measured at amortised cost. All other changes in the carrying amount of these government bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these government bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the company manages together; and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income – interest income' line item in profit or loss.

The Company has not designated the investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI to are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition;
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'net gain/(loss) from FAaFVtPL' line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in 'net gain/(loss) from faafvtpl' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'net gain/(loss) from faafvtpl' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'net gain/(loss) from faafvtpl' line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, term deposits, bank accounts, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. A significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default;
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets are generally not recoverable when Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) A significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event;

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and ifrs 9 permits the entire combined contract to be designated as at fvtpl.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

(d) Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

There is no other contractual arrangements stating that both the Company and other shareholder of Invest in AM CJSC have interests in its assets, they are not liable for its liabilities in a specific proportion and there is no additional agreement to specifically segregate operational and strategic management. The analysis performed confirms that Invest in AM CJSC is a joint venture between the Company and other shareholder (Note 18).

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(d) Investments in associates and joint ventures (continued)

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Company retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

(e) Security transactions and related investment income

Securities transactions are accounted for on settlement date (date securities are purchased or sold). Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. The securities that represent unit holdings in investment funds are transacted at net asset value per unit as published or reported by the respective funds.

In the statement of profit or loss and other comprehensive income net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, and where applicable includes interest and dividend income. The gain or loss from units held in funds reflects the changes in net asset values per units held.

(f) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit before tax differs reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(g) Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

(h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Expenditure to replace a component of an item of property and equipment, that is accounted for separately, is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits are expected to arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss as incurred.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of significant items of property and equipment for the current and comparative periods are as follows. Land is not depreciated.

Leasehold improvements	20 years
Communication devices and computers	1-5 years
Motor Vehicles	8 years
Other	1-8 years
Intangible assets	5 years

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term or renew the lease term.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(i) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(i) Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as Lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

(thousands of Armenian drams)

3. Significant accounting policies (continued)

(j) Leases (continued)

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

(j) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(thousands of Armenian drams)

4. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurements

Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year relate to accounting for financial instruments, particularly fair value measurements. The best evidence of fair value is price quotations in an active market. In the absence of quoted prices in an active market, the Management uses other evaluation techniques, such as the comparative approach with similar instruments both in the internal and external markets. See *Notes 15, 16, 27.*

5. New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

(thousands of Armenian drams)

5. New standards and interpretations not yet adopted (continued)

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently assessing the impact of the amendments.

6. Net Interest Income

	31 December 2022	*31 December 2021*
Interest income:		
Financial assets at fair value through other comprehensive income	1,238,842	1,193,621
Interest income from bank accounts and deposits	15,301	28,154
Reverse repurchase agreements	908	–
Other assets	3,337	5,677
Total interest income	**1,258,388**	**1,227,452**
Interest expense:		
Repurchase agreements	(1,124,359)	(905,596)
Borrowings from financial institutions	(12,580)	(15,396)
Interest expense on lease liabilities	(22,075)	(23,539)
Other	(324)	-
Total interest expense	**(1,159,338)**	**(944,531)**
Net interest income	**99,050**	**282,921**

(thousands of Armenian drams)

7. Fee and Commission Income and Expense

	31 December 2022	*31 December 2021*
Fee and commission income:		
Brokerage services	2,870,057	6,532
Depositary services	751,872	17,534
Securities account opening and maintenance	124,041	35,701
Securities registration	96,727	77,071
Maintenance of securities registry	81,684	80,929
Securities placement and pricing	19,529	26,197
Other commission income	15,598	3,999
Total fee and commission income	**3,959,508**	**247,963**
Fee and commission expense:		
Agent fees	(817,764)	-
Services provided by the depositary	(171,881)	(117,118)
Stock exchange commission	(2,231)	(3,105)
Other commission expense	(402)	(5,693)
Total fee and commission expense	**(992,278)**	**(125,916)**
Net fee and commission income	**2,967,230**	**122,047**

Included in commission income are AMD 555,414 thousand received from the funds under management of the Company's associate Glocal CJSC (2021: AMD4,945 thousand)

8. Net Trading Gain

	31 December 2022	*31 December 2021*
Net gain from trading and revaluation of securities issued in international markets	9,038,462	-
Net gain from trading of securities issued in local markets	194,090	115,855
Net loss from foreign currency transactions	(1,594,537)	-
Net loss on derivative financial instruments	(39,403)	-
	7,598,612	**115,855**

9. Staff Costs

Included in staff costs are bonus compensation of AMD 6,851,012 thousand paid to employees for the market expansion activities and development of new business segment.

10. Administrative Expenses

	31 December 2022	*31 December 2021*
Professional services	67,093	22,589
Depreciation	45,779	28,979
Taxes other than income tax	35,888	5,298
Office utility expense	31,086	16,933
Representative expenses	14,909	1,753
Travel and trainings	8,920	746
Advertising expenses	3,254	3,844
Communication expenses	4,017	1,623
Operating lease expense	-	16,100
Other	206	664
Total administrative expenses	**211,152**	**98,529**

(thousands of Armenian drams)

11. Income tax

The Company's applicable tax rate is the income tax rate of 18% (2021: 18%). The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	*2021*
Current tax	454,995	29,652
Deferred tax	(35,701)	1,166
Total	**419,294**	**30,818**

Reconciliation of effective tax rate:

	2022		*2021*	
	'000 AMD	*%*	*'000 AMD*	*%*
Profit before income tax	**2,956,531**		**150,029**	
Income tax at applicable tax rate	**532,176**	**18.0%**	27,005	18.0%
Foreign exchange (gains)/losses	(99,359)	(3.4%)	3,344	2.2%
Other (non-taxable)/non-deductible items	(13,523)	(0.5%)	469	0.4%
	419,294	**14.2%**	**30,818**	**20.6%**

The movement of deferred income taxes is disclosed below:

	2022	*2021*
Balance at the beginning of year	**(2,965)**	**(115,191)**
Charged to profit or loss	35,701	(1,166)
Charged in other comprehensive income	18,293	113,392
Balance at the end of year	**51,029**	**(2,965)**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	1 January 2022	*Recognized in other comprehensive income*	*Recognized in profit or loss*	*31 December 2022*
Trade and other payables	3,494	-	32,345	35,839
Reverse repurchase agreements	-	-	48	48
Other assets	(90)	-	938	848
Cash and cash equivalents	(108)	-	865	757
Leases	(4,488)	-	1,505	(2,983)
Investment securities	(1,773)	18,293	-	16,520
Tax assets/(liabilities)	**(2,965)**	**18,293**	**35,701**	**51,029**

	1 January 2021	*Recognized in other comprehensive income*	*Recognized in profit or loss*	*31 December 2021*
Trade and other payables	4,411	-	(917)	3,494
Other assets	(52)	-	(38)	(90)
Cash and cash equivalents	(33)	-	(75)	(108)
Leases	138	-	(4,626)	(4,488)
Investment securities	(119,655)	113,392	4,490	(1,773)
Net position – deferred income tax liabilities	**(115,191)**	**113,392**	**(1,166)**	**(2,965)**

(thousands of Armenian drams)

12. Cash and Cash equivalents

	31 December 2022	*31 December 2021*
Cash on hand	735	3,513
Current accounts with banks	2,978,327	30,637
Current accounts with clearing systems	1,631,936	-
Cash and cash equivalents in the statement of cash flows	**4,610,998**	**34,150**
Less: allowance for impairment losses	(4,204)	(601)
Total cash and cash equivalents in the statement of financial positions	**4,606,794**	**33,549**

None of the balances are past due or impaired. Allowance for impairment losses is recognised as per IFRS 9 adoption requirements and represents Stage 1 asset-related allowance. A reconciliation of the impairment loss allowance by stages in accordance with IFRS 9 is as follows:

	2022		*2021*	
	Stage 1	*Total*	*Stage 1*	*Total*
Impairment loss allowance at January 1	601	**601**	222	**222**
Charge for the year	3,603	**3,603**	379	**379**
Impairment loss allowance at 31 December	**4,204**	**4,204**	**601**	**601**

13. Term deposits

	31 December 2022	*31 December 2021*
Total term deposits in a local bank	**6,189**	**97,020**

Term deposits held in local banks as at 31 December 2022 and 2021 represent AMD balances held with one local bank, which bear 9% interest rate until 2023.

14. Amounts receivable under reverse repurchase agreements

Reverse repurchase agreements represent short term receivables from one Armenian bank, bear 11.10% average interest rate and are secured by Armenian government and corporate securities with fair value of AMD 1,024,302 thousand. Allowance for impairment as at 31 December was AMD 267 thousand. (31 December 2021: nil).

15. Financial assets at fair value through profit or loss

	Coupon rate	*Maturity*	*31 December 2022*	*31 December 2021*
Held by the Company				
Corporate debt instruments with fixed maturity	2.1-10.5	2023-2030	956,328	305,812
Corporate debt instruments with no maturity	3.125-3.897	N/A	48,173	-
Corporate equity instruments	N/A	N/A	514,552	43,952
Investments in fund units under management of Company's Associate Glocal CJSC	N/A	N/A	344,411	393,451
Government securities - other countries	6.2	2030	110,888	-
Government securities of Armenia	3.95	2029	82,807	-
Total held by the Company			**2,057,159**	**743,215**
Pledged under repurchase agreements				
Government securities of Armenia	3.95-7.15	2025-2029	526,790	-
Corporate debt instruments	5.8	2023	36,212	395,878
Total pledged under repurchase agreements			**563,002**	**395,878**
Pledged under borrowings from financial institutions				
Government securities of Armenia	3.95	2029	881,249	-
Corporate debt instruments	5.25	2023	51,537	76,754
Total pledged under borrowings from financial institutions			**932,786**	**76,754**
Total financial assets FVTPL			**3,552,947**	**1,215,847**

(thousands of Armenian drams)

15. Financial assets at fair value through profit or loss (continued)

Corporate debt securities represent securities issued by companies operating in the Republic of Armenia bearing fixed coupon interest rates between 6.5% to 11 % p.a. (2021: 5% to 11.5% p.a.) and maturing between 2023 to 2036 (2021: 2022 to 2023). The fair value of these instruments is measured using valuation techniques applying current market rates to discounted future cash flows or quoted prices.

Investments in fund units represent unit holdings in funds under the Company's associate's investment management. These units are carried at Company's share of the net asset value of the funds as at reporting date.

Financial assets at fair value through profit or loss by countries of the issuer comprise:

	2022	***2021***
Armenia	2,202,757	1,215,847
Russia and Belarus	640,752	-
Other countries	709,438	-
Trading securities	**3,552,947**	**1,215,847**

Securities issued by companies or governments of foreign countries are actively traded in the international markets and have been sold by the Company after the reporting date.

Pledged assets are discussed in notes 23 and 24. Fair value measurements are presented in note 27.

16. Financial assets at fair value through other comprehensive income

	31 December 2022	***31 December 2021***
Held by the Company		
Government securities of Armenia	1,502	148,390
Total held by the Company	**1,502**	**148,390**
Pledged under repurchase agreements		
Government securities of Armenia	8,157,158	11,065,739
Total pledged under repurchase agreements	**8,157,158**	**11,065,739**
Pledged under borrowings from financial institutions		
Government securities of Armenia	-	101,230
Total pledged under borrowings from financial institutions	**-**	**101,230**
Total financial assets at fair value through other comprehensive income	**8,158,660**	**11,315,359**

Government debt securities represent securities issued by the Ministry of Finance of Armenia bearing fixed coupon interest rates between 6.5% to 13 % p.a. (2021: 6.5% to 13% p.a.) and expiring between 2023-2036 (2021: 2022 to 2047). The fair value of these instruments is measured using valuation techniques applying current market rates to discounted future cash flows or quoted prices.

The movement of allowance for impairment losses for financial assets at fair value through other comprehensive income

	2022	**2021**
	Stage 1	**Stage 1**
At 1 January	31,366	31,398
Net charge/(recovery) of provision for impairment	(14,494)	(32)
At 31 December	**16,872**	**31,366**

Fair value measurements are presented in *Note 27*.

(thousands of Armenian drams)

17. Investment in Associate

	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company as at 31 December 2022	2021
Glocal CJSC	Fund Manager	Yerevan, Armenia	33%	33%

In 2018 the Company made an investment in newly incorporated Glocal cjsc, whose primary operations comprise of non-public fund management services.

Summarised financial information in respect of this investment is set out below, prepared from the associate's IFRS financial statements.

"Glocal" CJSC	***2022***	***2021***
Balance at the beginning of the period	139,559	121,490
Company's share of the associate's profit for the year	4,729	18,069
Total	**144,288**	**139,559**

"Glocal" CJSC	**2022**	**2021**
Revenue	107,376	101,144
Profit and other comprehensive income for the year	18,423	50,662
Total assets	452,577	431,760
Total liabilities	15,341	12,947
Equity	437,236	418,813

18. Investments in Joint Ventures

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture	**Principal activity**	**Place of incorporation and principal place of business**	**Proportion of ownership interest and voting rights held by the Company** *31 December 2022*	***31 December 2021***
Invest in AM CJSC	Consulting firm	Yerevan, Armenia	50%	50%

Invest in AM CJSC	***31 December 2022***	***31 December 2021***
Balance at the beginning of the period	22,833	23,164
Company's share of the joint venture's loss for the year	-	(331)
Total	**22,833**	**22,833**

Summarised financial information in respect of this investment is set out below, prepared from the joint venture's IFRS financial statements.

Invest in AM CJSC	***31 December 2022***	***31 December 2021***
Loss and other comprehensive loss for the year	(6,572)	(662)
Total assets	39,320	45,695
Total liabilities	226	29
Equity	39,094	45,666

On 17 August, 2020 Armbrok OJSC and Hovsep Patvakanian have established a legal entity with the name Invest in AM registered at 39, Hanrapetutyun street, Armenia. The authorized capital of Invest in AM is defined AMD 48,000 thousand, which is divided into 10,000 shares, each with a nominal value of AMD 4,800. Invest in Am is a private consulting company which helps investors with offers and Armenian exporting companies with potential buyers. Invest in AM is principally engaged in developing a platform for startup projects. The above joint venture is accounted for using the equity method in these financial statements as set out in the Company's accounting policies in Note 3.

(thousands of Armenian drams)

19. Property, Equipment and Intangible Assets

	Leasehold improve-ments	*Communi-cation devices and computers*	*Motor Vehicles*	*Other*	*Intangible assets*	*Total*
Cost						
At 1 January 2021	**–**	**17,248**	**49,927**	**26,142**	**8,367**	**101,684**
Transfer (Note 20)	8,546	–	–	–	–	**8,546**
Additions	109,465	597	–	61,894	–	**171,956**
Disposals through merger	–	(9,396)		(13,090)	(2,000)	**(24,486)**
At 31 December 2021	**118,011**	**8,449**	**49,927**	**74,946**	**6,367**	**257,700**
Additions	-	1,900	-	22,362	-	24,262
Reclassification	(1,714)	-	-	1,714	-	**-**
At 31 December, 2022	**116,297**	**10,349**	**49,927**	**99,022**	**6,367**	**281,962**
Accumulated depreciation						
At 1 January 2021	**–**	**17,227**	**24,347**	**17,504**	**8,169**	**67,247**
Depreciation charge	508	38	5,839	2,106	198	**8,689**
Write-offs	–	(9,396)	–	(13,090)	(2,000)	**(24,486)**
At 31 December 2021	**508**	**7,869**	**30,186**	**6,520**	**6,367**	**51,450**
Depreciation charge	5,828	297	5,836	13,528	-	25,489
At 31 December 2022	**6,336**	**8,166**	**36,022**	**20,048**	**6,367**	**76,939**
Net book value						
At 1 January 1, 2021	**–**	**21**	**25,580**	**8,638**	**198**	**34,437**
At 31 December, 2021	**117,503**	**580**	**19,741**	**68,426**	**-**	**206,250**
At 31 December, 2022	**109,961**	**2,183**	**13,905**	**78,974**	**-**	**205,023**

At 31 December 2022 property and equipment included fully depreciated assets with original cost of AMD 13,224 thousand (31 December 2021: AMD 10,418 thousand).

20. Leases

The Company leases office premises. The agreement term is 10 years and is non-cancellable for that period. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	*Leasehold improvements (in progress)*	*Total*
Cost			
Balance at 1 January, 2021	210,510	8,546	**219,056**
Transfer (Note 19)	–	(8,546)	**(8,546)**
Balance at 31 December, 2021	**210,510**	**8,546**	**219,056**
Additions	-	-	**-**
Balance at 31 December, 2022	**210,510**	**8,546**	**219,056**
Accumulated depreciation			
Balance at 1 January, 2021	**7,609**	**–**	**7,609**
Depreciation expense	20,290	-	**20,290**
Balance at 31 December, 2021	**27,899**	**–**	**27,899**
Depreciation expense	20,290	-	**20,290**
Balance at 31 December, 2022	**48,189**	**-**	**48,189**
Carrying amount			
1 January 2021	**202,901**	**8,546**	**211,447**
31 December 2021	**182,611**	**–**	**182,611**
31 December 2022	**162,321**	**-**	**162,321**

(thousands of Armenian drams)

20. Leases (continued)

Impact on profit or loss	***2022***	***2021***
Impact on profit/(loss) for the year		
Increase in depreciation of right-of-use asset	20,290	20,290
Increase in finance costs (Note 6)	22,075	23,539
Decrease in profit for the year	**42,365**	**43,829**

Lease liabilities

Maturity analysis:	***2022***	***2021***
Year 1	34,000	34,000
Year 2	34,000	34,000
Year 3	34,000	34,000
Year 4	34,000	34,000
Year 5	34,000	34,000
Year 6 and beyond	68,000	102,000
	238,000	**272,000**
Less: unearned interest	(92,250)	(114,325)
	145,750	**157,675**
Analysed as:		
Non-current	132,155	145,750
Current	13,595	11,925
	145,750	**157,675**

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities. Interest expense paid was classified as operating activity in the statement of cash flows.

	1 January 2022	***Recognized during the year***	***Net proceeds /repayments - cash flows***	***Interest expense***	***31 December 2022***
Lease liabilities	157,675	-	(34,000)	22,075	145,750
	157,675	**-**	**(34,000)**	**22,075**	**145,750**

	1 January 2021	***Recognized during the year***	***Net proceeds /repayments - cash flows***	***Interest expense***	***31 December 2021***
Lease liabilities	168,136	–	(34,000)	23,539	157,675
	168,136	**–**	**(34,000)**	**23,539**	**157,675**

(thousands of Armenian drams)

21. Other Assets

	31 December 2022	*31 December 2021*
Other financial assets		
Loans to employees	2,128	48,347
Receivables on services provided	232,413	43,137
Receivables on transactions with securities	262,724	-
Less: allowance for impairment loss	(4,710)	(7,718)
	492,555	**83,766**
Other non-financial assets		
Other	7,412	1,223
	7,412	**1,223**
Total other assets	**499,967**	**84,989**

Included in other assets are AMD 21,059 thousand receivable from the funds under management of the Company's associate Glocal CJSC.

Allowance for impairment losses is recognised as per IFRS 9 adoption requirements and represents Stage 1 asset-related allowance. A reconciliation of the impairment loss allowance by stages in accordance with IFRS 9 is as follows:

	31 December 2022	*31 December 2021*
Beginning of year	7,718	7,538
Charge for the year	(3,008)	180
Closing balance at the end of the year	**4,710**	**7,718**

22. Equity

As of 31 December 2022 and 2021 the Company's registered and paid-in share capital was AMD 267,150 thousand represented by 267,150 ordinary shares of AMD 1,000 each. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share. The share capital of the Company was contributed by the participants in Armenian Drams and they are entitled to dividends and any capital distribution in Armenian Drams. In 2021 AMD 106,860 thousand dividends were declared and paid, dividends per share comprised AMD 400 (2021: AMD 240,435 thousand and dividend per share – AMD 900).

The respective shareholders at December 31, 2022 and December 31, 2021 were as follows:

	31 December 2022		*31 December 2021*	
	Paid-in share capital	**% of total paid in capital**	**Paid-in share capital**	**% of total paid in capital**
Aram Kayfajyan	115,943	43.39%	115,943	43.39%
GERMAN CAUCASIAN TRADING LTD	66,750	24.99%	72,934	27.30%
Ashot Chagharyan	24,328	9.11%	27,000	10.11%
Other shareholders	60,129	22.51%	51,273	19.20%
	267,150	**100.00%**	**267,150**	**100.00%**

The Company's distributable reserves among participants are limited to the amount of its accumulated retained earnings as disclosed in its statutory accounts in accordance with the legislation of the RA. Non-distributable reserves are represented by statutory general reserve, which is created as required by the statutory regulations, in respect of general risks, including future losses and other unforeseen risks or contingencies. The reserve has been created in accordance with the Charter of the Company and its subsidiary that provide for the creation of a reserve for these purposes a minimum of 15% of Share capital.

Financial assets at fair value through OCI reserve comprises the cumulative net change in the fair value of investment securities measured at fair value through OCI, until the assets are derecognised through transfer to profit or loss.

(thousands of Armenian drams)

23. Amounts payable under repurchase agreements

The Company has transactions under repurchase or reverse repurchase agreements. The securities lent or sold under repurchase agreements are transferred to a third party in exchange for cash received by the Company. These financial assets may be re-pledged or resold by counterparties in the absence of default, but the counterparty has an obligation to return the securities at the maturity of the contract. The Company has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges where the Company acts as intermediary.

Repurchase agreements

	31 December 2022	*31 December 2021*
Fair value of own financial assets at fair value through other comprehensive income transferred and pledged under repurchase agreements (Note 16)	8,157,158	11,065,739
Fair value of own financial assets at fair value through profit or loss transferred and pledged under repurchase agreements (Note 15)	563,002	395,878
Total financial assets transferred and pledged under repurchase agreements	**8,720,160**	**11,461,617**
Amounts payable from Armenian banks under repurchase agreements	**8,309,880**	**10,677,662**

24. Amounts Due to Financial Institutions

	31 December 2022	*31 December 2021*
Loans and overdrafts from Armenian banks	887,418	163,692
Total amounts due to financial institutions	**887,418**	**163,692**

Amounts due to financial institutions bear fixed interest rates from 2.75 % to 4.9 % and maturity from January 2023 to September 2023 (31 December 2021: 0.52 % to 9.45 % and mature from February 2022 to December 2022). These liabilities are denominated in Armenian drams and US dollars. The overdraft facilities as per signed agreements are available through to 2023.

Financial assets pledged against amounts due to financial institutions, represented by government and corporate bonds, at 31 December 2022 amounted to AMD 932,786 thousand (31 December 2021: AMD 177,984 thousand).(Note 15,16)

25. Trade and Other Payables

	31 December 2022	*31 December 2021*
Other financial liabilities:		
Salary payable	2,419,071	-
Vacation accrual	199,107	19,408
Accounts payable	176,824	12,136
	2,795,002	**31,544**
Other non-financial liabilities:		
Prepayments received from investment companies	400,466	-
Prepayments received from customers	63,706	11,725
Tax payable, other than income tax	736,040	8,372
Other	2,037	-
	1,202,249	**20,097**
Total trade and other payable	**3,997,251**	**51,641**

26. Risk management

Introduction

Management of risk is fundamental to the business of the Company and forms an essential element of the Company’s operations. The major (significant) risks faced by the Company are those related to market risk, credit risk, liquidity risk, and operational, legal and reputational risks.

(thousands of Armenian drams)

26. Risk management (continued)

Introduction (continued)

a) Risk management policies and procedures

The risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice. The Company has developed a system of reporting on significant risks and capital.

The Company's internal documentation establishing the procedures and methodologies for identification, managing and stress-testing the Company's significant risks, was approved by the authorized management bodies of the Company in accordance with regulations and recommendations issued by the CBA.

The shareholders have overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures. The management of the Company is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Company operates within established risk parameters.

The Executive Director is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the shareholders.

Both external and internal risk factors are identified and managed throughout the company. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments).

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognised contractual commitment amounts. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Credit quality per class of financial assets

The credit quality of financial assets below is managed by the Company based on external credit ratings. Not rated exposures are classified in Standard Grade, unless they are impaired.

As at 31 December 2022 and as at 31 December 2021 all the financial assets are classified at standard grade and included in Stage 1 for the purposes of expected credit loss calculation.

The table below shows the mapping of the Company's grading system and external ratings of the counterparties as at 31 December 2022 and 31 December 2021.

31 December 2022:

International external rating agency (Moody's) rating	***Internal rating description***	***PD***
Aaa to A3	High grade	0-0.09%
Baa1 to B3	Standard	0.1-4.3%
Caa1 to Ca	Sub-standard grade	14.0%
C	Impaired	100%

31 December 2021:

International external rating agency (Moody's) rating	***Internal rating description***	***PD***
Aaa to A3	High grade	0-0.05%
Baa1 to B3	Standard	0.02-3.2%
Caa1 to Ca	Sub-standard grade	9.7%
C	Impaired	100%

(thousands of Armenian drams)

26. Risk management (continued)

Credit risk (continued)

The movement of expected credit loss allowance against financial assets is presented below:

	Financial assets at fair value through OCI	Cash and cash equivalents	Reverse repurchase agreements	Other financial assets	Total
At 31 December, 2020	**31,398**	**222**	**-**	**7,538**	**39,158**
Net charge/(recovery) of loss allowance	(32)	379	-	180	**527**
At 31 December, 2021	**31,366**	**601**	**-**	**7,718**	**39,685**
Net charge/(recovery) of loss allowance	(14,494)	3,603	267	(3,008)	**(13,632)**
At 31 December, 2022	**16,872**	**4,204**	**267**	**4,710**	**26,053**

Liquidity risk and companying management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched, since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity management policy requires:

- Projecting cash flows by major currencies and taking into account the level of liquid assets necessary in relation thereto;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

The tables below summarize the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

	31 December 2022					
	Demand and less than 1 month	***From 1 to 3 months***	***From 3 to 12 months***	***From 1 to 5 years***	***More than 5 years***	***Total***
Financial liabilities						
Amounts payable under repurchase agreements	8,322,629	-	-	-	-	**8,322,629**
Amounts due to financial institutions	888,742	-	-	-	-	**888,742**
Lease liabilities	2,833	5,667	25,500	136,000	68,000	**238,000**
Other financial liabilities	2,419,072	-	375,930	-	-	**2,795,002**
Total undiscounted financial liabilities	**11,633,276**	**5,667**	**401,430**	**136,000**	**68,000**	**12,244,373**

(thousands of Armenian drams)

26. Risk management (continued)

Liquidity risk (continued)

	31 December 2021					
	Demand and less than 1 month	***From 1 to 3 months***	***From 3 to 12 months***	***From 1 to 5 years***	***More than 5 years***	***Total***
Financial liabilities						
Amounts payable under repurchase agreements	10,694,044	-	-	-	-	**10,694,044**
Amounts due to financial institutions	167,784	-	-	-	-	**167,784**
Lease liabilities	2,833	5,667	25,500	136,000	102,000	**272,000**
Other financial liabilities	-	-	31,544	-	-	**31,544**
Total undiscounted financial liabilities	**10,864,661**	**5,667**	**57,044**	**136,000**	**102,000**	**11,165,372**

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Company manages its market risk by hedging the positions. The following table breaks down the Company's main exposure at their carrying amounts, as categorized by geographical region as of 31 December 2022.

	31 December 2022			
	Armenia	***Russia and Belarus***	***Other***	***Total***
Assets				
Cash and cash equivalents	2,948,588	26,269	1,631,937	4,606,794
Term deposits	6,189	-	-	6,189
Amounts receivable under reverse repurchase agreements	995,337	-	-	995,337
Financial assets at fair value through profit or loss	2,202,757	640,752	709,438	3,552,947
Financial assets at fair value through other comprehensive income	8,158,660	-	-	8,158,660
Other financial assets	343,647	114,725	34,183	492,555
	14,655,178	**781,746**	**2,375,558**	**17,812,482**
Liabilities				
Repurchase agreements	8,309,880	**-**	**-**	8,309,880
Amounts due to financial institutions	887,418	-	-	887,418
Trade and other payables	2,552,936	242,066	-	2,795,002
	11,750,234	**242,066**	**-**	**11,992,300**
Net assets	**2,904,944**	**539,680**	**2,375,558**	**5,820,182**

(thousands of Armenian drams)

26. Risk management (continued)

Market risk (continued)

Other countries as of 31 December 2022 are mostly represented by United Kingdom and Cyprus.

As at 31 December 2021 all the exposures of financial assets and liabilities are located in Armenia.

Price risk

As at 31 December 2022 and 2021, the Company had no equity instruments sensitive to changes in market conditions.

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. The following table demonstrates the sensitivity (calculation is based on durations of instruments) to a reasonable possible change in interest rates, with all other variables held constant, of the financial assets at fair value through profit or loss and financial assets at fair value through OCI as at 31 December 2022

Currency	***Increase in basis points 2022***	***Sensitivity of net interest income 2022***	***Sensitivity of equity 2022***
AMD	3.18%	(558)	(752,087)
USD	2.18%	(270,738)	-

Currency	***Decrease in basis points 2022***	***Sensitivity of net interest income 2022***	***Sensitivity of equity 2022***
AMD	3.18%	558	752,087
USD	2.18%	270,738	-

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The tables below indicate the currencies to which the Company had significant exposure at 31 December 2022 and 2021 on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Armenian Dram, with all other variables held constant on the statement of profit or loss. A negative amount in the table reflects a potential net reduction in the statement of profit or loss statement, while a positive amount reflects a net potential increase.

AMD'000	***Change in currency rate in % 2022***	***Effect on profit before tax 2022***	***Change in currency rate in % 2021***	***Effect on profit before tax 2021***
Currency				
	21.3%	64,393	8.5%	(453)
EUR	-21.3%	(64,393)	-8.5%	(453)
	12.6%	595,913	5.0%	(10,417)
USD	-12.6%	(595,913)	-5.0%	(10,417)
	18.6%	21,832	15.0%	(114)
RUB	-18.6%	(21,832)	-15.0%	114

(thousands of Armenian drams)

27. Fair value measurement

The Company provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial instruments that are not measured at fair value

Cash and cash equivalents, term deposits, amounts receivable under reverse repurchase agreements, other financial assets, amounts payable under repurchase agreements and amounts due to financial institutions are liquid or have a short term maturity (less than three months) therefore it is assumed that the carrying amounts approximate to their fair values.

Lease liabilities

The fair value of lease liabilities is close to its carrying value and is estimated using discounted cash flow techniques, applying the market interest rates that the Company would have to pay as of the reporting date to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use assets.

(b) Financial instruments that are measured at fair value

As of 31 December 2022

'000 AMD	*Level 1*	*Level 2*	*Level 3*	*Total fair values*
Financial assets at fair value through profit or loss		3,552,947	-	3,552,947
Financial assets at fair value through other comprehensive income	-	8,158,660	-	8,158,660

As of 31 December 2021

'000 AMD	*Level 1*	*Level 2*	*Level 3*	*Total fair values*
Financial assets				
Financial assets at fair value through profit or loss	-	1,215,847	-	1,215,847
Financial assets at fair value through other comprehensive income		11,315,359	-	11,315,359

Armenian government securities are classified as level 2 as they have been valued using discounted cash flow techniques at a rate that reflects market yield of specific time to maturity. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Corporate securities issued in Armenia and fund units held are classified as level 2 in the fair value hierarchy as they are measured at quoted price in a market that is not active.

The fair value of securities issued overseas is classified as level 2, which are based on quoted market prices in an international market, except certain securities mostly issued by Russian companies, which are reflected at purchase price due to non-availability of quoted prices and which are classified under level 2 fair value hierarchy, as the purchase of securities have taken place close to the reporting date, the management considers that the fair value of these bonds approximate purchase price.

(thousands of Armenian drams)

28. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See Note 26 Risk management for the Company's contractual undiscounted repayment obligations.

	2022			*2021*		
	Within one year	***More than one year***	***Total***	***Within one year***	***More than one year***	***Total***
Cash and cash equivalents	4,606,794	-	4,606,794	33,549	-	33,549
Term Deposits	6,189	-	6,189	-	97,020	97,020
Amounts receivable under reverse repurchase agreements	995,337	-	995,337	-	-	-
Financial assets at fair value through profit or loss	3,552,947	-	3,552,947	1,215,847	-	1,215,847
Financial assets at fair value through OCI	8,158,660	-	8,158,660	11,315,359	-	11,315,359
Investment in associate	-	144,288	144,288	-	139,559	139,559
Investment in joint venture	-	22,833	22,833	-	22,833	22,833
Property, equipment and intangible assets	-	205,023	205,023	-	206,250	206,250
Right of use assets	-	162,321	162,321	-	182,611	182,611
Deferred tax assets	-	51,029	51,029	-	-	-
Current income tax assets	-	-	-	1,697	-	1,697
Other assets	499,967	-	499,967	36,906	48,083	84,989
Total	**17,819,894**	**585,494**	**18,405,388**	**12,603,358**	**696,356**	**13,299,714**
Amounts payable under repurchase agreements	8,309,880	-	8,309,880	10,677,662	-	10,677,662
Amounts due to financial institutions	887,418	-	887,418	163,692	-	163,692
Current income tax liabilities	471,717	-	471,717	-	-	-
Deferred tax liabilities	-	-	-	-	2,965	2,965
Lease liabilities	13,595	132,155	145,750	11,925	145,750	157,675
Trade and other payables	3,997,251	-	3,997,251	51,641	-	51,641
Provisions	-	27,677	27,677	-	27,677	27,677
Total	**13,679,861**	**159,832**	**13,839,693**	**10,904,920**	**176,392**	**11,081,312**
Net	**4,140,033**	**425,662**	**4,565,695**	**1,698,438**	**519,964**	**2,218,402**

The Company management considers the financial assets at fair value through OCI and financial assets at fair value through profit or loss as liquid assets which the Company is able to convert to cash hence the Company has presented these assets as maturing within one year.

29. Capital management

For the purpose of the Company's capital management, capital includes issued capital, all other equity reserves attributable to the equity holders of the Central Bank of Armenia and net debt. Net debt is defined as sum of borrowings and lease liabilities after deducting cash and cash equivalents. The primary objective of the Company's capital management is to maximise the shareholder value.

Management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Company's revenues and profit, and long-term investment plans mainly financed by the Company's operating cash flows. With these measures the Company aims for steady profits growth. There were no changes in the Company's approach to capital management during the year.

The Central Bank of Armenia sets and monitors capital requirements for the Company. Under the current capital requirements set by the Central Bank of Armenia, the Company has to maintain a minimum total capital of AMD 100,000 thousand (2021: AMD 100,000 thousand). The Company is in compliance with minimum total capital requirements as at 31 December 2022 and 2021.

(thousands of Armenian drams)

30. Contingencies

(a) Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Company does not have full coverage for its business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Company property or relating to the Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Company's operations and financial position.

(b) Litigation

The Company does not have litigations that may have a material effect on the Company's results of operations or financial position.

(c) Taxation

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.

31. Related parties

The Company's related parties include its shareholders, key management and the funds under the Company's associate's management.

As at December 31, 2022 and 2021, the ultimate controlling party of the Company was Aram Kayfajyan who is also the Chief Executive Officer of the Company. Transactions with Aram Kayfajyan are presented under 'Key management personnel' category below.

Transactions with related parties

During the reporting year the Company had the following transactions with the related parties and as of the reporting date had the following outstanding balances.

	31 December 2022		
	Shareholders and entities under common control of the shareholders	***Key management personnel***	***Other***
Statement of profit or loss and other comprehensive income			
Income			
Fee and commission income	3,212	255	-
Other income (sub-lease)	4,404	-	-
Interest income	-	2,349	-
Expenses			
Administrative and other expenses	-	13,701	-
Statement of financial position			
Cash and cash equivalents	-	-	38,933
Other assets	-	829	-
Investments in fund units	-	-	-

(thousands of Armenian drams)

31. Related parties (continued)

Transactions with related parties (continued)

	31 December 2021		
	Shareholders and entities under common control of the shareholders	***Key management personnel***	***Other***
Statement of profit or loss and other comprehensive income			
Income			
Fee and commission income	6,746	37	−
Other income (sub-lease)	2,013	-	−
Interest income	−	5,560	−
Expenses	−	−	(11,499)
Interest expense	(13,596)	−	−
Administrative and other expenses	−	−	−
Statement of financial position			−
Loans to employees/Other assets	2,206	47,465	−
Prepayments received/Other liabilities	(811)	−	−
Investments in fund units	(9)	−	

Key management compensation for the year amounted to AMD 2,034,344 thousand (2021: AMD 90,196 thousand).