Financial Statements and Independent Auditor's Report

"AMUNDI-ACBA ASSET MANAGEMENT" closed joint stock company

31 December 2016

Contents

Grant Thornton

Independent auditor's report

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To the Shareholders and Board of Directors of closed joint stock company "AMUNDI-ACBA ASSET MANAGEMENT":

Opinion

We have audited the financial statements of "AMUNDI-ACBA ASSET MANAGEMENT" closed joint stock company (the "Company"), which comprise the statement of financial position as of December 31, 2016, 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 give a true and fair view of the financial position of the Company as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

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

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

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

Other Matter

The financial statements of "AMUNDI-ACBA ASSET MANAGEMENT" closed joint stock company for the year ended 31 December 2015 were audited by another auditor, who expressed unmodified opinion on those financial statements at 19 April 2016.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Gagik Gyulbudaghyan
Managing partner

Armen Hovhannisyan
Engagement partner

13 April 2017

Statement of profit or loss and other comprehensive income

In thousand Armenian drams	Notes	**Year ended December 31, 2016**	Year ended December 31, 2015
Interest and similar income		**11,632**	28,828
Net interest income		**11,632**	28,828
Fee and commission income	6	**357,488**	217,475
Net fee and commission income		**357,488**	217,475
Net loss from foreign currency transactions		**(1,072)**	(8,848)
Staff costs	7	**(140,929)**	(174,520)
Other expenses	8	**(244,679)**	(148,137)
Loss before income tax		**(17,560)**	(85,202)
Income tax benefit	9	**27,923**	-
Profit/Loss for the year		**10,363**	(85,202)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Net unrealized gains from changes in fair value from available-for-sale financial assets		**59,616**	15,971
Other comprehensive income for the year, net of tax		**59,616**	15,971
Total comprehensive income for the year		**69,979**	(69,231)

The accompanying notes on pages 8 to 28 are an integral part of these financial statements.

Statement of financial position

In thousand Armenian drams	Notes	As of December 31, 2016	As of December 31, 2015
ASSETS			
Cash and cash equivalents	10	44,038	95,956
Amounts due from financial institutions	11	50,101	151,435
Investments available for sale	12	492,478	287,862
Property, plant and equipment	13	31,590	42,851
Deferred tax asset	9	27,923	-
Other assets	14	58,764	42,744
TOTAL ASSETS		704,894	620,848
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities		26,637	12,570
Total liabilities		26,637	12,570
Equity			
Share capital	15	800,000	800,000
Other reserves		77,478	17,862
Accumulated loss		(199,221)	(209,584)
Total equity		678,257	608,278
TOTAL LIABILITIES AND EQUITY		704,894	620,848

The financial statements from pages 4 to 28 were signed by the Company's Executive Director and Chief Accountant on 13 April, 2017.

Jean Mazedjian
Executive Director

Vahan Mirzhamyan
Chief accountant

The accompanying notes on pages 8 to 28 are an integral part of these financial statements.

Statement of changes in equity

In thousand Armenian drams	Share capital	Revaluation reserve of securities available for sale	Accumulated loss	Total
Balance as of January 1, 2015	800,000	1,891	(124,382)	677,509
Loss for the year	-	-	(85,202)	(85,202)
Other comprehensive income:				
Net unrealized gains from changes in fair value	-	15,971	-	15,971
Total comprehensive income for the year	-	15,971	(85,202)	(69,231)
Balance as of December 31, 2015	**800,000**	**17,862**	**(209,584)**	**608,278**
Profit for the year	**-**	**-**	**10,363**	**10,363**
Other comprehensive income:				
Net unrealized gains from changes in fair value	**-**	**59,616**	**-**	**59,616**
Total comprehensive income for the year	**-**	**59,616**	**10,363**	**69,979**
Balance as of December 31, 2016	**800,000**	**77,478**	**(199,221)**	**678,257**

The accompanying notes on pages 8 to 28 are an integral part of these financial statements.

Statement of cash flows

In thousand Armenian drams	**Year ended December 31, 2016**	Year ended December 31, 2015
Cash flows from operating activities		
Loss before income tax	**(17,560)**	(85,202)
Adjustments		
Depreciation allowances	**11,980**	12,103
Interest receivable	**(89)**	(1,413)
Net loss from revaluation of non-trading assets and liabilities	**196**	8,448
Cash flows from operating activities before changes in operating assets and liabilities	**(5,473)**	(66,064)
(Increase)/Decrease in operating assets		
Amounts due from financial institutions	**101,423**	54,316
Investments available for sale	**(145,000)**	(50,000)
Other assets	**(16,893)**	65,915
(Increase)/Decrease in operating liabilities		
Other liabilities	**14,438**	(9,585)
Net cash used in operating activities before income tax	**(51,505)**	(5,418)
Income tax paid	**-**	-
Net cash used in operating activities	**(51,505)**	(5,418)
Cash flows from investing activities		
Purchase of property and equipment	**(719)**	(120)
Net cash used in investing activities	**(719)**	(120)
Net decrease in cash and cash equivalents	**(52,224)**	(5,538)
Cash and cash equivalents at the beginning of the year	**95,956**	102,907
Exchange differences on cash and cash equivalents	**306**	(1,413)
Cash and cash equivalents at the end of the year (Note 10)	**44,038**	95,956

Supplementary information:		
Interest received	**11,543**	27,415

The accompanying notes on pages 8 to 28 are an integral part of these financial statements.

Accompanying notes to the financial statements

1 Principal activities

"AMUNDI-ACBA ASSET MANAGEMENT" closed joint-stock company (the "Company") was incorporated in 2013 and is regulated by the legislation of RA. The Company was registered on 19.11.2013 by the Central Bank of Armenia under license number 2.

The principal activity of the Company is the management of mandatory pension funds. Clauses regarding the obligation to make mandatory payments according to the law on "Funded pensions" were effective from 1 January, 2014, consequently the main activity of the company started thereafter. Within the frames of mandatory funded pension system the following three funds are under the management of the Company.

- "AMUNDI-ACBA ASSET MANAGEMENT" CJSC fixed income pension fund,
- "AMUNDI-ACBA ASSET MANAGEMENT" CJSC conservative pension fund,
- "AMUNDI-ACBA ASSET MANAGEMENT" CJSC balanced pension fund

The Company's main office is located in Yerevan. The registered office of the Company is located at: 10 V. Sargsyan street, 100-101, Yerevan, RA.

2 Armenian business environment

Armenia continues to undergo political and economic changes. As an emerging market, Armenia does not possess a developed business and regulatory infrastructure that generally exists in a more mature free market economy.

In addition, economic conditions continue to limit the volume of activity in the financial markets, which may not be reflective of the values for financial instruments. The main obstacle to further economic development is a low level of economic and institutional development, along with a centralized economic base.

Management of the Company believes that in the current conditions appropriate measures are implemented in order to ensure economic stability of the Company.

3 Basis of preparation

3.1 Statement of compliance

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

The Company prepares statements for regulatory purposes in accordance with legislative requirements of the Republic of Armenia. These financial statements are based on the Company's books and records as adjusted and reclassified in order to comply with IFRS.

3.2 Basis of measurement

The financial statements have been prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss and available for sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities as well as non-financial assets and liabilities are stated at historical cost.

3.3 Functional and presentation currency

Functional currency of the Company is the currency of the primary economic environment in which the Company operates. The Company's functional currency and the Company's presentation currency is Armenian Drams ("AMD"), since this currency best reflects the economic substance of the underlying events and transactions of the Company. The financial statements are presented in thousands of AMD, which is not convertible outside Armenia.

3.4 Changes in accounting policies

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2016. None of the amendments to Standards that are effective from that date had a significant effect on the Company's financial statements.

3.5 Standards and interpretations not yet applied by the Company

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

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement.

Management does not anticipate a material impact on the Company's financial statements from these Amendments, they are presented below:

Amendments to IAS 12 *Income Taxes*

The IASB has issued *Recognition of Deferred Tax Assets for Unrealised Losses*, which makes narrow-scope amendments to IAS 12 *Income Taxes*. The focus of these amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

These amendments clarify the following aspects:

- unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;

- the carrying amount of an asset does not limit the estimation of probable future taxable profits;

- estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences;

- an entity should consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of the deductible temporary difference. If tax law imposes no such restrictions, an entity assesses a deductible temporary difference in combination with all of its other deductible temporary differences.

The Amendments are effective for annual periods beginning on or after January 1, 2017 and are required to be applied retrospectively. Management does not anticipate a material impact on the Company's financial statements from these Amendments.

***IFRS 9 Financial Instruments* (2014)**

The IASB recently released *IFRS 9 Financial Instruments* (2014), representing the completion of its project to replace *IAS 39 Financial Instruments: Recognition and Measurement.* The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Bank's management have yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 16 Leases

IFRS 16 presents new requirements and amendments to the accounting of leases. IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognizing a 'right-of-use' asset and a lease liability.

IFRS 16 also:

- changes the definition of a lease;
- sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- provides exemptions for short-term leases and leases of low value assets;
- changes the accounting for sale and leaseback arrangements;
- largely retains IAS 17's approach to lessor accounting;
- introduces new disclosure requirements.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted provided IFRS 15 Revenue from Contracts with Customers is also applied. The Company's management have not yet assessed the impact of IFRS 16 on these financial statements.

4 Summary of significant accounting policies

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

4.1 Fund management

The Company manages assets held in investment funds on behalf of investors. The financial statements of these structures are not included in these financial statements as the Company is acting as agent for the investors in the funds.

4.2 Recognition of income and expenses

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

Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the statement of profit or loss and other comprehensive income using the effective interest method.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Fund management fees

Income from Fund management is recognised as earned, based on the amount of revenue that the Company is entitled to receive for the period. Fund management fees are calculated based on the contractual rates of fees applicable on the net asset value of the managed funds.

Fee and commission income

Fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided.

4.3 Foreign currency translation

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

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

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

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

	December 31, 2016	December 31, 2015
AMD/1 EUR	**512.20**	528.69

4.4 Taxation

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

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

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

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

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

4.5 Cash and cash equivalents

Cash and cash equivalents comprise balances on correspondent accounts with the RA commercial banks and short term time deposits, which can be converted into cash at short notice.

Cash and cash equivalents are carried at amortised cost.

4.6 Financial instruments

The Company recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchases and sales of financial assets and liabilities are recognised using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

When financial assets and liabilities are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition all financial liabilities, other than liabilities at fair value through profit or loss (including held for trading) are measured at amortized cost using effective interest method. After initial recognition financial liabilities at fair value through profit or loss are measured at fair value.

The Company classified its financial assets into the following categories:

- financial assets at fair value through profit or loss
- receivables,
- available for sale financial assets.

The classification of investments between the categories is determined at acquisition based on the guidelines established by the management. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading and those designated at fair value through profit or loss. A financial asset is classified in this category if acquired for the purpose of selling in the short-term or if so designated by management from the initial acquisition of that asset.

Receivables

Receivables are financial assets with fixed or determinable payments, which arise when the Company provides money directly to a debtor with no intention of trading the receivable, and include cash and cash equivalents in banks.

Available for sale financial assets

Assets available for sale represent debt and equity assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of profit or loss and other comprehensive income. However, interest calculated using the effective interest method is recognised in the statement of profit or loss and other comprehensive income. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Bank’s right to receive payment is established.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Otherwise the investments are stated at cost less any allowance for impairment.

4.7 Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Criteria used to determine that there is objective evidence of an impairment loss may include indications that the borrower is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of income. If held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Company may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

4.8 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and

- the Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

4.9 Leases

Operating - Company as lessee
Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term and included into other operating expenses.

4.10 Property, plant and equipment

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

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

	Useful life (years)	Rate (%)
Computers	1	100
Vehicles	3.3	30
Leasehold improvements	13.3	7.5
Other fixed assets	3.3	30

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

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

4.11 Share capital

Share capital

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

Dividends

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

4.12 Offsetting

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

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

5 Critical accounting estimates and judgements

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

The most significant areas of judgements and estimates with regards to these financial statements are presented below:

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 18).

Classification of investment securities

Securities owned by the Company comprise Pension funds of the RA. Upon initial recognition, the Company designates securities as available-for-sale financials assets with the recognition of changes in fair value through equity.

Related party transactions

In the normal course of business the Company enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Refer to Note 17.

Tax legislation

Armenian tax legislation is subject to varying interpretations. Refer to Note 16.

6 Fee and commission income

In thousand Armenian drams	2016	2015
Fund management fees	**260,114**	121,045
Other fees and commissions	**97,374**	96,430
Total fee and commission income	**357,488**	217,475

7 Staff costs

In thousand Armenian drams	2016	2015
Compensations of employees, related taxes included	**130,900**	157,744
Other staff costs	**10,029**	16,776
Total staff costs	**140,929**	174,520

8 Other expenses

In thousand Armenian drams	2016	2015
Custody fee	**46,398**	31,704
Investment management fee	**34,191**	8,326
Operating lease	**39,000**	30,737
Labour outsourcing	**27,509**	-
Fund administration and accounting expenses	**19,488**	15,464
Communications	**18,701**	18,918
Technical program processing fee	**12,692**	1,553
Depreciation expenses	**11,980**	12,103
Business trip expenses	**7,288**	5,960
Audit and other consulting services	**6,000**	7,935
Taxes, other than income tax, duties	**5,767**	2,954
Insurance	**4,316**	2,750
Fixed assets maintenance	**4,391**	4,477
Representative and advertising expenses	**3,192**	1,613
Other expenses	**3,766**	3,643
Total other expenses	**244,679**	148,137

9 Income tax benefit

In thousand Armenian drams	**2016**	2015
Deferred tax	**(27,923)**	-
Total income tax benefit	**(27,923)**	-

The corporate income tax within the Republic of Armenia is levied at the rate of 20% (2015: 20%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 20%.

Numerical reconciliation between the tax benefit and accounting loss is provided below:

In thousand Armenian drams	**2016**	**Effective rate (%)**	2015	Effective rate (%)
Loss before tax	**(17,560)**		(85,202)	
Income tax at the rate of 20%	**(3,512)**	**20**	(17,040)	20
Non-deductible expenses	**3,469**	**(20)**	4,861	(6)
Foreign exchange gains	**39**	**-**	1,690	(2)
Use of accumulated tax loss	**(27,919)**	**159**	(17,430)	20
Effect of unrecognized net deferred tax assets	**-**	**-**	27,919	(32)
Total income tax benefit	**(27,923)**	**159**	-	-

Deferred tax calculation in respect of temporary differences:

In thousand Armenian drams	**As of December 31, 2015**	**Recognized in profit or loss**	**As of December 31, 2016**
Fixed assets	**659**	**(235)**	**424**
Other liabilities	**-**	**693**	**693**
Amounts due from financial institutions	**-**	**37**	**37**
Tax losses carried forward	**27,260**	**(491)**	**26,769**
Total deferred tax assets	**27,919**	**4**	**27,923**
Other liabilities	**-**	**-**	**-**
Total deferred tax liability	**-**	**-**	**-**
Unrecognized net deferred tax assets	**(27,919)**	**27,919**	**-**
Net deferred tax assets	**-**	**27,923**	**27,923**

In thousand Armenian drams	As of December 31, 2014	Recognized in profit or loss	As of December 31, 2015
Fixed assets	-	659	659
Other liabilities	1,259	(1,259)	-
Tax losses carried forward	17,441	9,819	27,260
Total deferred tax assets	**18,700**	**9,219**	**27,919**
Other liabilities	(1,270)	1,270	-
Total deferred tax liability	**(1,270)**	**1,270**	**-**
Unrecognized net deferred tax assets	(17,430)	(10,489)	(27,919)
Net deferred tax assets/(liability)	-	-	-

The Company can use the tax loss during the period from 2017 to 2020. The Company's predictions concerning the taxable income were revised in comparison with the previous year, in the result of which the tax assets which were derecognised as of December 31, 2015, and were recognised as of December 31, 2016.

10 Cash and cash equivalents

In thousand Armenian drams	**As of December 31, 2016**	As of December 31, 2015
Bank accounts	**24,011**	14,574
Short-term deposits in banks	**20,027**	81,382
Total cash and cash equivalents	**44,038**	95,956

11 Amounts due from financial institutions

In thousand Armenian drams	**As of December 31, 2016**	As of December 31, 2015
Deposits in banks	**50,101**	151,435
Total amounts due from financial institutions	**50,101**	151,435

Amounts due from banks are not impaired or overdue.

As of December 31, 2016 and 2015 the bank account balances and deposits are retained in the related bank.

12 Investments available for sale

In thousand Armenian drams	**As of December 31, 2016**	As of December 31, 2015
Investments in pension funds		
AMUNDI-ACBA Fixed Income	**74,135**	62,525
AMUNDI-ACBA Conservative	**341,310**	159,195
AMUNDI-ACBA Balanced	**77,033**	66,142
Total amounts due from other financial institutions	**492,478**	287,862

Each of these funds is a pension fund that has been legally established and conducts its trading activities in RA. The funds invest for the purpose of long-term capital growth and do not employ significant leverage. None of the funds are quoted in active markets.

The aggregate net asset value (NAV) of all of the funds managed by the Company at 31 December 2016 is AMD 32,814,132 thousand (31 December 2015: AMD 16,187,771 thousand).

Due to RA appropriate legislation the Company is required to maintain a minimum level of investment of 1% in each of the funds that it manages, which cannot be redeemed prior to their termination and dissolution. The Company's maximum exposure to losses related to the funds is represented by the total of its investment in fund units and amounts due from funds.

13 Property, plant and equipment

In thousand Armenian drams	**Capital investments on leased PPE**	**Fixtures and fittings**	**Vehicles**	**Office equipment**	**Total**
COST					
At January 1, 2015	27,614	589	13,523	19,250	60,976
Additions	120	-	-	-	120
At December 31, 2015	**27,734**	**589**	**13,523**	**19,250**	**61,096**
Additions	**-**	**-**	**-**	**719**	**719**
At December 31, 2016	**27,734**	**589**	**13,523**	**19,969**	**61,815**
ACCUMULATED DEPRECIATION					
At January 1, 2015	732	392	2,979	2,039	6,142
Charge for the year	2,073	197	4,057	5,776	12,103
At December 31, 2015	**2,805**	**589**	**7,036**	**7,815**	**18,245**
Charge for the year	**2,086**	**-**	**4,069**	**5,825**	**11,980**
At December 31, 2016	**4,891**	**589**	**11,105**	**13,640**	**30,225**
CARRYING VALUE					
At December 31, 2016	**22,843**	**-**	**2,418**	**6,329**	**31,590**
At December 31, 2015	24,929	-	6,487	11,435	42,851

Fully depreciated items

As at 31 December 2016 fixed assets included fully depreciated assets in amount of AMD 589 thousand (2015: AMD 589 thousand).

Restrictions on title of fixed assets

As at 31 December 2016 the Company does not possess any fixed assets pledged as security for liabilities or whose title is otherwise restricted (2015: nil).

Contractual commitments

As at 31 December 2016 the Company does not possess any contractual commitments (2015: nil).

14 Other assets

In thousand Armenian drams	**As of December 31, 2016**	As of December 31, 2015
Receivables on fund management	**29,729**	14,223
Debtors and other receivables	**23,705**	24,413
Total other financial assets	**53,434**	38,636
Prepayments	**3,791**	2,404
Other non-financial assets	**1,539**	1,704
Total other non-financial assets	**5,330**	4,108
Total other assets	**58,764**	42,744

15 Equity

As of 31 December 2016 the Company's registered and paid-in share capital amounted to AMD 800,000 thousand. In accordance with the Company's statues, the share capital consists of 2,500 ordinary shares, all of which have par value of AMD 320,000.

The shareholders of the Company As of 31 December 2016 and 31 December 2015 are as follows:

In thousand Armenian drams	**Paid-in share capital**	**% of total paid-in capital**
"AMUNDI" joint stock company (France)	**408,000**	**51%**
"ACBA-CREDIT AGRICOLE BANK" CJSC (Armenia)	**392,000**	**49%**
	800,000	**100%**

As of 31 December 2016, the Company did not possess any of its own shares.

16 Contingent liabilities and commitments

Tax and legal matters

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

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

Management believes that the Company has complied with all regulations and has completely settled all its tax liabilities.

As of 31 December 2016 there were no legal actions and complaints taken against the Company. Therefore, the Company has not made any respective provision related to such tax and legal matters.

Operating lease commitments – Company as a lessee

In the normal course of business the Company enters into commercial lease agreements for office equipment, central office.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In thousand Armenian drams	**As of December 31, 2016**	As of December 31, 2015
Not later than 1 year	**16,474**	18,760
Total operating lease commitments	**16,474**	18,760

17 Transactions with related parties

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

The ultimate controlling party of the Company is "Credit Agricole" S. A

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

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

In thousand Armenian drams	**2016**	2015
	Share-holders and parties related with them	Share-holders and parties related with them
Statement of financial position		
Cash and cash equivalents		
At January 1	**95,956**	102,907
Increase	**1,336,152**	1,450,551
Decrease	**(1,388,070)**	(1,457,502)
At December 31	**44,038**	95,956

In thousand Armenian drams	**2016**	2015
	Share-holders and parties related with them	Share-holders and parties related with them
Amounts due from financial institutions		
At January 1	**151,435**	204,338
Increase	**363,595**	577,548
Decrease	**(464,929)**	(630,451)
At December 31	**50,101**	151,435
Statement of profit or loss and other comprehensive income		
Interest income	**11,632**	28,828
Fee and commission income	**97,374**	96,430
Net loss on foreign currency transactions	**(723)**	(9,586)
Labour outsourcing fee	**(27,509)**	-
Other expenses	**(74,712)**	(34,185)

During the period in the transactions related with the Company time deposits included interest rate of 6.1%-8.1%.

Compensation of key management personnel was comprised of the following:

In thousand Armenian drams	**2016**	2015
Salary and other related payments	**106,678**	135,764
Other compensations	**8,168**	14,214
Total key management compensation	**114,846**	149,978

18 Fair value of financial instruments

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

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

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

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

18.1 Financial instruments that are not measured at fair value

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

In thousand Armenian drams				**As of 31 December 2016**	
	Level 1	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
FINANCIAL ASSETS					
Cash and cash equivalents	**-**	**44,038**	**-**	**44,038**	**44,038**
Amounts due from financial institutions	**-**	**50,101**	**-**	**50,101**	**50,101**
Other assets	**-**	**53,434**	**-**	**53,434**	**53,434**
FINANCIAL LIABILITIES					
Other liabilities	**-**	**26,637**	**-**	**26,637**	**26,637**

In thousand Armenian drams				As of 31 December 2015	
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
FINANCIAL ASSETS					
Cash and cash equivalents	-	95,956	-	95,956	95,956
Amounts due from financial institutions	-	151,435	-	151,435	151,435
Other assets	-	38,636	-	38,636	38,636
FINANCIAL LIABILITIES					
Other liabilities	-	12,570	-	12,570	12,570

Cash and cash equivalents, amounts due from financial institutions

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

18.2 Financial instruments that are measured at fair value

In thousand Armenian drams				**As of 31 December 2016**
	Level 1	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS				
Investments available for sale	**-**	**-**	**492,478**	**492,478**
Net fair value	**-**	**-**	**492,478**	**492,478**

In thousand Armenian drams				As of 31 December 2015
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Investments available for sale	-	-	287,862	287,862
Net fair value	-	-	287,862	287,862

Investments available for sale

For funds that are not traded on an active market, the fair value was estimated as the net asset value (NAV)of pension funds.

19 Offsetting of financial assets and financial liabilities

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

As of December 31, 2016 and 2015 the Company does not have financial assets and financial liabilities in the statement of financial position which are presented in net amount or will be offset due to presence of the master netting arrangements or similar agreements.

20 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

In thousand Armenian drams	**As of December 31, 2016**						
	Demand and less than 1 month	**From 1 to 3 months**	**From 3 to 12 months**	***Subtotal less than 12 months***	**More than 1 year**	***Subtotal over 12 months***	**Total**
ASSETS							
Cash and cash equivalents	**44,038**	**-**	**-**	***44,038***	**-**	**-**	**44,038**
Amounts due from financial institutions	**-**	**50,101**	**-**	***50,101***	**-**	**-**	**50,101**
Investments available for sale	**-**	**-**	**-**	**-**	**492,478**	**492,478**	**492,478**
Other assets	**29,729**	**23,705**	**-**	***53,434***	**-**	**-**	**53,434**
Total	**73,767**	**73,806**	**-**	***147,573***	**492,478**	***492,478***	**640,051**
LIABILITIES							
Other liabilities	**12,284**	**11,353**	**3,000**	***26,637***	**-**	**-**	**26,637**
Total	**12,284**	**11,353**	**3,000**	***26,637***	**-**	**-**	**26,637**
Net position	**61,483**	**62,453**	**(3,000)**	***120,936***	**492,478**	***492,478***	**613,414**
Accumulated gap	**61,483**	**123,936**	**120,936**		**613,414**		

In thousand Armenian drams	As of December 31, 2015						
	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Subtotal less than 12 months	More than 1 year	Subtotal over 12 months	Total
ASSETS							
Cash and cash equivalents	95,956	-	-	*95,956*	-	-	95,956
Amounts due from financial institutions	-	151,435	-	*151,435*	-	-	151,435
Investments available for sale	-	-	-	-	287,862	*287,862*	287,862
Other assets	14,223	24,413	-	*38,636*	-	-	38,636
Total	110,179	175,848	-	*286,027*	287,862	*287,862*	573,889
LIABILITIES							
Other liabilities	7,281	4,629	660	*12,570*	-	-	12,570
Total	7,281	4,629	660	*12,570*	-	-	12,570
Net position	102,898	171,219	(660)	*273,457*	287,862	*287,862*	561,319
Accumulated gap	102,898	274,117	273,457		561,319		

21 Risk management

Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

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

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

21.1 Credit risk

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

Credit exposures arise principally in investment activities that bring debt securities and other debt instruments into the Company's asset portfolio.

As of 31 December 2016 there are no impaired assets in the Company.

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

21.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Company classifies exposures to market risk into either trading or non-trading portfolios.

21.2.1 Market risk – Non-trading

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As of 31 December 2016 the Company had no financial assets and liabilities in variable interest rates.

Currency risk

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

The tables below indicate the currencies to which the Company had significant exposure at 31 December 2016 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a reasonably possible movement of the currency rate against the Armenian dram, with all other variables held constant on the income. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

In thousand Armenian drams

	2016		2015	
Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
EUR	**+2**	**135**	+2	367
EUR	**-2**	**(135)**	-2	(367)

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

In thousand Armenian drams

	Armenian Dram	Freely convertible currencies	Total
ASSETS			
Cash and cash equivalents	**44,038**	**-**	**44,038**
Amounts due from financial institutions	**50,101**	**-**	**50,101**
Investments available for sale	**492,478**	**-**	**492,478**
Other assets	**29,729**	**23,705**	**53,434**
Total	**616,346**	**23,705**	**640,051**
LIABILITIES			
Other liabilities	**9,673**	**16,964**	**26,637**
Total	**9,673**	**16,964**	**26,637**
Net position as at 31 December 2016	**606,673**	**6,741**	**613,414**
Net position as at 31 December 2015	542,953	18,366	561,319

21.3 Liquidity risk

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

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

21.4 Operational risk

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

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

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

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;

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

Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the Bank to which they relate, with summaries submitted to the Board.

22 Capital adequacy

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

The equity consists of share capital and accumulated loss, revaluation reserves.

The Central Bank of Armenia has set the minimal required total capital for mandatory pension fund managers at AMD 500,000 thousand. As of 31 December 2016 and 2015 the capital of the Company corresponded to the requirements set forth by the legislation.