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Summary

## Armbrok at a glance



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Established in	1994
Commercial registry and license	<b>Central Bank of Armenia, No10</b>
Stock exchange membership	<b>Armenian Stock Exchange AMX Astana International Exchange AIX</b>
Depository Membership	<b>Central Depository of Armenia CDA Astana International Exchange Central Securities Depository AIX CSD</b>
Main activities	<b>Investment banking, brokerage, dealing, market-making, custody</b>
Number of shareholders	<b>25 (1 institutional, 24 individual)</b>
Shareholders domiciled in	<b>Armenia, Germany, Austria, Switzerland, Greece, USA, Canada, Australia, Italy, Lithuania</b>
Group Companies	<b>Glocal Asset Management (<a href="http://www.glocal.am">www.glocal.am</a>) MB Consulting (<a href="http://www.mblegal.am">www.mblegal.am</a>)</b>
Auditor	<b>EY</b>

Summary

## Awards

### **Best Exchange Member in Repo / Swap Transactions**

2018-2022

### **Best Account Operator-Registry Keeper of Depository System**

2014-2018, 2021-2022

### **Best Account Operator-Custodian of Depository System in Corporate Securities Market**

2014-2021

### **Best Exchange Member in Corporate Securities Market**

2012-2014, 2016

### **Best Member in Unified System of Securities Registration and Settlement**

2015-2018, 2021

### **Best Member of Stock Exchange Settlement System**

2017



## Summary

# The oldest and the largest investment company in Armenia

**Armbrok** brings to the table 30 years of experience in the Armenian capital market and globally. Started in 1994 as a boutique brokerage, Armbrok has developed into a major investment company and currently leads the market with the largest value of assets, capital, and operations infrastructure.

## AMD 45B

**Assets**

18.4B in 2022, +145%

## AMD 6.0B

**Net Income**

2.5B in 2022, +136%

## AMD 10.8B

**Capital**

4.6B in 2022, +136%

## 78.2%

**ROE**

74.8% in 2022, +3.4 pps

## AMD 22.2B

**Revenue**

13.4B in 2022, +66%

## 60+

**Employees**

37 in 2022, +65%

## AMD 8.9B

**EBIT**

4.1B in 2022, +117%

## 100+

**Infrastructure**

global accounts, trading lines, custody links



## Summary

# Armbrok in 2023: growth continues with new performance records



## Reinventing the business within expansion strategy

Over the past year, Armbrok kept expanding all lines of business by specifically concentrating on innovation, differentiating the services, improving processes, attracting top-tier talent and improving workforce skills, as well as growing the client and partner base. In 2023 Armbrok already nearly tripled the number of employees compared to 2021 level, growing by 65% in year-to-year comparison.

## Achieving new heights

The razor-sharp focus on business growth, service sophistication, and quality has paid off: Armbrok's annual financial results were unprecedented. Compared to 2022, the total assets surged by nearly 145%, and total equity grew by 136%. Diversification of income across core business segments allowed to increase the net profit by 136% and return on equity, to 78.2%.

## Sustaining the advantage

As a now long-time leader of the Armenian non-bank investment sector, Armbrok realizes what it takes to maintain its position. The company as an organization and its staff never cease to learn, strive for excellence, build capacity, as well as enhance the flexibility of interactions with clients and business partners. We share every bit of our success with them!

## Summary

# Armbrok Investment Company proudly stepped up as the title sponsor of the **Yerevan Marathon**

Held since 2015, this exciting yearly sports event unites thousands of people embracing sports and healthy lifestyle practices. Locals and tourists, children and adults choose among five various distances from 1km to 42km to compete in a challenge that requires self-discipline, resilience, and—above all—dedication.

Assuming the role of the title sponsor, Armbrok reaffirmed its commitment to promoting health, fitness, and community bonding. Equally important was the contribution to the marathon's charitable efforts, which this year focused on support programs for forcibly displaced people. Through this partnership, Armbrok helped inspire participants and ensure the event's impact and success.

Leading the way for the participants, Armbrok, too, caught the wave of enthusiasm. Almost half of the staff joined the **Armbrok Yerevan Marathon**, training together for individual and joint accomplishments. Exercise in running, but also in mutual support and team spirit. A true success story for the company.



## Armenia: macroeconomic update 2023

**\$24.2B**

**GDP**

+9.4% from 2022

**2%**

**Inflation**

8.6% in 2022

**404.8**

**Exchange rate**

**USD**

393.6 in 2022

**\$20.7B**

**Foreign trade**

+46% from 2022

**9.25%**

**Refinancing rate**

10.75% in 2022

**447.1**

**Exchange rate**

**EUR**

420.1 in 2022

After the impressive performance and growth throughout the previous year, in 2023, the Armenian economy continued to expand, closing the year with a **9.4% economic growth**. The **GDP** reached another record-high level of **USD 24.2B**. **Trade** was the dominant driving force of the national economy with an impressive y/y **upsurge of 25.7%**. Double-digit growth rates were achieved in **construction** and **services: 14.8% y/y** and **10.3% y/y**, respectively. **Industrial output** increased by **4.1% y/y**. **Agriculture**, on the other hand, again **contracted**, by **0.3% y/y**.

In 2023, Armenia's **foreign trade** also continued expanding—by remarkable 46.0% y/y to **USD 20.7B**, again representing a historic high. Exports went up by 55.3% y/y to USD 8.4B, while imports surged by 40.2% y/y to USD 12.3B. As a consequence, the trade deficit widened by USD 484M.

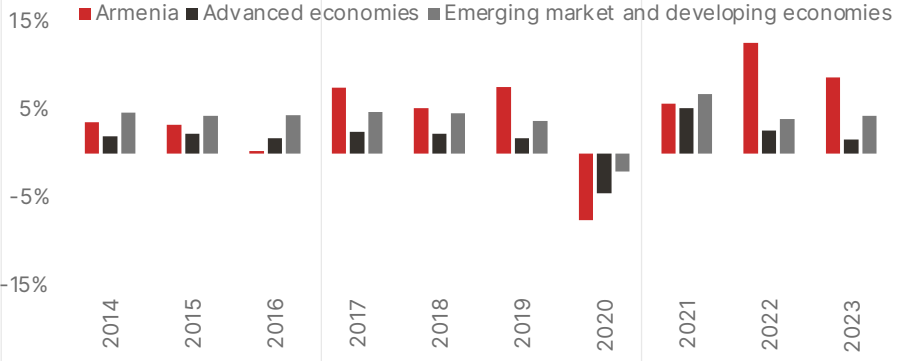
Responding to macroeconomic and market conditions, throughout 2023 the CBA made a number of reductions in the **refinancing rate**—from 10.75% to **9.25%** at the end of the year. The **inflation rate** for 2023 still remained low at **2.0%**. AMD kept relatively flat against both **USD** and **EUR** throughout 2023, standing at **AMD 404.79** and **AMD 447.09** at the end of the year. The respective depreciation rates were 2.9% and 6.6%.



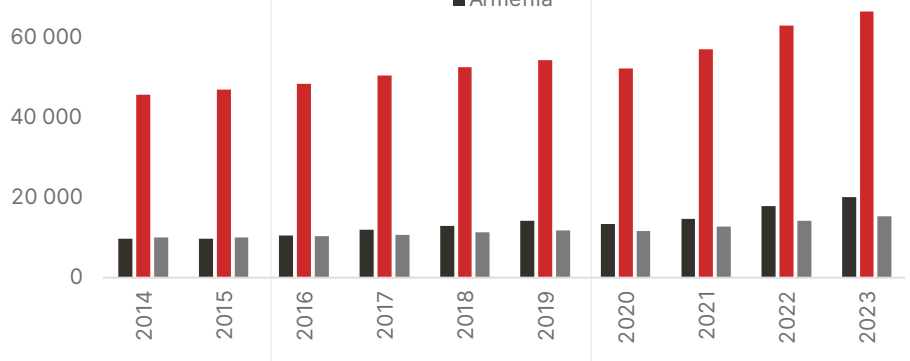
Macro overview

# Macroeconomic overview: rapid economic growth

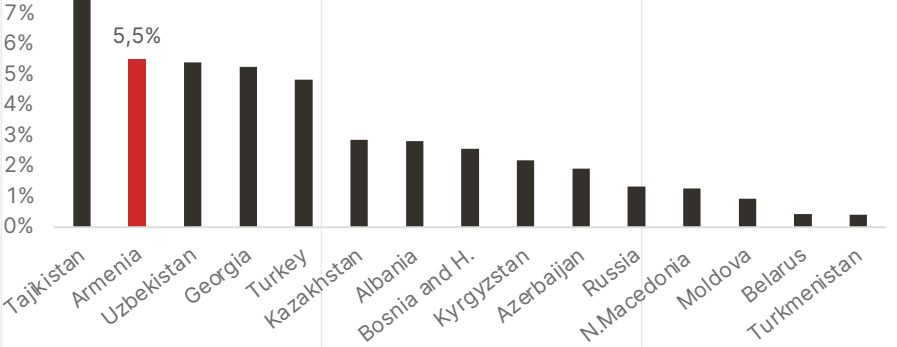
Real GDP growth rates Source: IMF



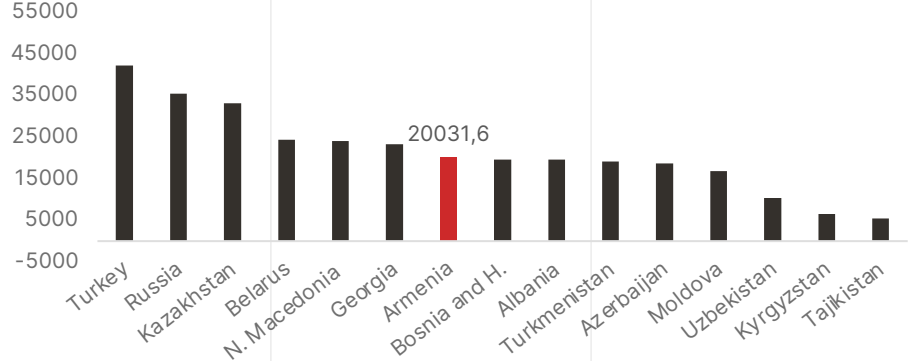
GDP per capita (PPP) Source: IMF



Growth comparison with peers (average growth 2019-2023) Source: IMF



GDP per capita (PPP) – peer comparison 2023 Source: IMF

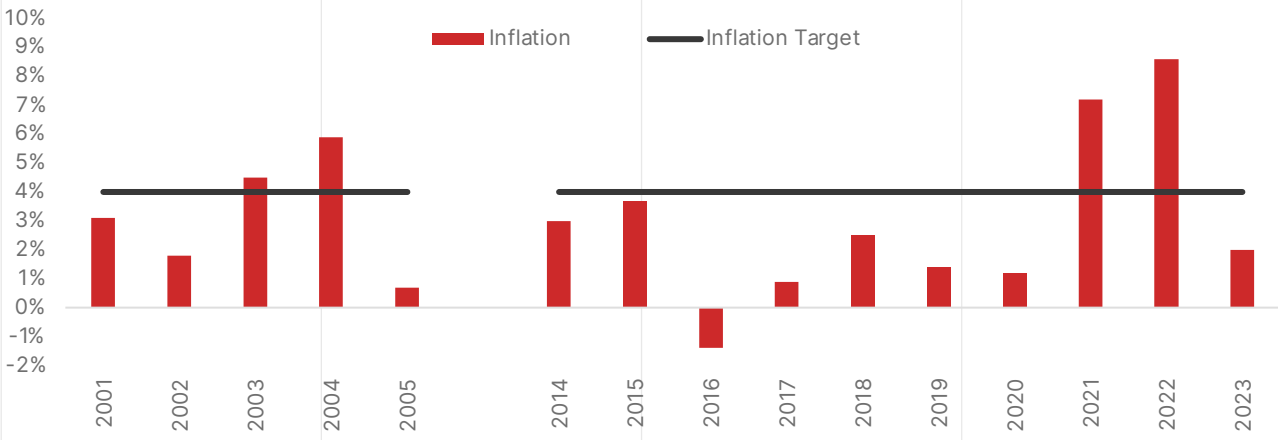


Macro overview

# Macroeconomic overview: rapid economic growth

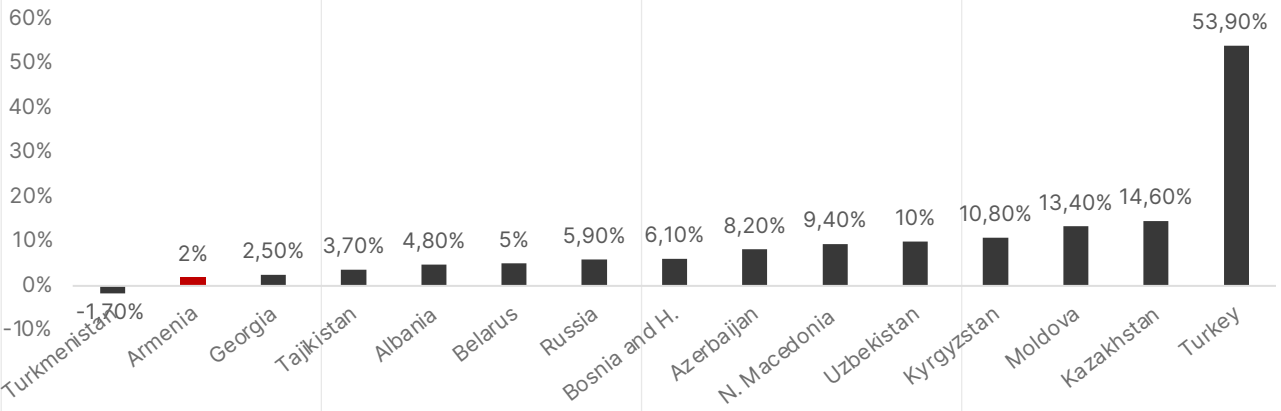
## Inflation

Source: Armstat



## CPI – peer comparison 2023

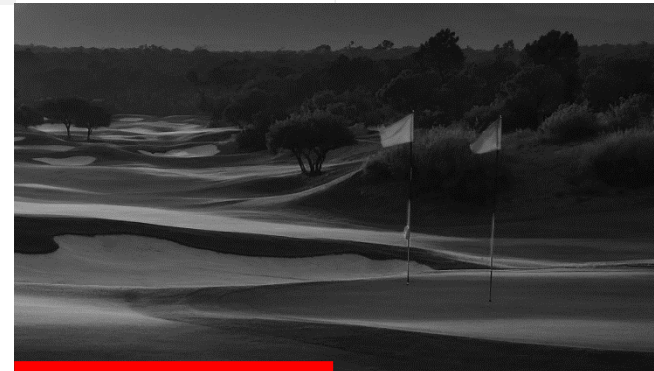
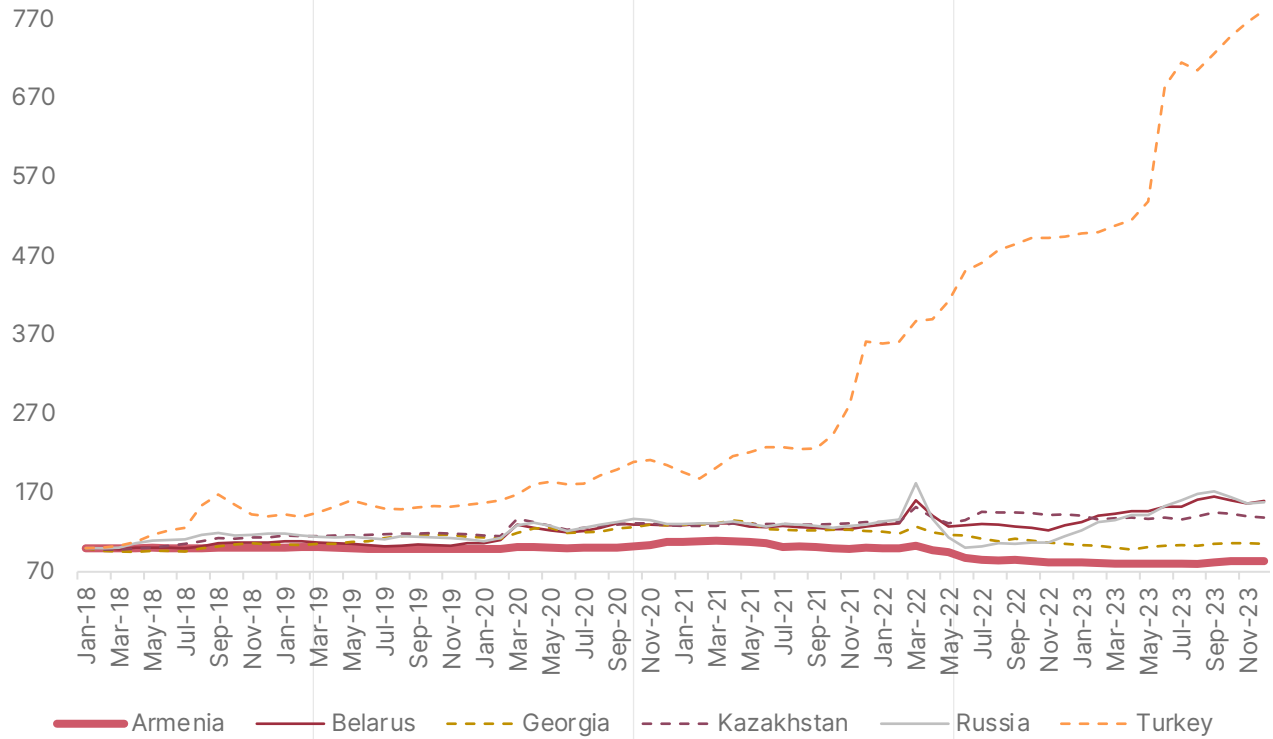
Source: IMF



In 2023, Armenia experienced an inflation rate of 2%, indicating a relatively stable economic environment. This modest increase in the CPI reflects careful management of economic policies by the Armenian government and Central Bank. Notably, this 2% inflation rate is one of the lowest among its peers.

# Armenian dram keeps showing strong performance against USD

Currency exchange rate as % of exchange rate at the beginning of the 5-year period Source: IMF



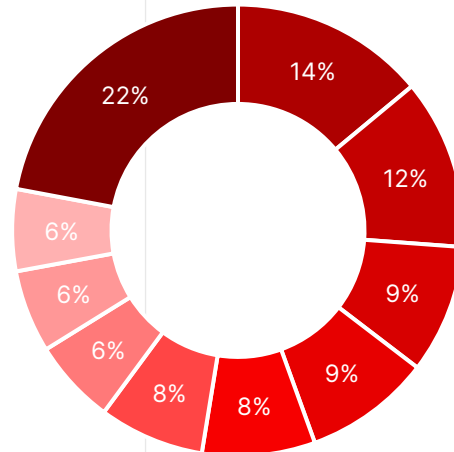
After being the world's top-performing currency against the USD in 2022, the Armenian dram maintained a stable level in 2023, fluctuating by only around 2%.

## Macroeconomic overview: diversified economy

### Diversified nominal GDP structure - 2023

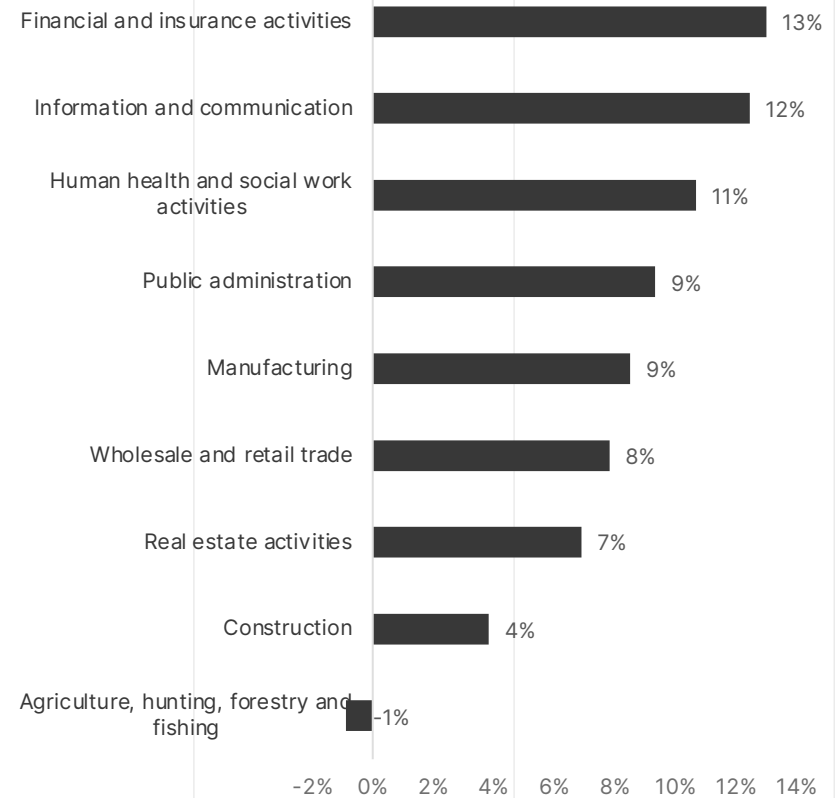
Source: Central Bank of Armenia

- Wholesale and retail trade
- Manufacturing
- Agriculture, hunting, forestry and fishing
- Real estate activities
- Financial and insurance activities
- Construction
- Information and communication
- Human health and social work activities
- Public administration
- Other



In 2023, the financial and insurance services sector in Armenia constituted 8% of the country's GDP. Over the past decade this sector experienced a robust CAGR of 13%. This sustained growth highlights the sector's increasing contribution to the Armenian economy, driven by advancements in financial services, insurance penetration, and regulatory improvements fostering a more stable and dynamic financial environment.

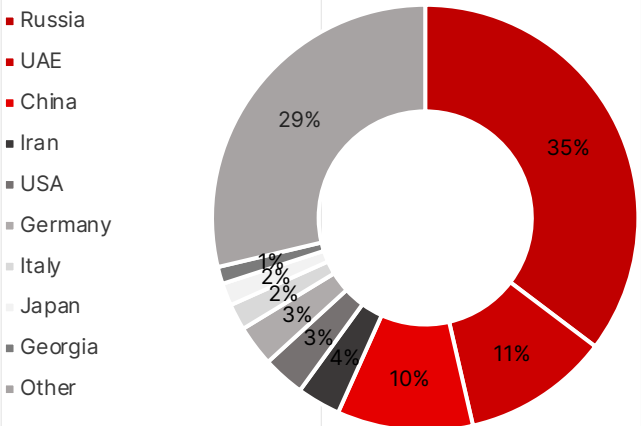
### CAGR of economic sectors (2013-2023): Financial services on the top



Source: Central Bank of Armenia

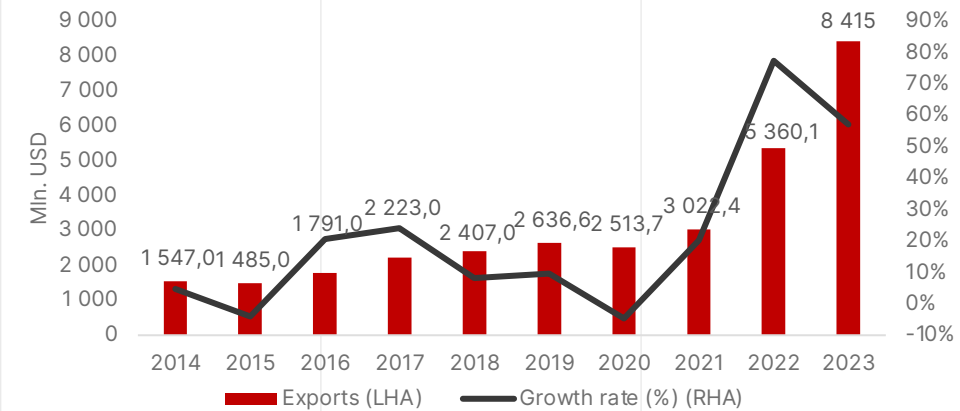
# Macroeconomic overview: diversified economy

Geographical structure of foreign trade Source: Armstat

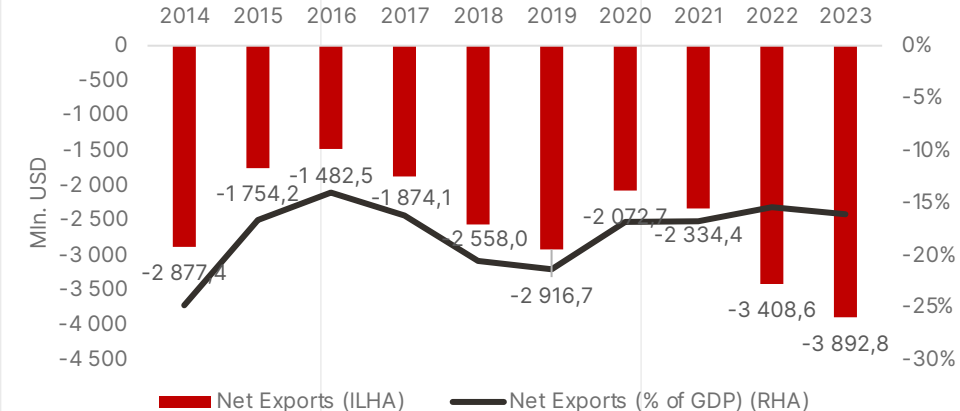


In 2023, Armenia's macroeconomic landscape was marked by substantial growth in foreign trade. Exports surged by 57.0%, reaching 8,415 million USD, while imports grew by 40% to 12,308 million USD. Despite Russia maintaining its position as the dominant trade partner, the United Arab Emirates emerged as the fastest-growing market, with a remarkable 4x increase in trade volume. This dynamic shift highlights Armenia's expanding global trade network and the diversification of its economic partnerships, signaling a promising outlook for the country's economic development.

Export Source: Armstat



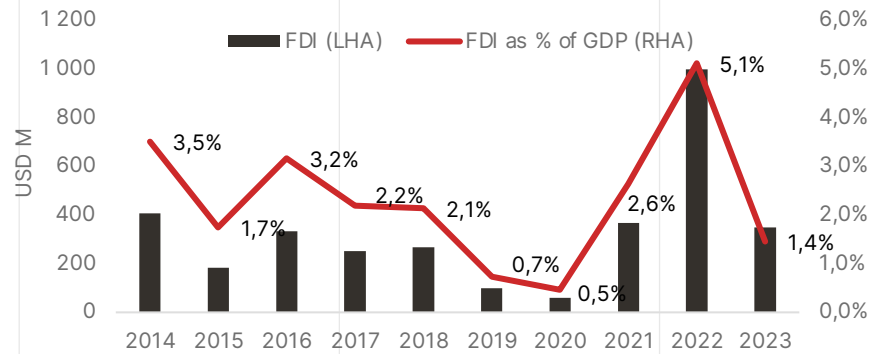
Net export Source: Armstat



## FDI and fiscal indicators

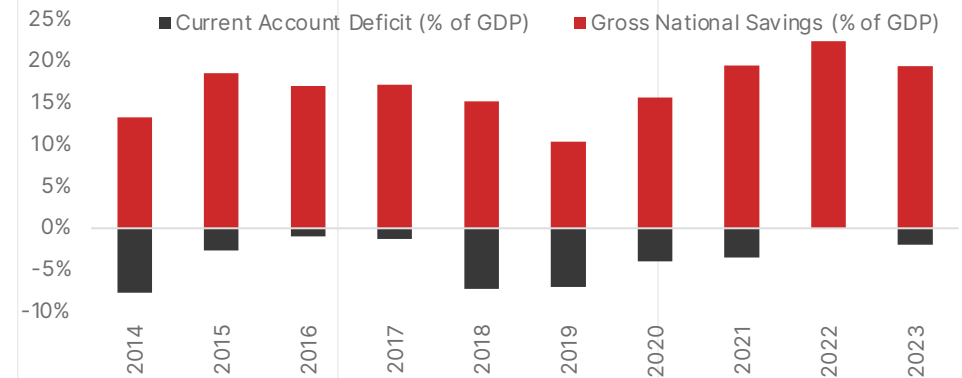
Foreign direct investments: return to 2021 levels

Source: IMF



Current account deficit (as % of GDP)

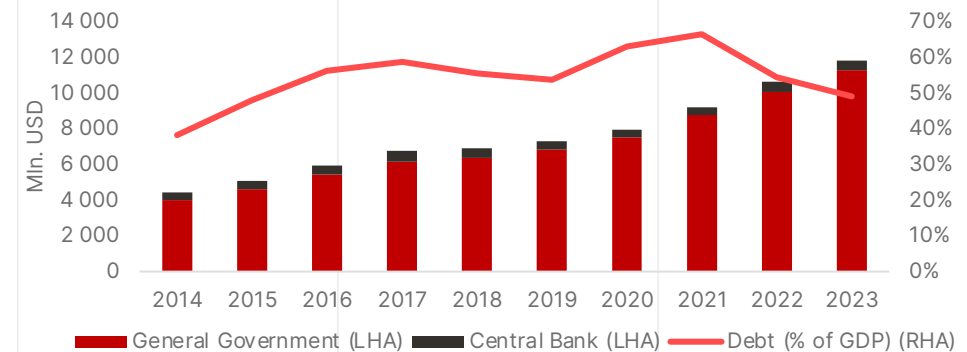
Source: IMF



After experiencing significant growth in foreign investments and a current account surplus in 2022, the figures for 2023 have stabilized, returning to levels seen in 2021. This stabilization indicates a sustainable continuation of economic activities following the exceptional growth observed in the previous year. The national debt continues to show improvement.

Improved level of national debt

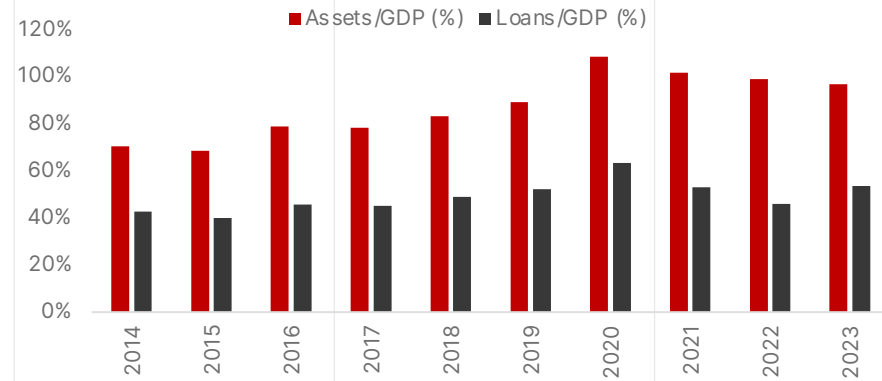
Source: Ministry of Finance RA



## Banking sector

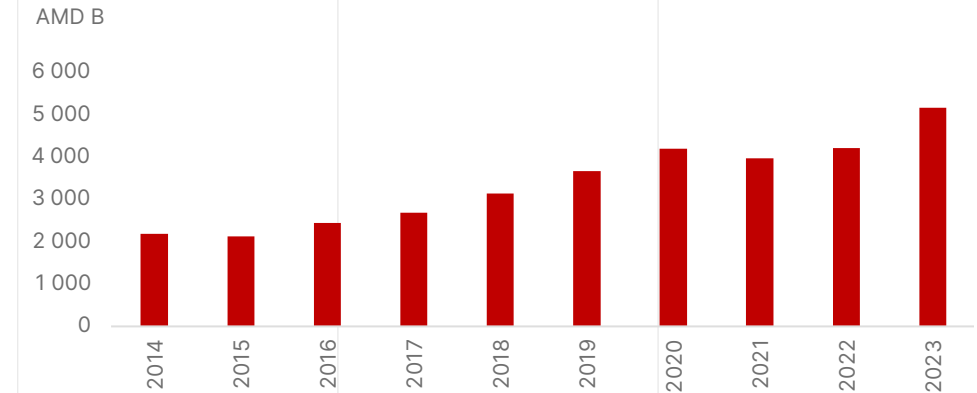
Banking sector loans and assets as % of GDP

Source: CBA



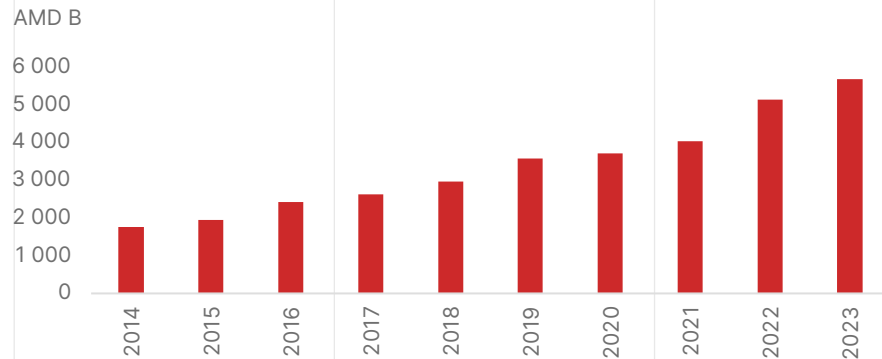
Loans of commercial banks: Resumed growth

Source: CBA



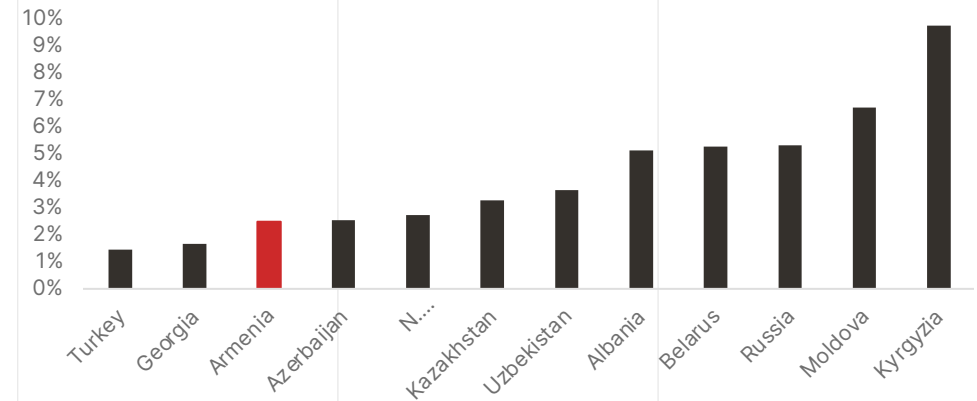
Deposits in commercial banks: Accelerated growth

Source: CBA



Non-performing loans

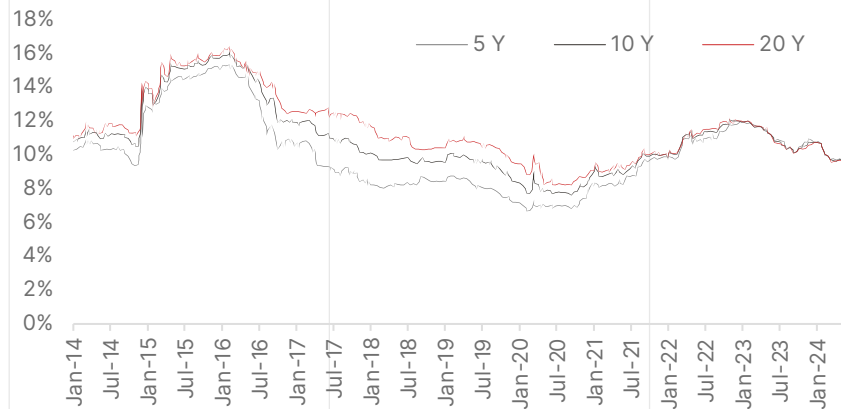
Source: IMF



## Financial market

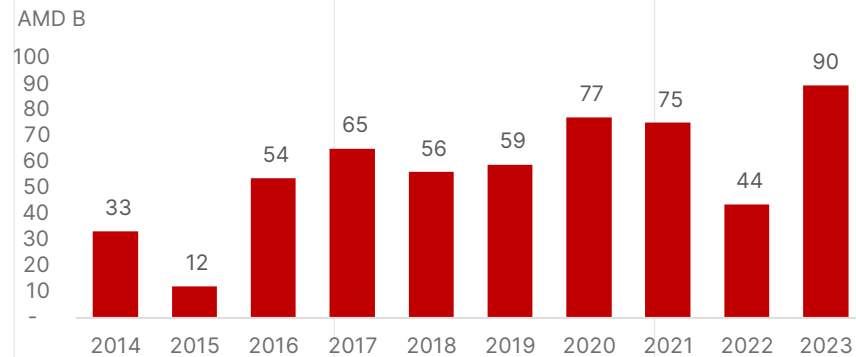
G-bonds historical yield

Source: CBA



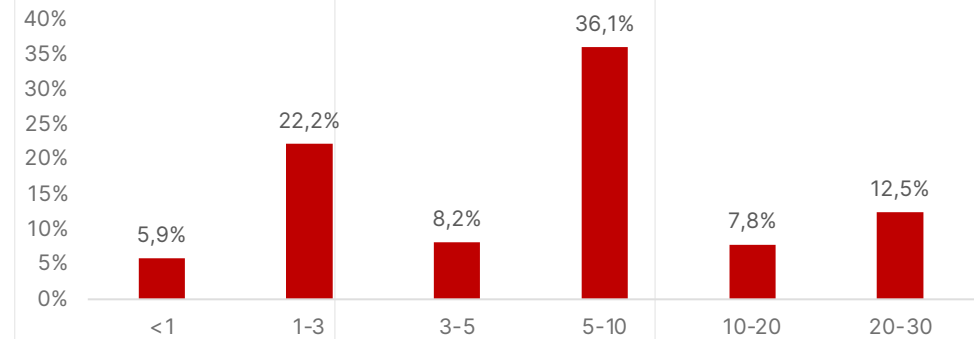
Trading value of AMD-Denominated G-bonds in AMX

Source: AMX



AMD-Denominated G-bonds by maturity

Source: AMX



### Highlights

G-bonds yields started to slightly decline: the respective figure for 10-year bonds decreased by 1.2pps to 10.8% as of the end of the year.

The trading value of AMD-denominated Government bonds in the Armenia Securities Exchange increased for the first time since 2020 to AMD 89.7B.

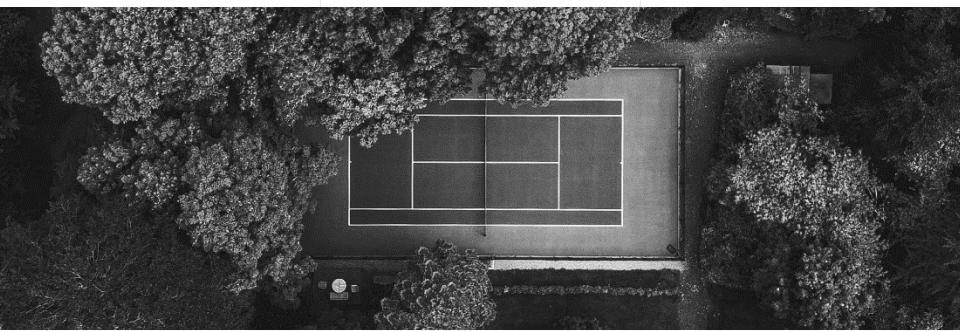
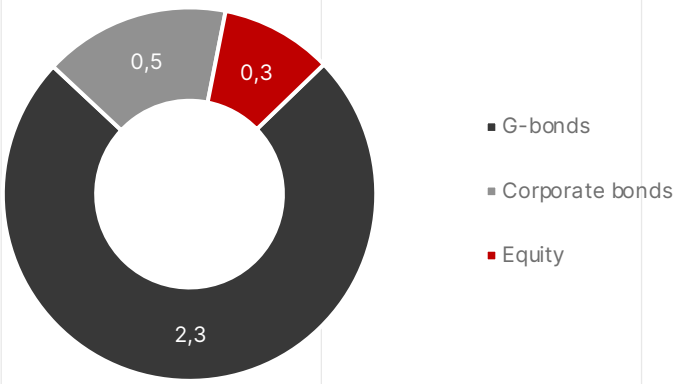
The largest share in the market pertained to G-bonds with maturity of 5-10 years: 36.1%.



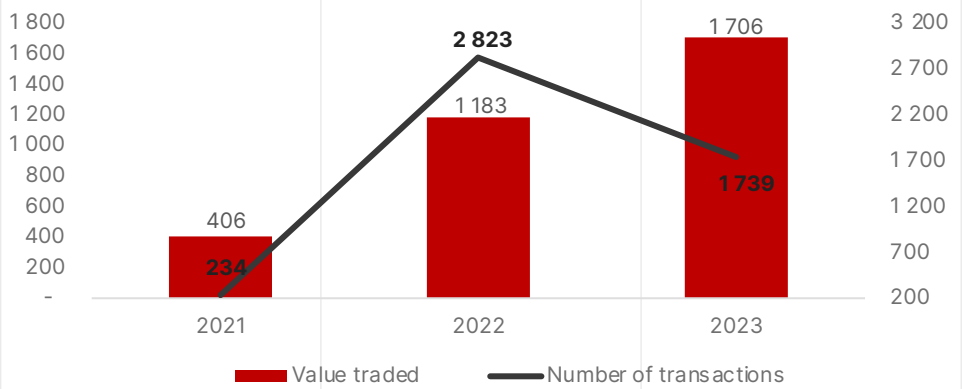
Macro overview

# Financial market

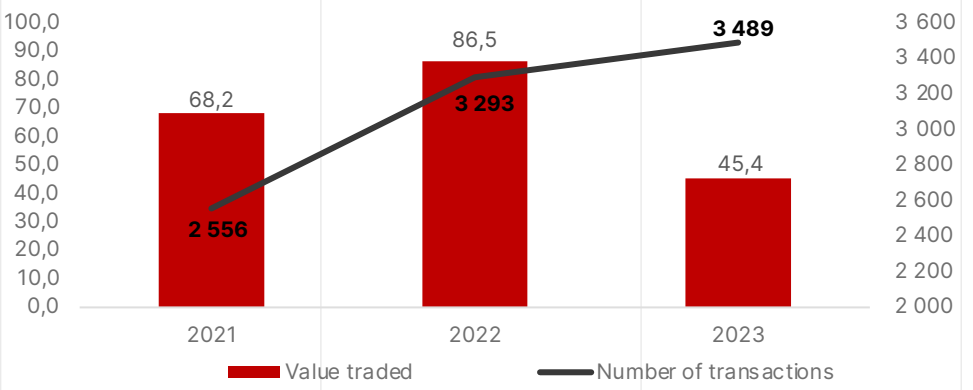
Armenia securities exchange total market value, AMD B Source: AMX



Total Equity Value Traded, AMD M Source: AMX



Total Corporate Bonds Value Traded, AMD B Source: AMX



## Outlook for 2024

### Positive expectations

Armenia's economy continues to exhibit positive performance in the beginning of 2024. In the first quarter, GDP grew by 14.3% y/y, showcasing strong economic momentum. The foreign trade volume nearly doubled during this period, reaching USD 9.2 billion. Exports surged 2.7 times y/y to USD 4.4 billion, while imports increased by 75.8% to USD 4.8 billion.

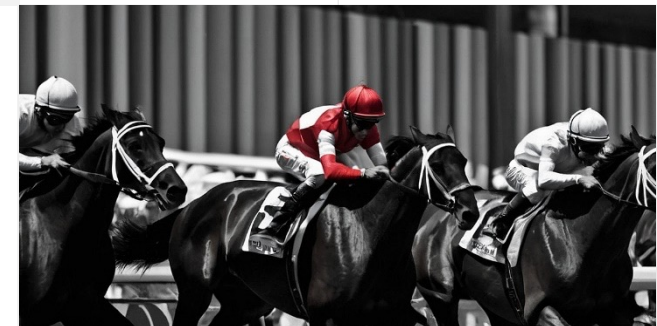
Inflation maintained its declining trend from 2023, resulting in a 1.2% year-over-year deflation in the first quarter of 2024. In response, the Central Bank of Armenia adopted a less restrictive monetary policy. At the time of publication of this report, the refinancing rate was cut by 1.25 percentage points from the beginning of the year to 8%. Given the significant deflationary pressure, further rate cuts may be anticipated.

Two of the three major rating agencies, Fitch and S&P, have upgraded Armenia's ratings from B+ to BB- with a Stable Outlook. Additionally, the debt-to-GDP ratio fell by 5.5 percentage points to 49.0%, staying below the fiscal rule target level. At the end of 2023, gross international reserves stood at USD 3.6 billion. With this sustained level of economic growth, a stable outlook is expected for 2024.

**Moody's**  
**Ba3** Outlook: Stable

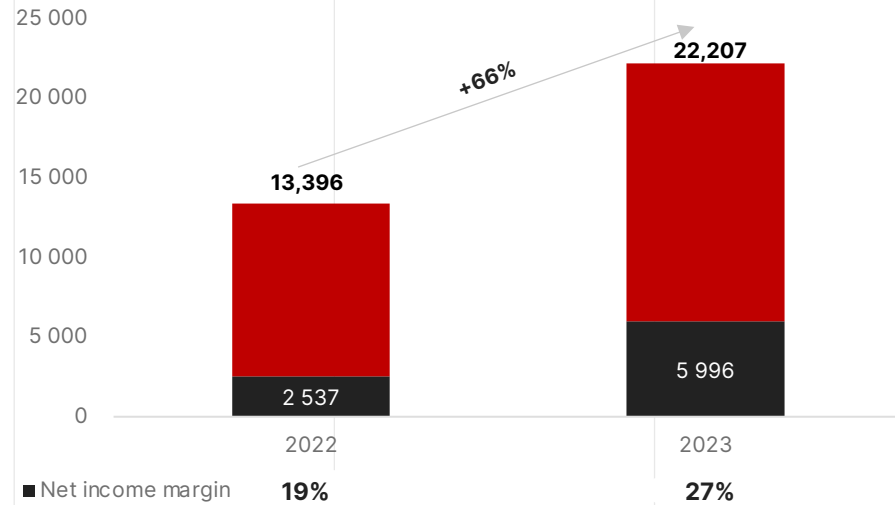
**Fitch Rating**  
**BB-** Outlook: Stable

**S&P Rating**  
**BB-** Outlook: Stable



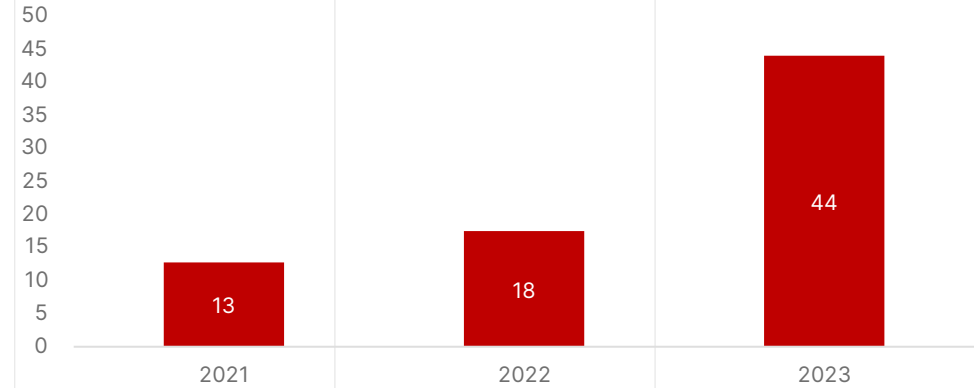
## Financial highlights: significant growth and income reinvestment

Revenue per year, AMD M

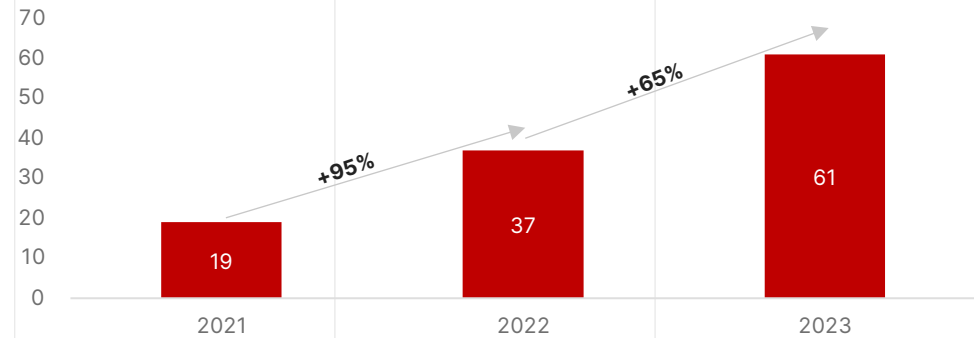


In 2023, Armbrok continued to show strong performance, picking up the impressive growth seen in 2022. It has also strengthened its overall profitability. Armbrok is focusing on achieving organic growth, and the significant increase in revenue has led to a rapid expansion of both operations and staff. Moreover, a substantial proportion of fees received were invested in expanding the portfolio for future income diversification.

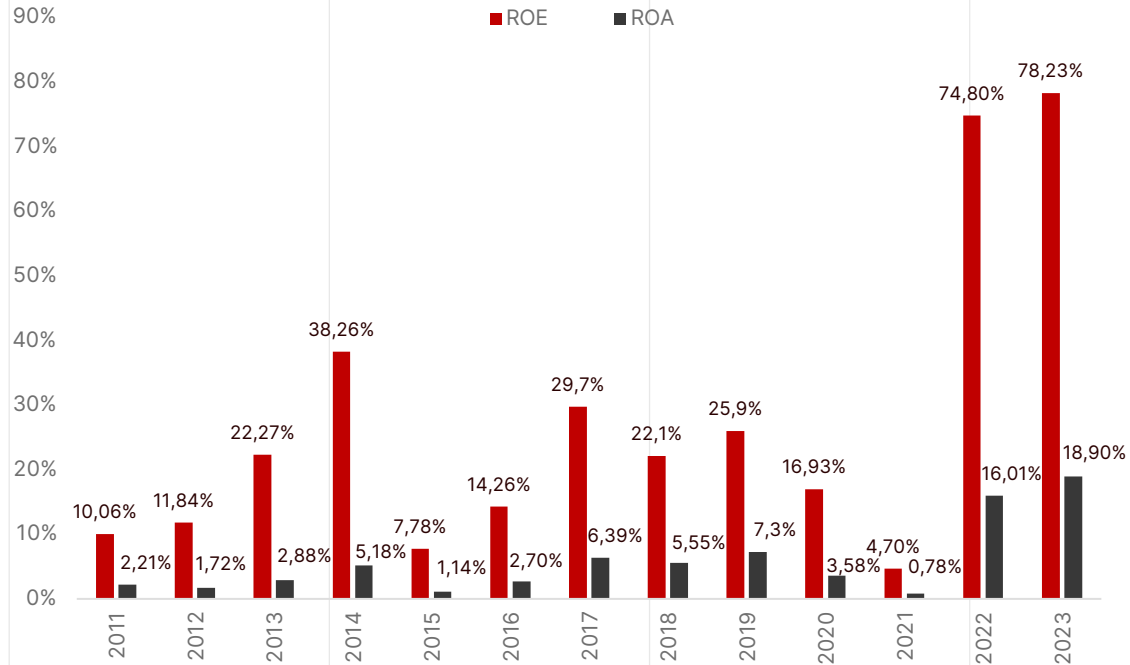
Portfolio, AMD B



Staff



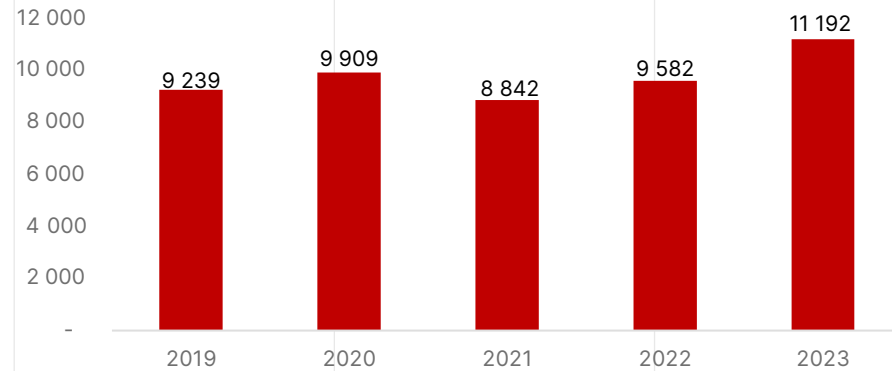
## ROE & ROA: sustaining high performance after the fast growth of 2022



After the impressive growth of 2022, key profitability ratios in 2023 remained consistently high. ROE increased by 3.4 pps y/y, reaching 78.2%, while ROA saw a 2.9 percentage point increase to 18.9%.

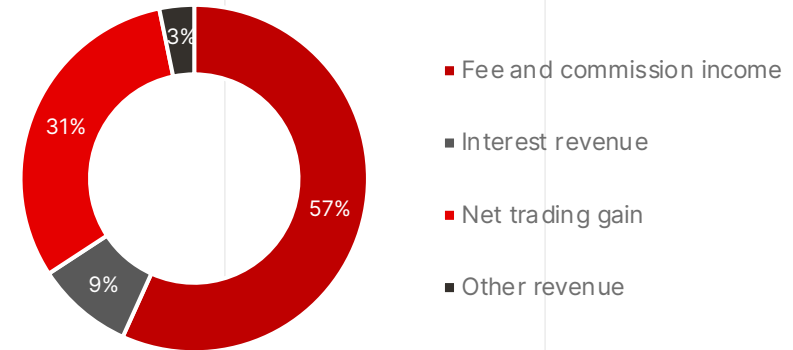
## Client base and revenue structure

Number of clients

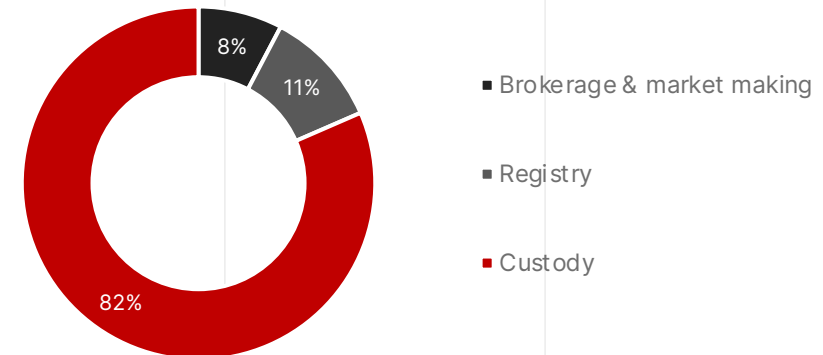


In 2023, the client base grew substantially by 17% to a total of 11,192 clients. This expansion was predominantly driven by our strong presence in the depository and custodian services sector, which brought in significant fee and commission revenue. The notable growth in this area reflects the Company's commitment to providing services of exceptional quality.

Revenue structure



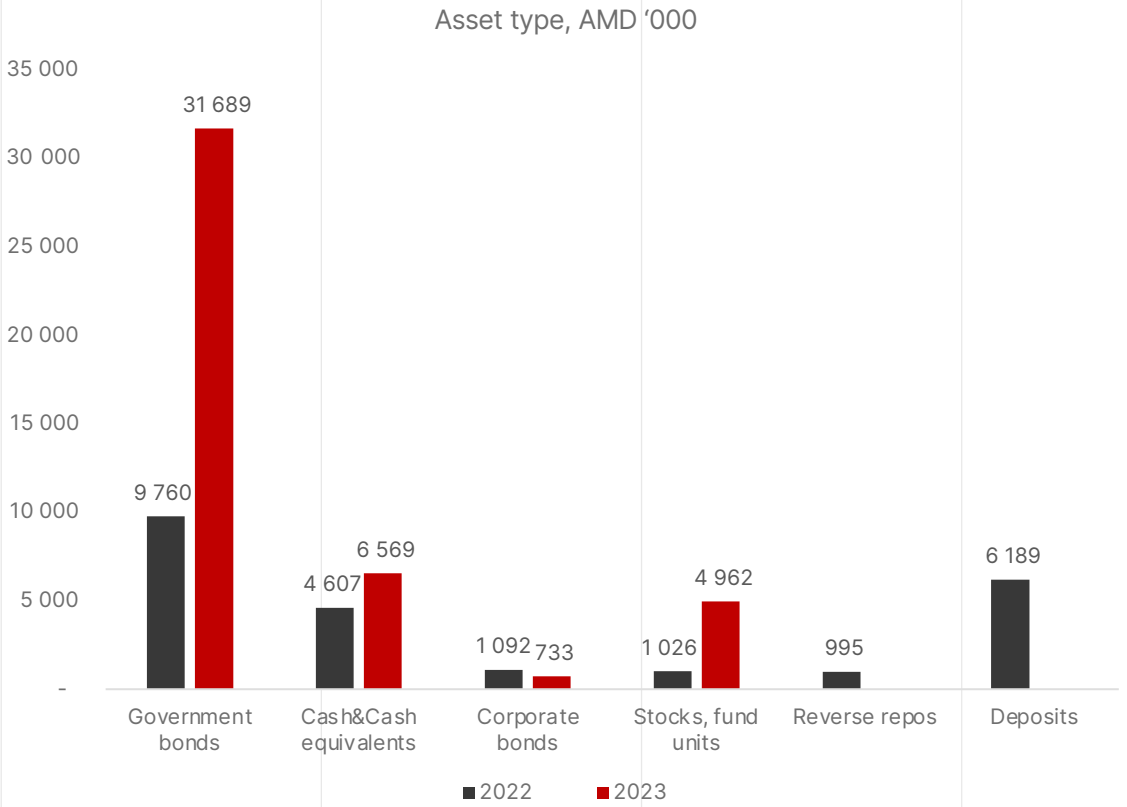
Structure of clients



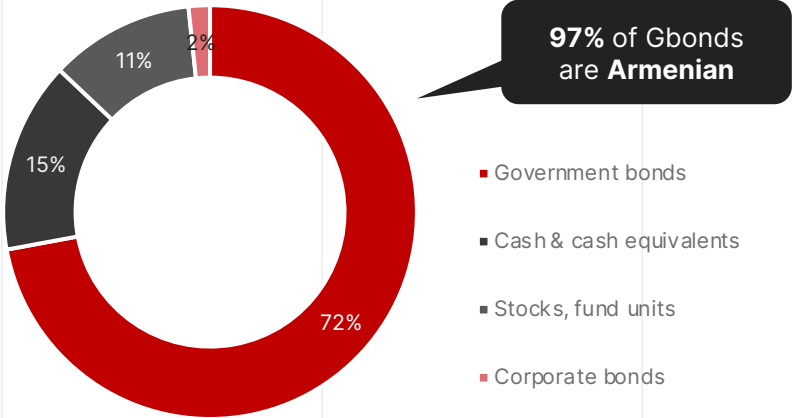
## Selected ratios over years

Ratios	2016	2017	2018	2019	2020	2021	2022	2023
<b>ROAE</b>	14.26%	29.72%	22.08%	25.90%	16.93%	4.70%	74.80%	78.23%
<b>ROAA</b>	2.70%	6.39%	5.55%	7.30%	3.58%	0.78%	16.06%	18.90%
<b>Net interest margin</b>	5.41%	5.88%	4.50%	4.10%	3.70%	1.92%	0.78%	3.13%
<b>Cost of funds</b>	8.36%	6.42%	6.03%	5.66%	5.09%	8.57%	11.57%	9.99%
<b>Net fee and commission income / Total operating income</b>	19.32%	11.01%	13.84%	15.81%	13.47%	33.29%	27.85%	59.13%
<b>Net fee and commission income / Average total assets</b>	1.23%	1.05%	1.21%	1.67%	0.76%	0.80%	18.78%	34.42%
<b>Cost to income ratio</b>	35.02%	20.30%	23.60%	23.10%	31.79%	63.91%	72.30%	61.65%
<b>Average interest earning assets / Average total assets</b>	97.77%	97.25%	97.85%	97.88%	97.43%	94.52%	79.86%	20.04%
<b>Total liabilities / Equity</b>	4.3x	3.2x	2.8x	2.4x	5.1x	5.0x	3.0x	3.2x
<b>Equity / Total assets</b>	0.2x	0.2x	0.2x	0.3x	0.2x	0.2x	0.2x	0.3x

# Investment portfolio



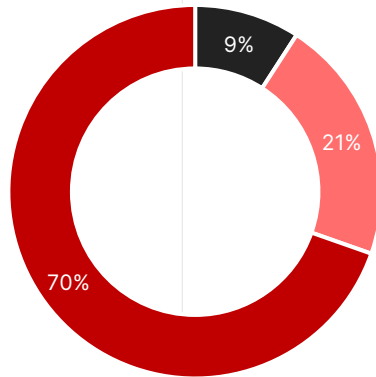
## Structure of assets



In 2023, the Company strategically increased its investment in Government bonds, utilizing a substantial portion of the profit gained in 2022. This move led to a 17 percentage point rise in the share of Government bonds within the total investment portfolio—reaching 72%. While stocks and cash holdings increased in absolute terms, their relative shares decreased by 11 and 4 percentage points, respectively, due to the prevailing share of Government bonds. Additionally, the Company completely divested from reverse repos and deposits.

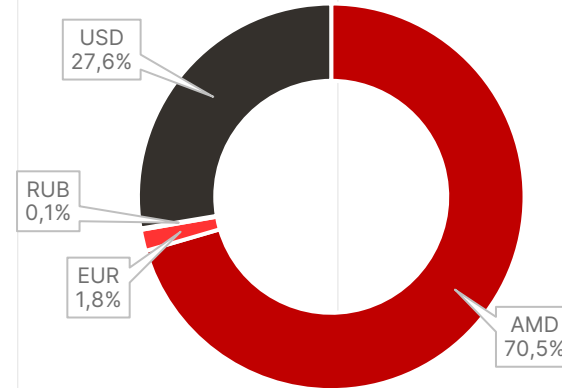
## Investment portfolio: liabilities and assets structure

Structure of liabilities

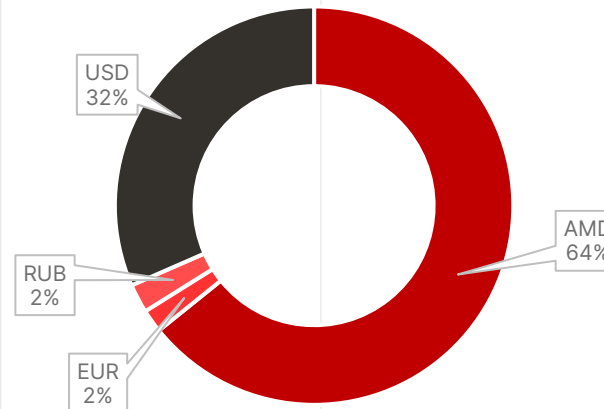


■ Amounts due to banks ■ Other ■ Repurchase agreements

Liabilities currency



Assets currency



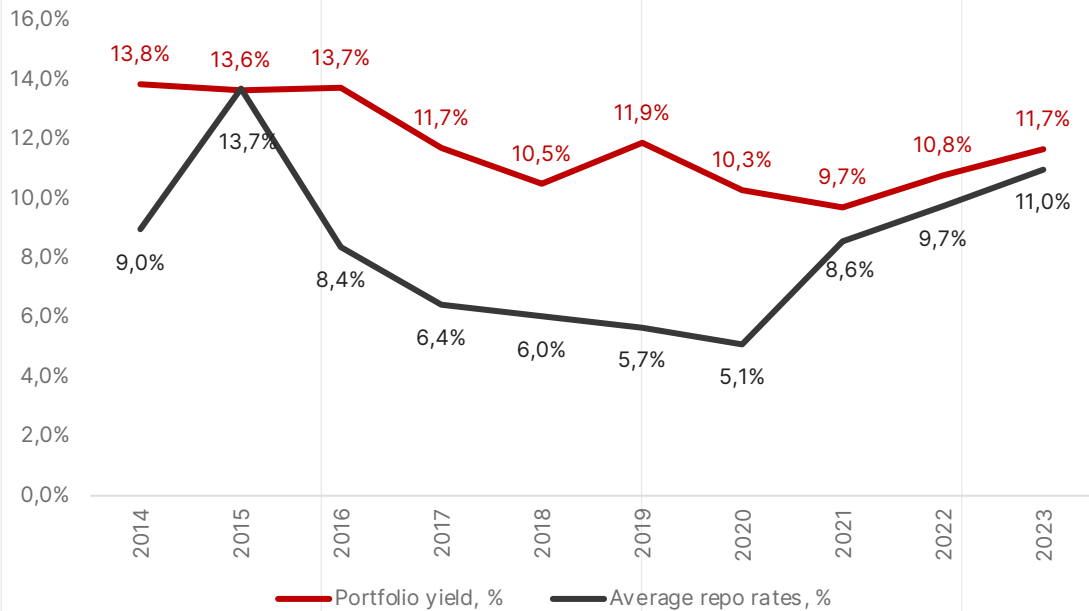
The currency structure of Armbrok's assets closely matches that of the liabilities, which significantly mitigates the currency risk, ensuring greater balance sheet stability and a more predictable financial performance. By maintaining this balance, the company effectively safeguards against exchange rate fluctuations, streamlines cash flow management, and simplifies financial planning and hedging activities.





## Investment portfolio: G-bonds

Portfolio of G-Bonds

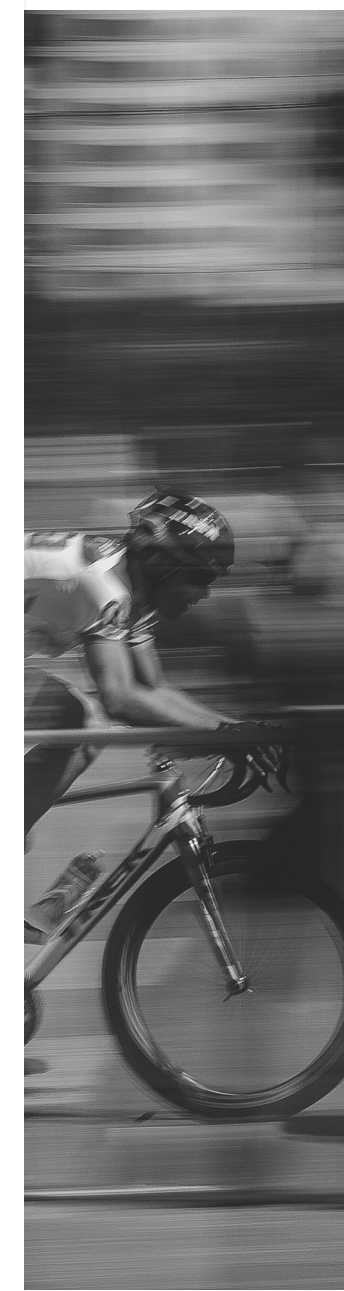


Despite a slight reduction, the gap between the G-bonds yield and the repo rates remains positive. With ongoing the ongoing deflationary trends in the Armenian economy, the CBA is expected to maintain its expansionary policy. So, further decreases in repo rates are anticipated.

## Income Statement (audited)

AMD in thousands	Year ended December 31, 2022	Year ended December 31, 2023	Y-o-Y change
Interest income	1,258,388	2,006,438	59.4%
Interest expense	(1,159,338)	(1,807,408)	55.9%
<b>Net interest income</b>	<b>99,050</b>	<b>199,030</b>	<b>100.9%</b>
Fee and commission income	3,959,508	12,602,984	218.3%
Fee and commission expense	(992,278)	(1,685,854)	69.9%
<b>Net fee and commission income</b>	<b>2,967,230</b>	<b>10,917,130</b>	<b>267.9%</b>
Net trading gain/loss	7,598,612	6,878,758	-9.5%
Net gain/loss from sale of financial assets	(583,369)	(21,887)	-96.2%
Net gain from foreign currency revaluation	551,994	611,921	10.9%
Other income	8,708	40,539	365.5%
Staff cost	(7,492,903)	(10,879,222)	45.2%
Administrative expenses	(211,152)	(503,405)	138.4%
Shares of profits of associates	4,729	66,329	1302.6%
Share of results of joint ventures	-	(6,474)	
Net charge/recovery of provision	13,632	(162,923)	
<b>Profit before income tax</b>	<b>2,956,531</b>	<b>7,139,796</b>	<b>141.5%</b>
Income tax expense	(419,294)	(1,143,904)	172.8%
<b>Profit for the year</b>	<b>2,537,237</b>	<b>5,995,892</b>	<b>136.3%</b>
<b>Other comprehensive loss, net of tax</b>	<b>(83,084)</b>	<b>468,489</b>	
<b>Total comprehensive income for the year</b>	<b>2,454,153</b>	<b>6,464,381</b>	<b>163.4%</b>
<b>Earnings per share in AMD</b>	<b>9,497</b>	<b>22,444</b>	<b>136.3%</b>

Detailed financial statements audited by EY are available at <https://www.armbrok.am/investor-relations/financial-statements-and-normatives>



## Balance Sheet (audited)

AMD in thousands	Year ended December 31, 2022	Year ended December 31, 2023	Y-o-Y change
<b>Assets</b>			
Cash and cash equivalents	4,606,794	6,569,219	42.6%
Term deposits	6,189	-	
Reverse repurchase agreements	995,337	-	
Financial assets at fair value through profit or loss			
- Held by the Company	2,057,159	6,549,058	218.4%
- Pledged under repurchase agreements	563,002	1,504,482	167.2%
- Pledged under borrowings from financial institutions	932,786	1,903,586	104.1%
Financial assets at fair value through OCI			
Held by the Company	1,502	2,802,376	
Pledged under repurchase agreements	8,157,158	23,882,741	192.8%
Pledged under borrowings from financial institutions	-	514,833	
Investments in associates	144,288	210,617	46.0%
Investment in joint venture	22,833	16,359	-28.4%
Premises, equipment and intangible assets	205,023	245,025	19.5%
Right of use assets	162,321	142,031	-12.5%
Deferred tax assets	51,029	-	
Other assets	499,967	688,608	37.7%
<b>Total assets</b>	<b>18,405,388</b>	<b>45,028,935</b>	<b>144.7%</b>
<b>Equity</b>			
Share capital	267,150	267,150	0.0%
Share premium	208,011	208,011	0.0%
Statutory general reserve	79,670	79,670	0.0%
Financial assets at fair value through OCI reserve	(52,533)	415,956	
Retained earnings	4,063,397	9,792,139	141.0%
<b>Total equity</b>	<b>4,565,695</b>	<b>10,762,926</b>	<b>135.7%</b>
<b>Liabilities</b>			
Amounts payable under repurchase agreements	8,309,880	23,854,597	187.1%
Amounts due to financial institutions	887,418	3,132,345	253.0%
Current income tax assets/liabilities	471,717	914,914	94.0%
Deferred Tax liabilities	-	8,412	
Lease liability	145,750	132,155	-9.3%
Liabilities for unsettled transactions	400,466	3,930,608	881.5%
Trade and other payables	3,596,785	2,265,301	-37.0%
Provisions	27,677	27,677	0.0%
<b>Total liabilities</b>	<b>13,839,693</b>	<b>34,266,009</b>	<b>147.6%</b>

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