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ANNUAL REPORT





TABLE OF CONTENTS

BANKING SYSTEM OF ARMENIA	3
THE MOST IMPORTANT EVENTS OF 2021	7
KEY FINANCIAL INDICATORS	8
LOAN PORTFOLIO	10
DEPOSIT PORTFOLIO	13
RETAIL BUSINESS	15
CORPORATE BUSINESS	16
BRANCH NETWORK	19
HUMAN RESOURCE MANAGEMENT AND PERSONNEL POLICY	19
COMPLIANCE	20
CORPORATE GOVERNANCE	20
MISSION AND VALUES	23
PRIORITIES OF UNIBANK	23
STRATEGIC GOALS	25
OUR TEAM	26
INTERNATIONAL RATING	30
CONTACT INFORMATION	31



DAVIT BEK

Davit Bek (date of birth unknown, died at the end of 1728)
a leader of the Armenian national liberation movement,
a military commander.

Obverse: the fortress wall of Halidzor against the background of
Mount Khustup, a torch and a sword.

Reverse: a fragment of the monument to Davit Bek in Kapan.

BANKING SYSTEM OF ARMENIA: MAIN INDICATORS

The aggregate volume of assets of the banks of Armenia for 2021 comprised 7,007 billion Armenian drams, increased by 6.38% compared with 2020 (420 billion Armenian drams).

Assets growth rate is mainly due to growth rate of credits. Based on the results of 2021 the aggregate volume of loan investments of the banking system of Armenia comprised 3,991 billion Armenian drams, decreased by 1.5% compared to 2020.

The liabilities of banks for the previous year comprised 3,899 billion Armenian drams, increased by 9.1% 325.9 млрд драмов превышает показатель на 31.12.20г.

Aggregate deposits in the banks of Armenia as of the end of December of 2019 comprised 3,442 billion Armenian drams, which is 9.1% or 325.9 billion Armenian drams more than the indicator of the December of 2020.

The profit of the banking system of Armenia for 2021 comprised 59 billion Armenian. The economic growth in Armenia in 2021 was 5.7%.

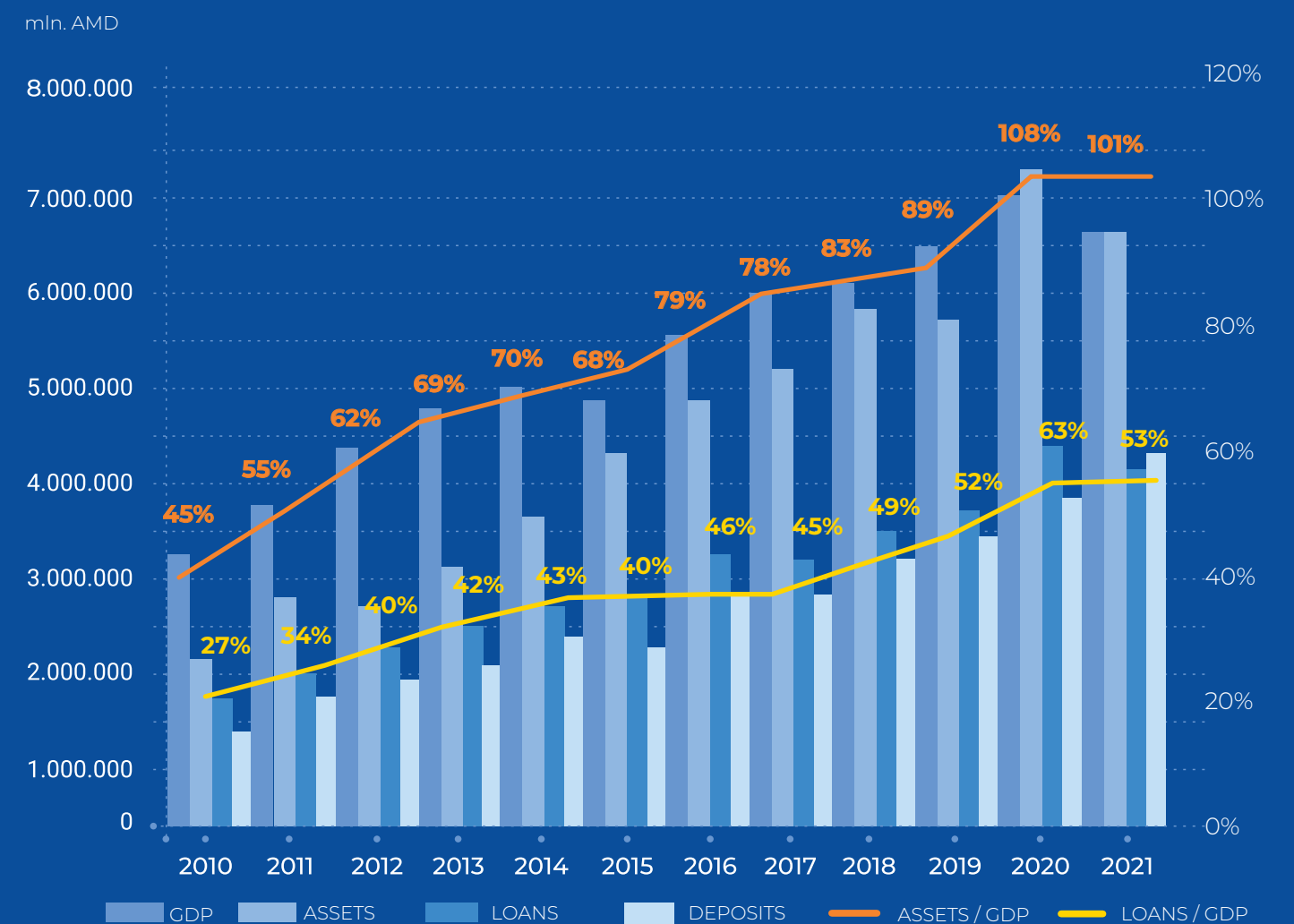
The volume of GDP in 2021 comprised 6,983 billion drams or \$14.5 billion. GDP in 2021 in Armenia comprised 2,357.4 thousand AMD (\$4,680) per capita against 2,087.8 thousand AMD (\$4,269) in 2020. Based on the results of 2021 the assets of the banking system in the GDP of Armenia increased 4.5 times, credits 4.2 times, deposits 5 times. The growth of deposits in Armenian banks testifies to the increased confidence of the population in the banking system of Armenia.



THE 30TH ANNIVERSARY OF COMMONWEALTH OF INDEPENDENT STATES

Obverse: the coat of arms of the Republic of Armenia, a bunch of grapes with grains symbolizing the number of CIS member states, an Armenian ornament.
Reverse: the CIS emblem.

DYNAMICS OF THE BANKING SYSTEM INDICATORS AND THEIR RATIO TO GDP





YEGHISHE CHARENTS-125

The collector coin dedicated to the 125th anniversary of Yeghishe Charents's birth.
Obverse: a fragment of the sculptural composition "Frenzied Masses". Reverse: a fragment of the monument to Charents and his signature.

IMPORTANT EVENTS OF 2021

- Unibank issued preferred shares with a volume of about 1.1 billion AMD with a fixed annual yield. Being an active participant in the bond market, the Bank, in general, carried out 18 bond issues and placed about 4.3 billion AMD and 39.5 million USD. Cross-listing of Unibank bonds on the Moscow Exchange was recognized as the best deal of Armenia at the Bond Congress held in St. Petersburg.
- Last year, Unibank initiated and, in August of this year will implement additional placement of the ordinary shares in the amount 21,739,131, with a par value of AMD 230 each, with the placement by open subscription.
- Unibank's data center switched to green energy and now is fully powered by solar panels. Switching the data center to solar energy allows the bank to accomplish two tasks at once: it helps to protect the environment and increases the autonomy of the system while ensuring its maximum efficiency.
- Unibank became the winner of the Visa international payment system award in the "Highest cross-border share in Visa Business volume 2021 Award" nomination for the leading position in the number of Visa cards issued in Armenia.
- 2021 was the year of development of the Bank's transactional business. In order to facilitate the development of foreign economic activity of clients, correspondent relations have been established with a number of foreign banks, including China Construction Bank (Kazakhstan), Moscow Credit Bank (Russia), etc. Over the past year, the volume of SWIFT transfers in the Bank increased by 30%.
- As part of the branch network development policy, the Bank opened Arin Berd and Moscow branches, Tashir Kentron, Teryan, Amiryan, Yeritasardakan branches were modernized, Alaverdi branch was terminated with the transfer of assets and liabilities to Vanadzor branch.
- Continuous work to modernize Unibank's mobile application significantly increased the number of users, in 2021 this channel customer base grew by three times.
- Unibank successfully passed the annual certification audit of compliance with the PCI DSS standard and recertification for compliance with the ISO 27001: 2013 standard, once again confirming the high level of personal data protection of its customers.
- In December 2021 Moody's Investors Service international rating agency approved Unibank's rating at B2 with a stable outlook.

KEY FINANCIAL INDICATORS FOR 2021

ASSETS

252,823.5
million AMD

LOAN PORTFOLIO

135,413.1
million AMD

LIABILITIES

222,052.4
million AMD

BONDS ISSUED

12,168.8
million AMD

NET INTEREST INCOME

10,958.1
million AMD

NET COMMISSION INCOME

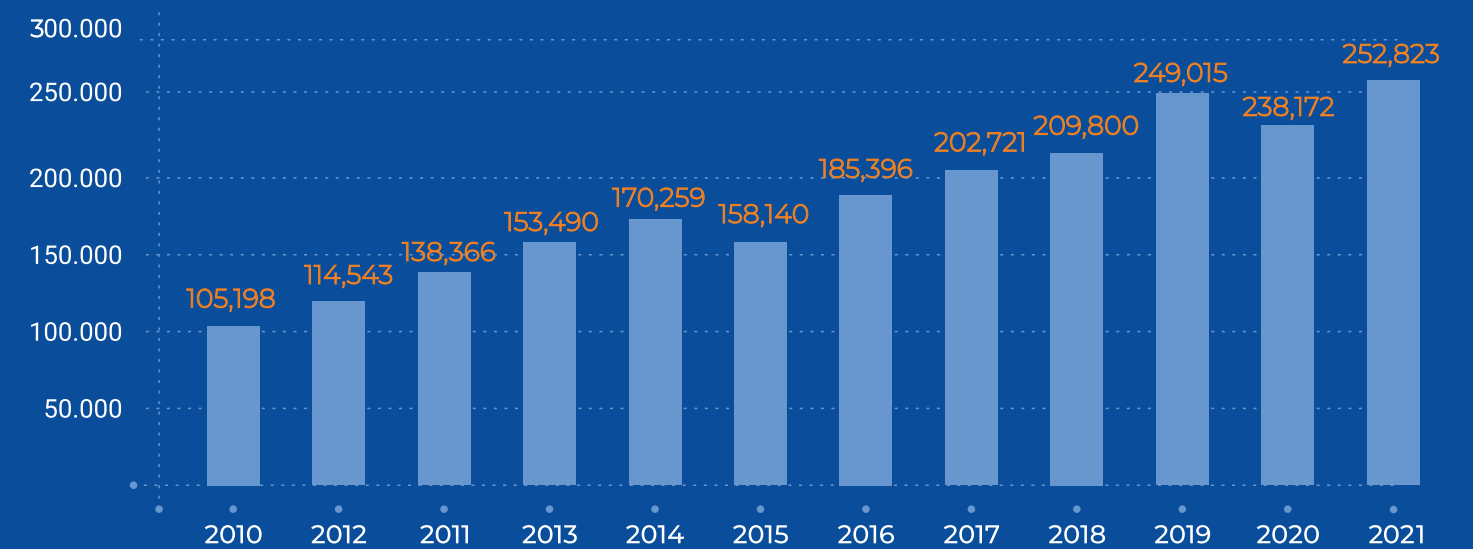
6,549.9
million AMD

TOTAL CAPITAL

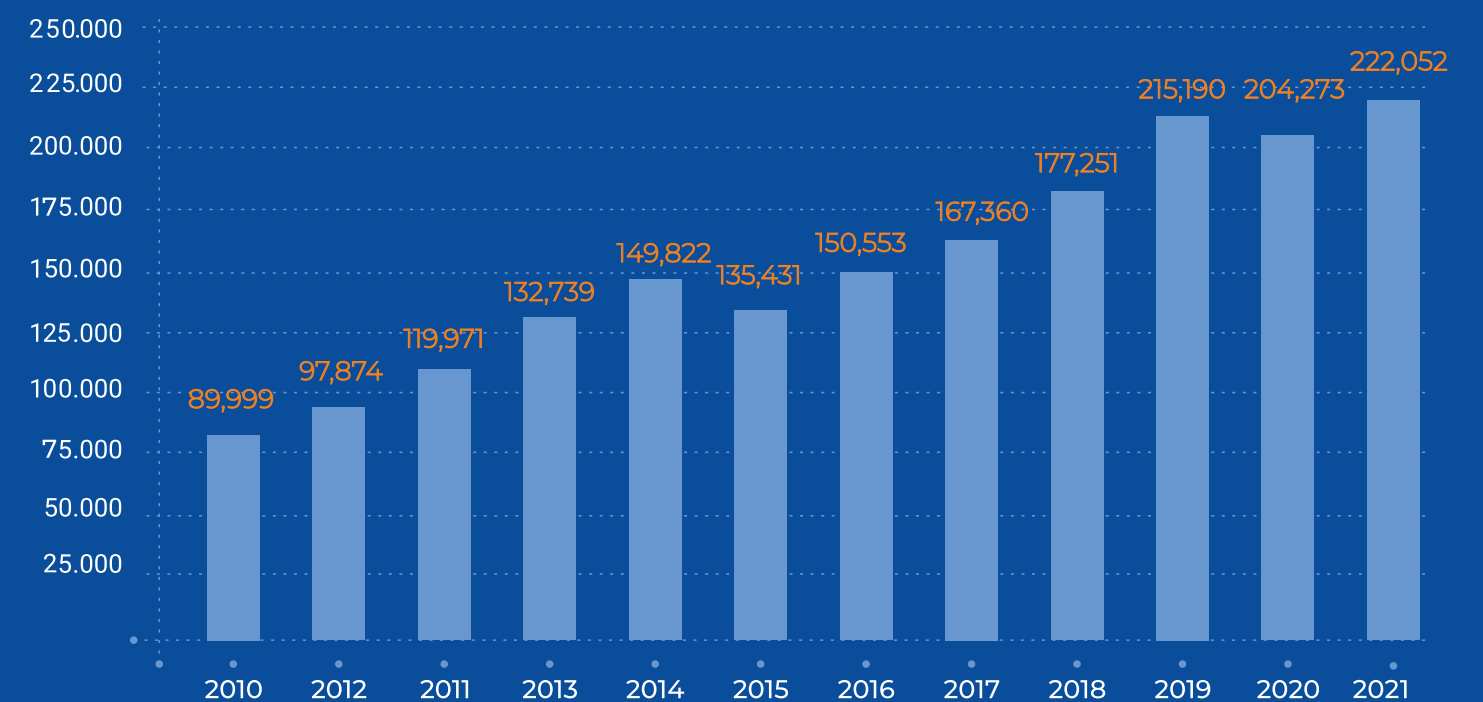
30,771
million AMD

BASED ON THE RESULTS OF 2021 UNIBANK ENSURED THE FOLLOWING INDICATORS

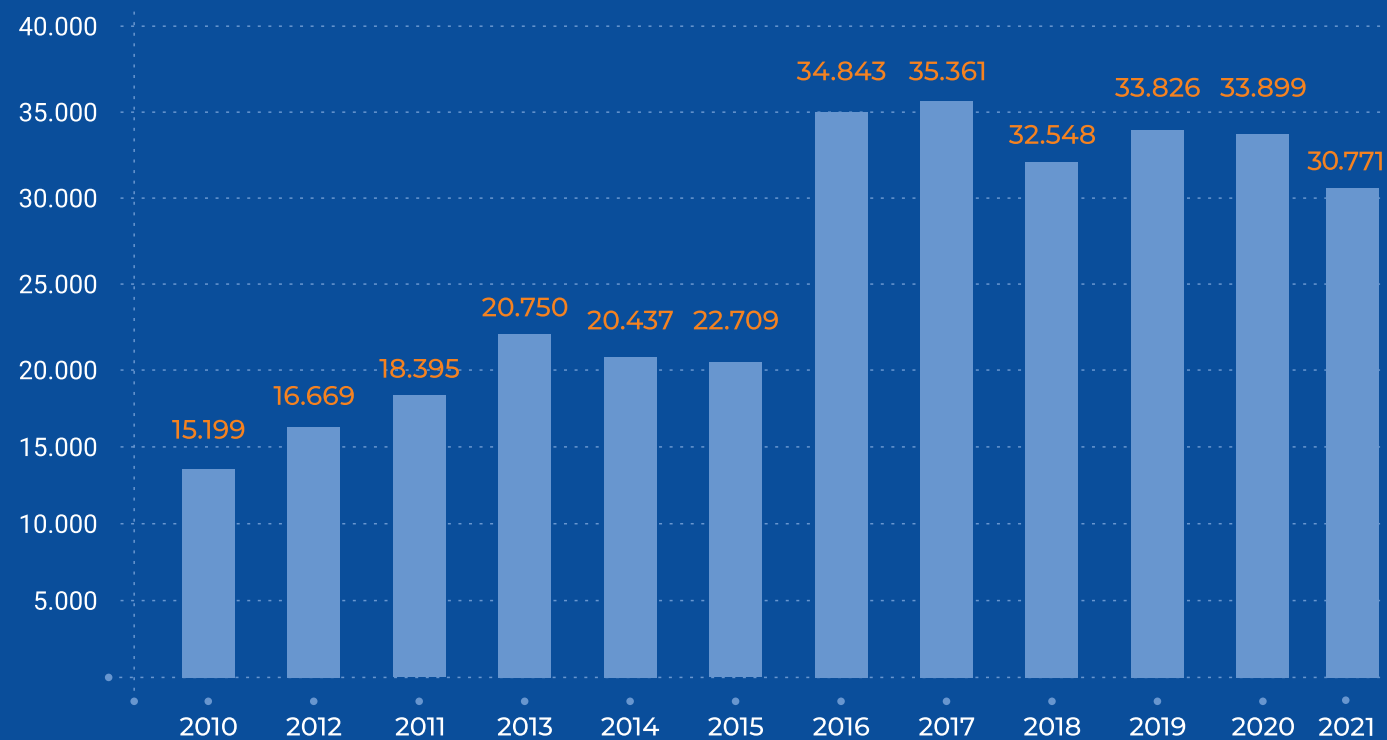
ASSETS (MLN AMD)



LIABILITIES (MLN AMD)



CREDIT INVESTMENTS (MLN AMD)

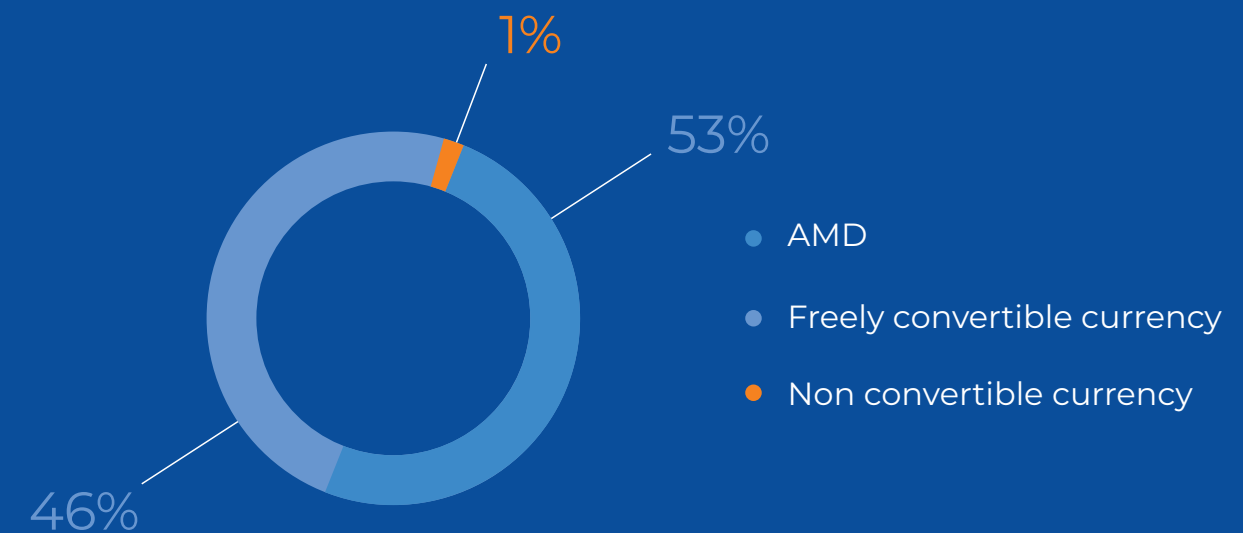


LOAN PORTFOLIO

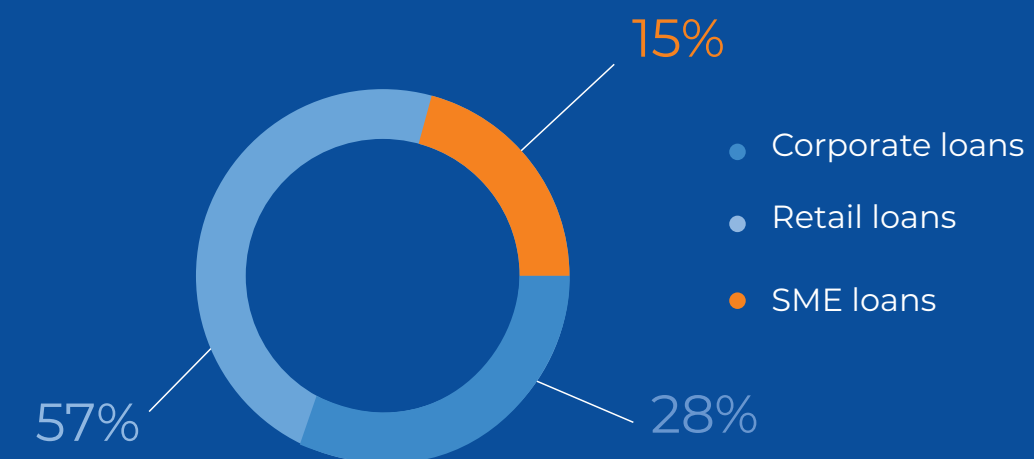
As of 31.12.2021 total loans portfolio of the Bank comprised 54% of the total assets. Loan portfolio in AMD comprised 53% of the aggregate loan portfolio and 47% in other currencies. Average rate of interest of crediting as of 31.12.2021 comprised 9.4% against 9.6% for 31.12.2020. Average rate of interest of crediting for the loans provided in 2021 comprises 9%.

The situation with the volume of overdue liabilities improved, the level of “bad” loans for the physical persons decreased from 11.2 to 4.2% over the year due to the measures taken and the level of “bad” loans for the legal entities decreased from 16.1 to 12.3% (automation of business processes, improvement of scoring systems, restructuring, activation of repayment, strengthening of the SME and Underwriting Credit Center, segmentation of the lending market). It should be noted that the ratio “net (minus reserves) problem loans / regulatory capital” decreased from 24.8% to 16.3% over the year.

LOAN PORTFOLIO CURRENCY STRUCTURE AS OF 31.12.21.



LOAN PORTFOLIO CURRENCY STRUCTURE AS OF 31.12.21.





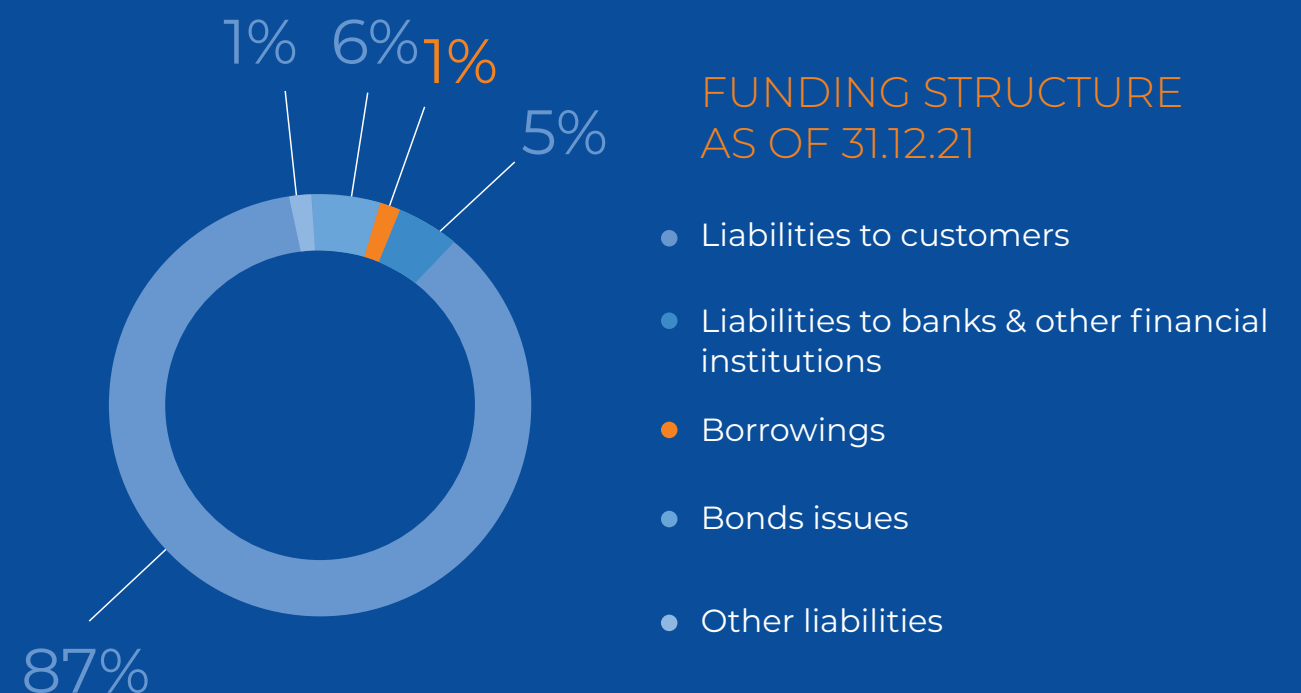
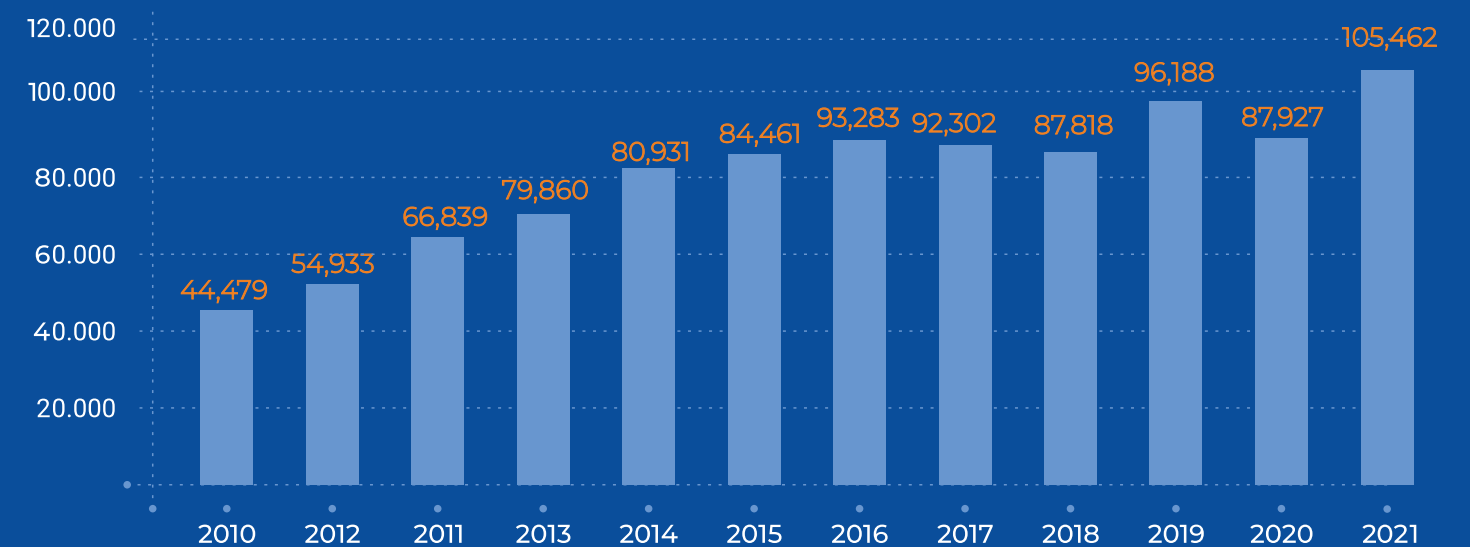
OGANESSON (OG)

The collector coin dedicated to the chemical element Oganesson (Og).
Obverse: an image of the Oganesson (Og) chemical element, JINR emblem.
Reverse: the sculptural portrait of Yuri Oganessian (sculptor: Gh. Chubaryan, 1979).

DEPOSIT PORTFOLIO

The volume of the Bank's deposits in 2021 increased by 23% or by 36.8 billion AMD and amounted to 193.6 billion AMD at the end of the reporting year. The growth was mainly due to an increase of 11% in deposits attracted from individuals and an increase in balances on settlement accounts of legal entities - by 51%. In the structure of the Bank's liabilities as of December 31, 2021 customer deposits dominate with a share of 87.2%. The share of total deposits of individuals in the total liabilities of the Bank is 53.7% - 119.2 billion AMD.

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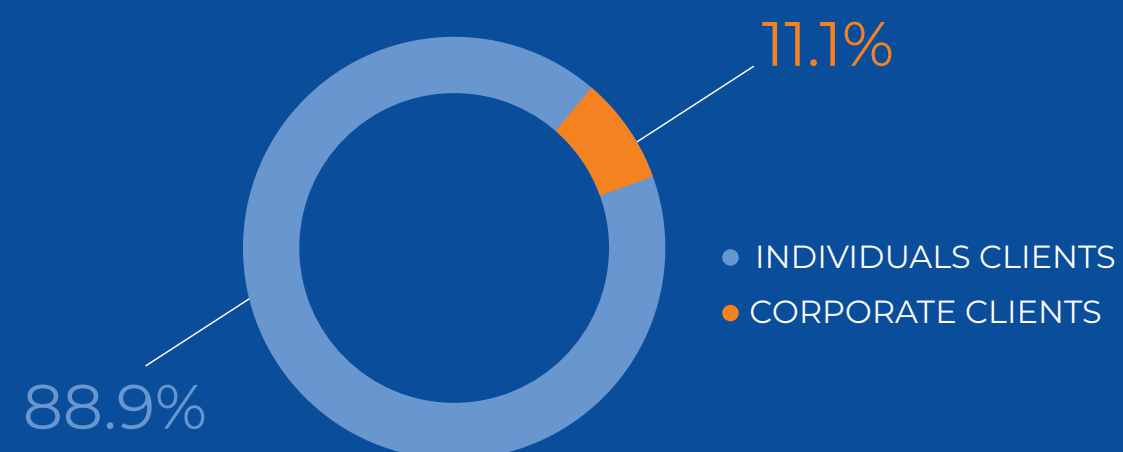




30TH ANNIVERSARY OF FORMATION OF ARMENIAN ARMY

Gold collector coin dedicated to the 30th anniversary of formation of Armenian Army.
Obverse: the coat of arms of the RA.
Reverse: a fragment of the coat of arms of the Armed Forces of the RA.

TERM DEPOSITS STRUCTURE



RETAIL BUSINESS

The development of the retail business continued to be a priority for the Bank in 2021 as well.

The recovery in consumer demand led to an increase in lending, however, the recorded decrease in the total retail portfolio is due to the Bank's strategy to significantly improve the quality of assets and reach a new level of efficiency, including through the creation of additional provisions for loans. Since the 2nd quarter of the reporting year, there has been an improvement in the payment discipline of borrowers, the share of overdue was in the range of 5.8%. At the end of the year, the portfolio of loans to individuals amounted to more than 76.3 billion AMD.

A considerable increase in the volume of disbursements was provided by consumer loans secured by real estate. Strong relationships with a number of large retail chains, an innovative automated system have kept Unibank in the lead in terms of the number of POS loans issued. With the help of artificial intelligence technology for 2021 more than 400,000 applications were processed, in this segment the Bank accounts for over 21% of the market. In the 4th quarter of the reporting year, Unibank was recognized as the leader in Armenia both in terms of the number and volume of POS-loans.

With the development of housing construction in the country, mortgages became a niche product of the development of retail lending, the portfolio of these loans amounted to 10.4 billion AMD, while this portfolio recorded the lowest percentage of debt - 1.8%.

Meeting the needs of clients with current debt servicing difficulties, the Bank continued to offer optimal solutions for restructuring and refinancing loans. The volume of restructuring on small consumer loans amounted to 3.5 billion AMD.

Retail customer funds increased by 10% and amounted to 119.2 billion AMD, while the term deposits portfolio grew by 17%, amounting to 105.5 billion AMD, and the volume of demand deposits amounted to 13.7 billion AMD against 19.4 billion AMD in 2020.

CORPORATE BUSINESS

In 2021 «Unibank» continued its specialization in providing services to small and medium enterprises. In conditions of financial turbulence, the main task of the corporate business was to maintain the achieved level of the loan portfolio with an emphasis on responsible borrowers, with the development of relationships for comprehensive services. Niche separation includes small – scale production, trade, services and agro, farming.

The main emphasis was placed on maintaining the Bank's market share and active work with the existing portfolio. The Bank was an active participant in international financing programs for this segment of the economy. Having expanded cooperation with the German development bank KfW, Unibank initiated a lending program to support the agricultural sector. In order to optimize the business process of lending, activities began on the introduction of artificial intelligence technology in the scoring model of microloans.

At the end of 2021, the volume of corporate loans in the total loan portfolio of the Bank amounted to 43%, or 60 billion AMD, the portfolio is diversified in niche segments designated by the Bank's lending policy.

The portfolio of term deposits of legal entities decreased by 17% and amounted to 13.1 billion AMD. The amount of funds on current accounts almost doubled, reaching 61.4 billion AMD.

SELECTED SOURCES FOR SME AND TRADE FINANCING



BRANCH NETWORK

At the end of the year, Unibank's branch network included 55 branches in Armenia and Artsakh, 82 promo points, 104 ATMs, 108 payment terminals. There is a representative office of the Bank in Moscow, which assists in attracting foreign clients. During the year the Bank served more than 325,000 clients, of which 322,000 were retail clients.



75TH ANNIVERSARY OF VICTORY IN GREAT PATRIOTIC WAR

The Great Patriotic War (started June 22, 1941 - ended May 9, 1945) was the war people of the USSR fought against fascist Germany and its allies, an important and decisive part of World War II (1939-1945).

HUMAN RESOURCE MANAGEMENT AND PERSONNEL POLICY

The objectives of the personnel policy of “Unibank” are the formation of a highly professional and efficient team, the development of a personnel-training system, the creation of motivational programs for employees, and maintenance of a corporate culture that implies compliance with service standards and business communication.

The personnel policy of the Bank is aimed at the careful selection and training of personnel, and the formation of highly qualified personnel potential ensuring the achievement of planned results. This policy is implemented within the framework of the Bank’s corporate interests and by attracting the most qualified specialists, encouraging initiative employees and their promotion to senior positions. Special attention is paid to the growth of the professional level, the maximum self-realization of each employee and the formation of an optimal organizational structure.

In the process of selection, testing and interviews, responsible, progressive and goal-oriented specialists that are sharing the values of the Bank and are ready to move forward are identified. To determine compliance with the positions held and the level of qualification, the Bank periodically conducts personnel certification and rotation.

IN 2021, THE MAIN AREAS OF WORK WERE

- **Development of systematic training and staff development.**
- **Implementation of internship programs and attraction of students from leading universities in Armenia.**
- **Improvement of incentive programs for the employees of the Bank.**
- **Provision of health insurance to the employees.**

AS OF THE END OF 2021, THE BANK HAS 840 EMPLOYEES

COMPLIANCE

The Bank's compliance policy in 2021 was aimed at ensuring the Bank's activities in strict accordance with the legislation of the Republic of Armenia. For this purpose, a comprehensive analysis of the internal regulatory acts, the provided services and products of the Bank was carried out, a study of amendments to the law, and consultation of structural and territorial divisions and employees of the Bank. Analysis of customer complaints and suggestions was of particular importance in the management's activities, aiming at enhancing the quality of service and preventing repetition of such complaints. The quality of the management and the Bank as a whole is clearly shown by the following figures. Throughout 2021, a total of 734 complaints was registered, of which the Bank fully or partially satisfied 138 (22.9% in total).

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW

The Bank has fully structured corporate governance that includes the Shareholders Annual General Meeting, Bank's Board, Bank's Executive Board, Internal Audit, Committees attached to the Board, Committees attached to the Executive Board, Credit Committee, Reserves Committee, Credit Scoring Committee, Tender Committee.

Shareholders Annual General Meeting is the supreme governing body of the Bank, which makes decisions on the main issues of the Bank's activities. Shareholders Annual General Meeting is held on an annual basis, as well as based on the Board's decision an Extraordinary Meeting may take place. The Board decides the date of the Shareholders Annual General Meeting. The Bank informs shareholders about the Shareholders Annual General Meeting on the official website of the Bank or through mass media, no later than 15 days prior to Shareholders Annual General Meeting, and 30 days prior to Extraordinary Meeting. Decisions taken by the Shareholders Annual General Meeting, as well as the voting results are communicated to the shareholders in the same manner.

The Board of the Bank is a collegial management body of the Bank, which defines the main strategic directions of the Bank's activities in the long term, determines the approaches to the organization of internal control. The Board of the Bank, in carrying out its activities, is accountable to the Shareholders Annual General Meeting of the Bank, acts in the interests of the Bank and its shareholders, as well as ensures that the interests and legal requirements of all other interested parties are met. The Executive Board of the Bank manages the current and operational activities of the Bank within the framework of its authority, as determined by the legislation of the Republic of Armenia and the Bank's charter. The Executive Board is accountable to the Shareholders Annual General Meeting of the Bank and the Board of the Bank.

Internal audit has an independent status and operates under the direct control of the Board. Performs verification and assessment of the effectiveness of the Bank's internal control system. The following committees assist the governing bodies in ensuring the efficient operation of the Bank: The committees attached to the Board are - Audit and Risks Committee, Investment Committee and Remuneration committee.

The committees attached to the Executive Board are Tariff and Assets and Liabilities Committee, IT and Informational Security Committee, Inventory, Procurement and Disposal Committee, as well as Personnel Assessment Committee, Credit Committee, Reserves Management Committee, Tender Committee, Credit Scoring Committee

CORPORATE SOCIAL RESPONSIBILITY

"Unibank" takes an active part in the social life of the country, following the principle of social responsibility and directing efforts to the development of infrastructures and the creation of new jobs. "Unibank" is an active and responsible participant of economic and social programs. The Bank actively supports charity and sponsorship programs aimed at improving financial literacy, as well as supporting education, culture and sports.

CORPORATE ETHICS

Interaction in the Bank is based on respect for the individual and focus on results in order to successfully solve professional tasks and maintain constructive relations within the team. We strive to comply with the highest principles of professional ethics, comply with existing laws, as well as the norms and regulations established in the Bank.

ENVIRONMENTAL PROTECTION

In its activities, the Bank aims to follow the principles of respect for the environment. When implementing credit programs, the Bank takes into account compliance with environmental standards and prioritizes lending to environmentally friendly industries and resource-saving projects. In its activity, "Unibank" seeks to minimize the financing of projects that have a negative impact on the environment.



MOTHER CATHEDRAL OF HOLY ETCHMIADZIN

The Mother See of Holy Etchmiadzin is the spiritual center of all Armenians and the Holy See of the Supreme Patriarch and Catholicos of All Armenians. The Mother Cathedral of Holy Etchmiadzin is the first official cathedral of the Christian world, which was built in 301-303, initiated by and through the efforts of St. Trdat III Great Armenian king and St. Gregory the Illuminator.

MISSION AND VALUES

“Unibank” OJSC is a dynamically developing and innovative bank that provides a full range of services to retail and corporate clients. The Bank sees its mission in promoting the economic development of the Republic of Armenia, increasing the financial well-being of customers, shareholders and partners, and meeting the public need for high-quality financial services.

OUR VALUES

- attentive and honest attitude towards customers
- strong team spirit and efficiency
- society's trust
- high brand awareness
- reliability and stability

WE STRIVE

- strengthen our position and increase the financial market share
- to ensure a high culture of banking services
- to increase the availability of popular and high-tech banking services
- introduce a transparent business model and best practice of corporate culture
- to increase the investment attractiveness of the bank



THE 150TH ANNIVERSARY OF ALEXANDER SPENDIARYAN'S BIRTH

Obverse: the monument to Spendiaryan (sculptors: A. Sargsyan, Gh. Chubaryan, architects: G. Aghababyan, F. Darbinyan, 1953) against the background of the Opera and Ballet Theater building and a dancer.
Reverse: Spendiaryan's portrait, note pages of the "Three Palms", stylized images of a violin, inkwell and palm trees.

STRATEGIC PRIORITIES FOR 2022

As part of Unibank's approved strategy of 2022, the following key priorities are formulated:

The priorities laid down in the Bank's development strategy are aimed at improving the efficiency of the Bank's activities through the implementation of the following main tasks:

- Expansion and diversification of the shareholder structure, raising capital through an additional issue of ordinary shares with a volume of AMD 5 billion,
- Development of cooperation with international financial institutions, use of external resource sources to expand the range of the Bank's financial services,
- Increase in the share of the retail lending market,
- Entry into the market of the "green" financing segment as a long-term global trend
- Development of financial technologies (use of artificial intelligence for lending to small businesses, launch of the marketplace platform and e-commerce, development of remote banking systems),
- Development of new tools for the growth of transactional income,
- Improvement of mechanisms and implementation of best practices for combating money laundering and terrorism financing.
- Being aware of the current challenges and realities of economic development, we look to the future with confidence and move towards the realization of our strategic goals.

OUR TEAM

UNIBANK BOARD



GAGIK ZAKARYAN

Cofounder/Board Chairman of “Unibank OJSC”, Cofounder/Board Chairman, Unistream OJSC CB, Board Chairman of “RESO” CJSC.



GEORGE PISKOV

Cofounder/Board Member of “Unibank OJSC”, Cofounder/Board Member of the Unistream OJSC CB, Cofounder/Chairman of the Board of Directors of Protobase Laboratories, Founder and owner of money transfer service “MoneyTO”.



EDUARD ZAMANYAN

Board Member of “Unibank OJSC”.



ARTEM KONSTANDYAN

Board Member of “Unibank OJSC”, Board of Trustees Member Jurisdiction Armenia Foundation (RA) Chairman of the Board of Trustees of the “ANIV” Foundation for Development and Support of Armenological Studies.



VARDAN ATAYAN

Board Member and Shareholder of “Unibank OJSC”, Shareholder and Board Chairman of “Unileasing” company, Board Member of “RESO” CJSC.



HRAHAT ARZUMANYAN

Board Member of “Unibank OJSC”, Chairman of the Board of Directors “Transstroy bank” CJSC.



DAVID PAPAZIAN

Board Member of “Unibank OJSC”, General Director of the Armenian National Interests Fund.

UNIBANK EXECUTIVE BOARD



MESROP HAKOBYAN

Executive Board Chairman.



COHAR GRIGORYAN

Financial Director - Chief Accountant.



OVSANNA ARAKELYAN

Vice-Chairman of the Executive Board
Legal Service and Overdue Liabilities Collection Director.



DAVID PETROSYAN

Corporate Business Promotion and Sales Director.



ARARAT GHUKASYAN

First Vice-Chairman of the Executive Board.



GURGEN GHUKASYAN

Vice-Chairman of the Executive Board, Retail Business Promotion and International Development Director.



ARTUR APERYAN

Operational services and information systems Director.

INTERNATIONAL RATING

International rating agency Moody's upgraded Unibank's local-currency and foreign-currency deposit ratings of B2. The bank's ratings are based on its Baseline Credit Assessment (BCA) of b3 and long-term Counterparty Risk Assessment -CR Assessment - B2(cr)/NP(cr). Outlook - Stable.

Ratings upgrade has mainly been conditioned with the capital replenishment and material improvements in the Bank's asset quality.

CORRESPONDENT BANKS

- BANKA POPOLARE DI SONDRIO
- EURASIAN DEVELOPMNET BANK
- LANDESBANK BADEN-WUERTTEMBERG
- CHINA CONSTRUCTION BANK (ASTANA)
- CB UNISTREAM
- ALFA BANK
- BANK OF GEORGIA
- TRANSKAPITALBANK

CONTACT INFORMATION

- We'll be glad to provide you with a more detailed information about the activity and services of «Unibank», discuss the possibilities of cooperation and investment and agree on the time of the meeting convenient for you.

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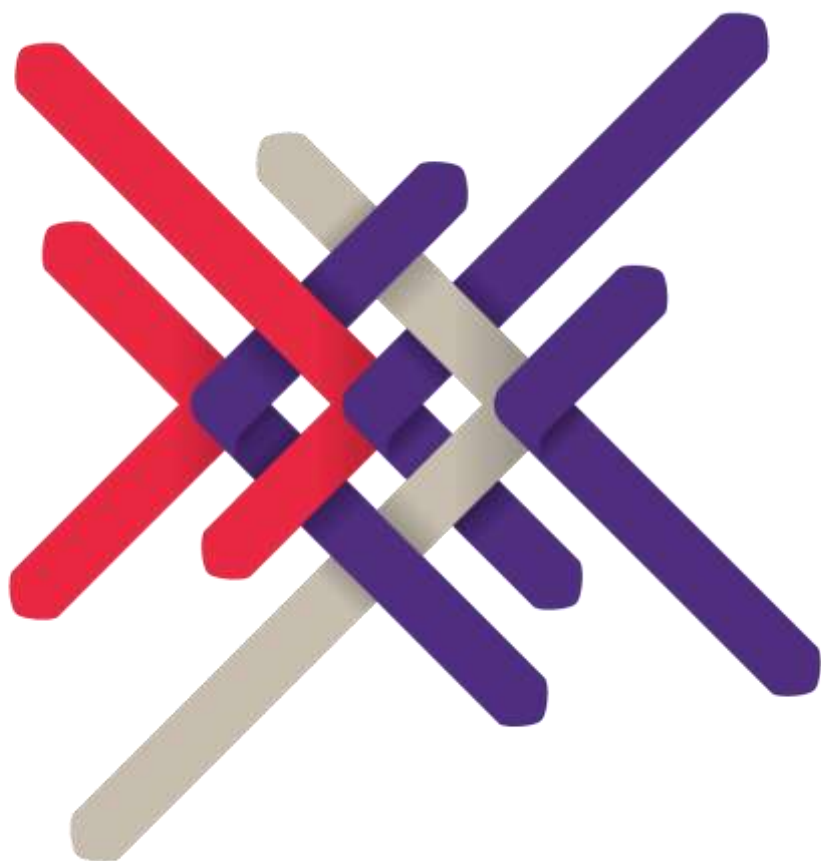
UNIBANK

www.unibank.am

Financial Statements and Independent Auditor's Report

“Unibank” open joint stock company

31 December 2021



Contents

Independent auditor's report	3
Statement of profit or loss and other comprehensive income	7
Statement of financial position	9
Statement of changes in equity	11
Statement of cash flows	13
Notes to the financial statements	15

Independent auditor's report

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To the shareholders of "UNIBANK" OPEN JOINT STOCK COMPANY

Opinion

We have audited the financial statements of "UNIBANK" OPEN JOINT STOCK COMPANY (the "Bank"), which comprise the statement of financial position as of 31 December 2021, 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 Bank as of 31 December 2021 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 Bank 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- *Allowance for expected credit loss*

Refer to note 4 of the financial statements for a description of the accounting policies and to note 35.1 for an analysis of credit risk.

Expected credit loss allowance was considered as a key audit matter due to significance of loans to customers as well as the subjectivity of assumptions underlying the impairment assessment. Applying different judgments and assumptions can lead to significantly different results of the expected credit loss allowance, which may have a material effect on the Bank's financial results.

Key areas of judgment included the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Bank's expected credit loss model, the identification of exposures with a significant deterioration in credit quality, assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors and the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.

With respect to impairment methodology, our audit procedures comprised the following:

- We read the Bank's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9.
- We assessed the design and tested the operating effectiveness of relevant controls over the data used to determine the impairment reserve, including transactional data captured at loan origination, ongoing internal credit quality assessments, storage of data and interfaces to the expected credit loss model.
- We assessed the design and tested the operating effectiveness of relevant controls over the expected credit loss model, including model build and approval, ongoing monitoring/validation, model governance and mathematical accuracy.
- We checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages.
- For a sample of risk exposures, we checked the appropriateness of the Bank's staging.
- We assessed and tested the material modeling assumptions as well as overlays with a focus on the key modeling assumptions adopted by the Bank and sensitivity of the provisions to changes in modeling assumptions.
- For forward looking assumptions used by the Bank's management in its expected credit loss calculations, we held discussions with management and corroborated the assumptions using publicly available information.
- We examined a sample of risk exposures and performed procedures to evaluate the timely identification of exposures with a significant deterioration in credit quality and expected loss calculation for exposures assessed on an individual basis.
- We checked the completeness of loans and advances, off-balance sheet items, investment securities, placements and other financial assets included in calculation of allowances for expected credit loss as of 31 December 2021. We understood the theoretical soundness and tested the mathematical integrity of the models applied.
- For data from external sources, we understood the process of choosing such data, its relevance for the Bank, and the controls and governance over such data;
- We involved our IT specialists in areas that required specific expertise (i.e. data reliability and other).
- We assessed the accuracy of the disclosures in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Bank for the year ended 31 December 2021, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 Bank'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 Bank'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 Bank 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Armen Hovhannisyan.

Armen Hovhannisyan

Chief Executive Officer of "Grant Thornton" CJSC/
Engagement Partner

18 April 2022



Statement of profit or loss and other comprehensive income

In thousand Armenian drams

	Notes	2021	2020
Interest income calculated using effective interest rate	6	20,914,648	19,471,091
Interest expense	6	(9,956,532)	(9,419,847)
Net interest income		10,958,116	10,051,244
Fee and commission income	7	3,513,711	2,770,901
Fee and commission expense	7	(640,647)	(614,638)
Net fee and commission income		2,873,064	2,156,263
Net trading income	8	3,111,291	1,118,369
Other income	9	565,509	1,360,247
Impairment losses	10	(13,073,327)	(5,786,898)
Staff costs	11	(3,911,514)	(3,862,403)
Depreciation of property and equipment	20	(1,045,796)	(975,205)
Amortization of intangible assets	21	(171,891)	(145,757)
Other expenses	12	(4,380,314)	(3,474,144)
Profit/(loss) before income tax		(5,074,862)	441,716
Income tax (expense)/recovery	13	738,820	(203,140)
Profit/(loss) for the year		(4,336,042)	238,576
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property and equipment		-	408,411
Income tax relating to items not reclassified		-	(73,514)
Net gains from items that will not be reclassified subsequently to profit or loss		-	334,897

Statement of profit or loss and other comprehensive income (continued)

In thousand Armenian drams

	Notes	2021	2020
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Movement in fair value reserve (debt instruments)		158,173	(165,761)
Changes in allowance for expected credit losses		(25,231)	23,948
Income tax relating to items reclassified		(23,930)	25,796
Gains/(loss) on investment securities at fair value through other comprehensive income		109,012	(116,017)
Other comprehensive income for the year, net of tax		109,012	218,880
Total comprehensive income for the year		(4,227,030)	457,456
Earnings/(loss) per share	14	(0,0277662)	(0,0008418)

The statement of profit or loss and other comprehensive is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 76.

Statement of financial position

In thousand Armenian drams	Notes	31 December 2021	31 December 2020
<i>Assets</i>			
Cash and cash equivalents	15	63,239,222	28,450,237
Derivative financial assets	16	5,239	2,020
Amounts due from financial institutions	17	16,182,224	18,197,520
Loans and advances to customers	18	135,413,053	156,575,090
Investment securities	19	17,394,144	1,648,404
Securities pledged under sale and repurchase agreements	19	-	14,901,530
Property and equipment	20	10,767,377	10,287,139
Intangible assets	21	2,728,749	2,301,902
Deferred tax assets	13	480,335	-
Income tax prepayments		310,366	127,210
Other assets	22	6,302,758	5,681,000
Total assets		<u>252,823,467</u>	<u>238,172,052</u>
<i>Liabilities and equity</i>			
<i>Liabilities</i>			
Amounts due to financial institutions	23	10,906,695	29,573,686
Amounts due to customers	24	193,643,724	156,805,550
Derivative financial liabilities	16	10,867	30,336
Borrowings	25	3,121,387	5,905,308
Debt securities issued	26	12,168,789	9,498,202
Current income tax liability		65,120	-
Deferred income tax liabilities	13	-	312,486
Other liabilities	27	2,135,833	2,147,402
Total liabilities		<u>222,052,415</u>	<u>204,272,970</u>

Statement of financial position (continued)

In thousand Armenian drams

	Notes	31 December 2021	31 December 2020
<i>Equity</i>			
Share capital	28	21,588,653	20,489,653
Share premium		9,605,638	9,605,638
Statutory general reserve		641,779	608,510
Other reserves		1,732,279	1,722,635
Retained earnings/(accumulated loss)		(2,797,297)	1,472,646
Total equity		<u>30,771,052</u>	<u>33,899,082</u>
Total liabilities and equity		<u>252,823,467</u>	<u>238,172,052</u>

The financial statements were approved on 18 April 2022 by:

Hakobyan Mesrop

Chairman of the Executive Board

Gohar Grigoryan

Chief Accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 76.

