



2022

ANNUAL REPORT





Access and security



The doors of Matenadaran, designed by Ashot Ghazaryan, are decorated with church ornaments of Medieval Armenia.

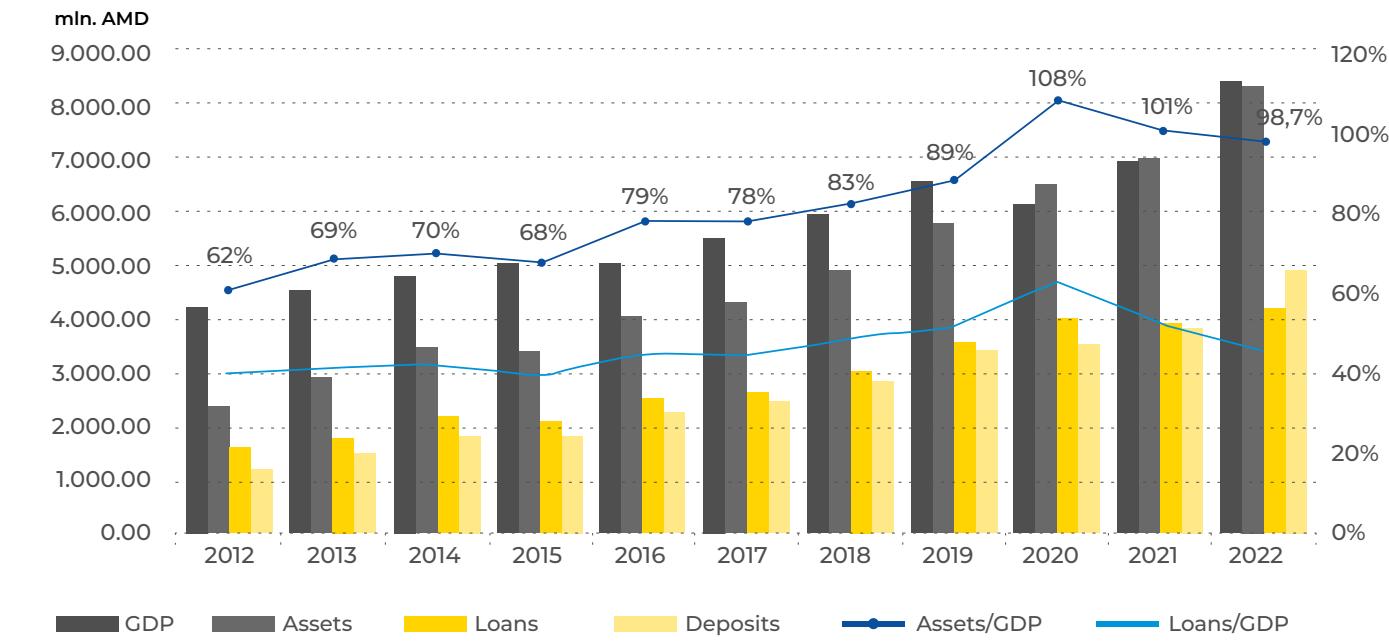
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BANKING SYSTEM OF ARMENIA: MAIN INDICATORS

The aggregate volume of assets of the banks of Armenia for 2022 comprised AMD 8,410 bln, increased by 20% or by AMD 1,403 bln, compared to 2021. According to the results of 2022, loan investments amounted to about AMD 4.167 bln, having increased by 4.4% compared to 2021. Banks' liabilities increased by 16.5% or by AMD 1.005 bln, amounting to AMD 7.093 bln. The total deposits of Armenian banks attracted from clients at the end of December 2022 amounted to AMD 4.941 bln, which is 26.7% or AMD 1.042 bln more than as of December 31, 2021. The profit of the banking system of Armenia for 2022 exceeded AMD 263 bln, which is 4.5 times or AMD 205 bln more than the same indicator in 2021.

Dynamics of indicators of the banking system and their ratio to GDP



According to the Statistical Committee of the Republic of Armenia, economic growth in Armenia in 2022 amounted to 12.6%. The volume of GDP in 2022 amounted to AMD 8.497 bln or \$19.5 bln. GDP per capita in Armenia in 2022 amounted to AMD 2.862 thousand (\$6.569), compared to AMD 2.357 thousand (\$4.679) in 2021. According to the Central Bank of Armenia, the ratio of banking system assets to Armenia's GDP in 2022 was 98.7%, and credit investments to GDP - 46%, against 101% and 53%, respectively, in 2021. Over the past 10 years (from 2012 to 2022), the assets of the banking system have increased by 3.5 times, loans - 2.6 times, deposits - 4.1 times.

KEY FINANCIAL INDICATORS for 2022

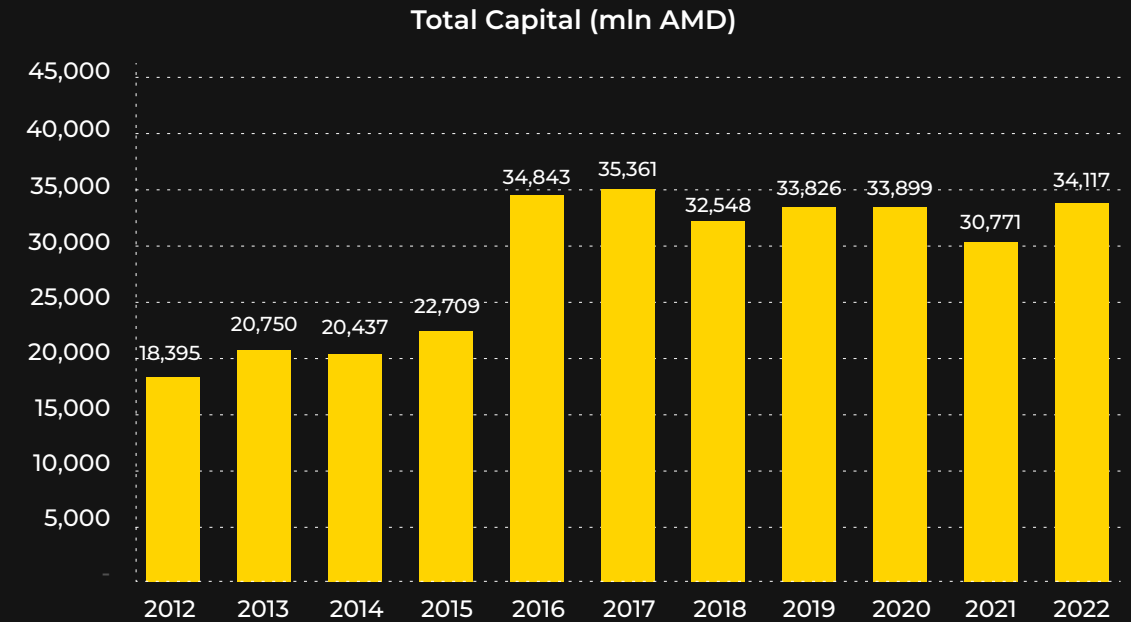
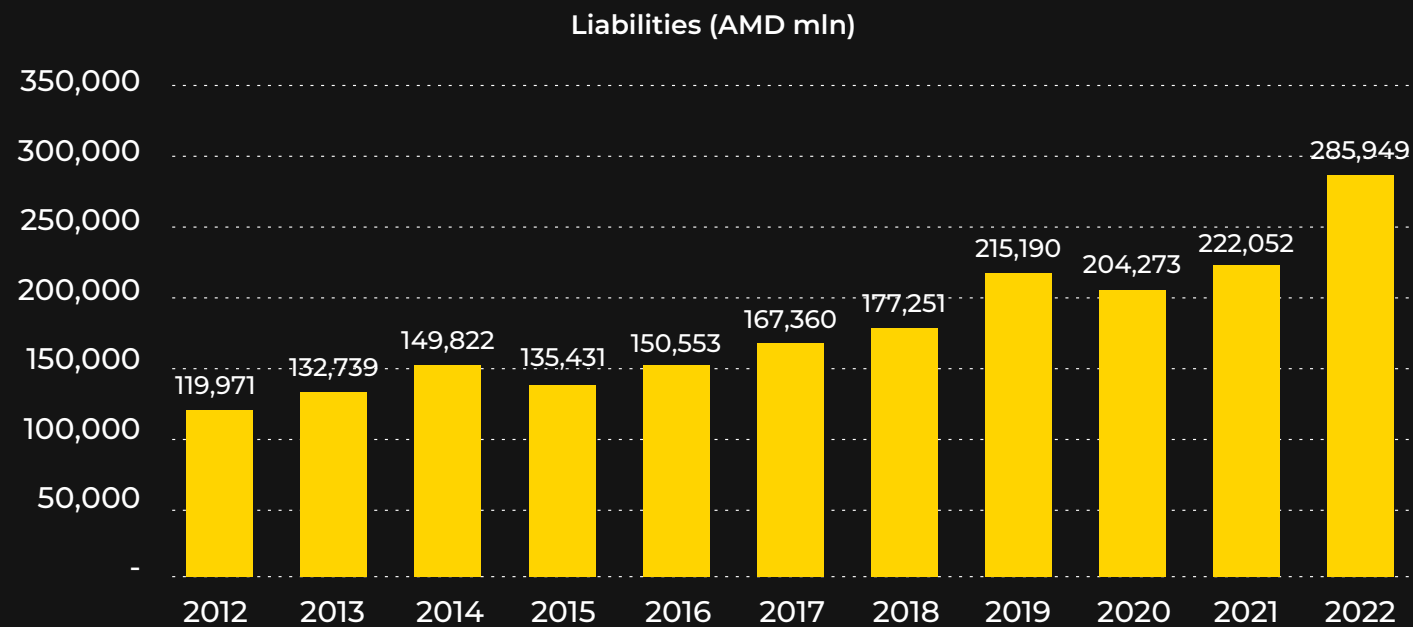
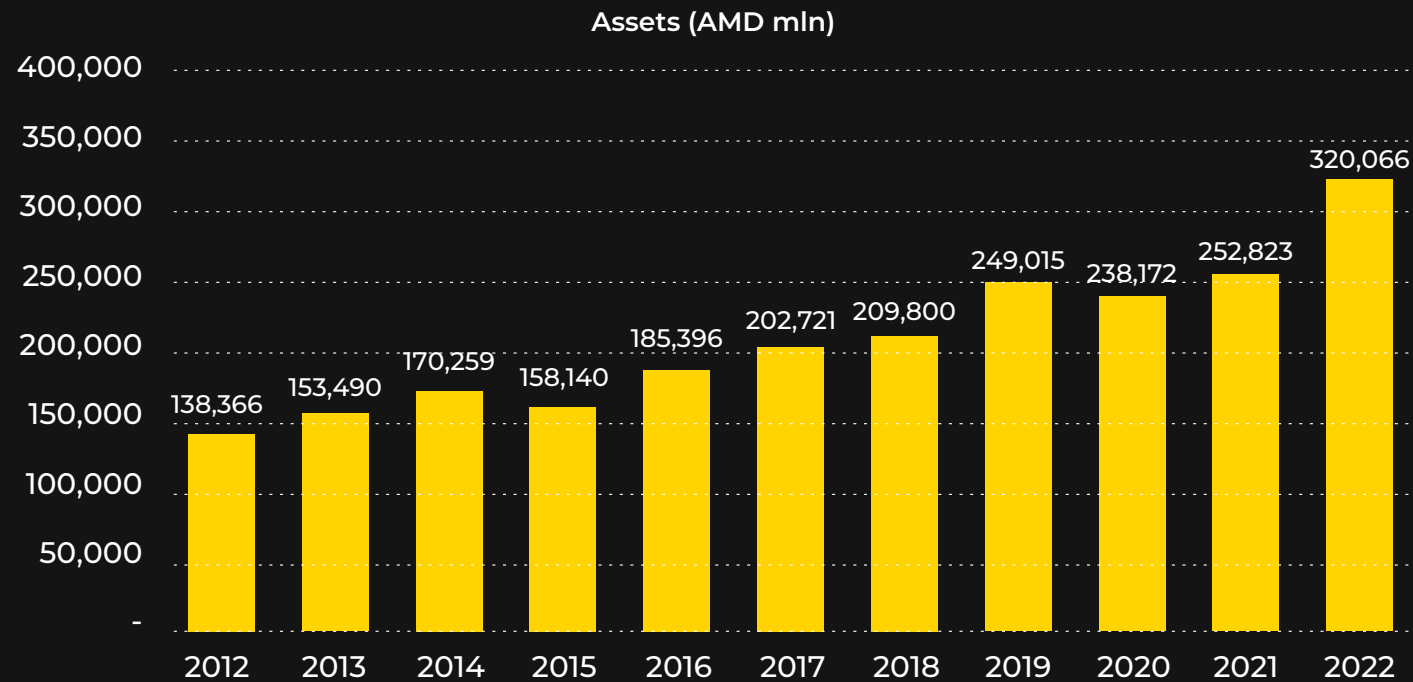
| |
|--|
| Assets AMD |
| 320,1 bln |
| Loan portfolio AMD |
| 119,8 bln |
| Investments in securities AMD |
| 50 bln |
| Liabilities AMD |
| 286 bln |
| Liabilities to clients AMD |
| 252,8 bln |
| Bonds issued AMD |
| 9,2 bln |
| Net interest income AMD |
| 9,9 bln |
| Net commissions and other income AMD |
| 9,2 bln |
| Total capital AMD |
| 34,1 bln |
| The bank finalised 2022 with a profit of AMD |
| 4,4 bln |

IMPORTANT EVENTS OF 2022

- Responding to the needs of our clients in the field of the latest information technologies in 2022 Apple Pay and Google Pay contactless payments became available for the bank's clients providing safer, more secure and private way for payments.
- In the conditions of global instability, the Bank has always focused on expanding the geography of correspondent relations, establishing a reliable partnership with the Central Asian, China and Latvia banks to ensure the prompt implementation of clients economic and cross-border payments. The number of SWIFT clients increased by 35%.
- Within the framework of branch network optimization policy, the premises of the existing "Number 47" and "Ashtarak" branches were improved, "Hayrenik" and "Tashir" branches were opened. In parallel, activities were done to update the mobile application, the number of UniMobile users increased by 65% compared to 2021, and active users increased by 155%.
- 2022 was a successful year for premium business. Special packages of services and tools, round-the-clock support, high quality of service and attention to each client allow the Bank to be a reliable partner that can be trusted to solve financial problems. Unibank's private banking — Unibank Privé — is recognized as the best in Armenia in the Euromoney Global Private Banking Awards 2023. At the award ceremony on 29 March in London, Unibank received the award in the Best Domestic Private Bank in Armenia nomination.
- During 2022 Armenia Securities Exchange awards ceremony's annual results Unibank was recognized as the Best Equity Underwriter in Exchange's Corporate Securities Allocation System. The bank is actively implementing new technology and innovation to ensure an up-to-date service.
- The international FINTECH360 conference was held in Yerevan, during which experts from different countries discussed innovative technologies and topical issues on the transformation of financial sectors.
- Sustainalytics, the experts of the leading analytical company in the field of ESG, provided the second party opinion on the concept of issuing green bonds of Unibank and confirmed that it aligns with the core components of the Green Bond Principles 2021. Unibank has already started integrating the principles of environmental and social governance (ESG) responsibility into its development strategy.



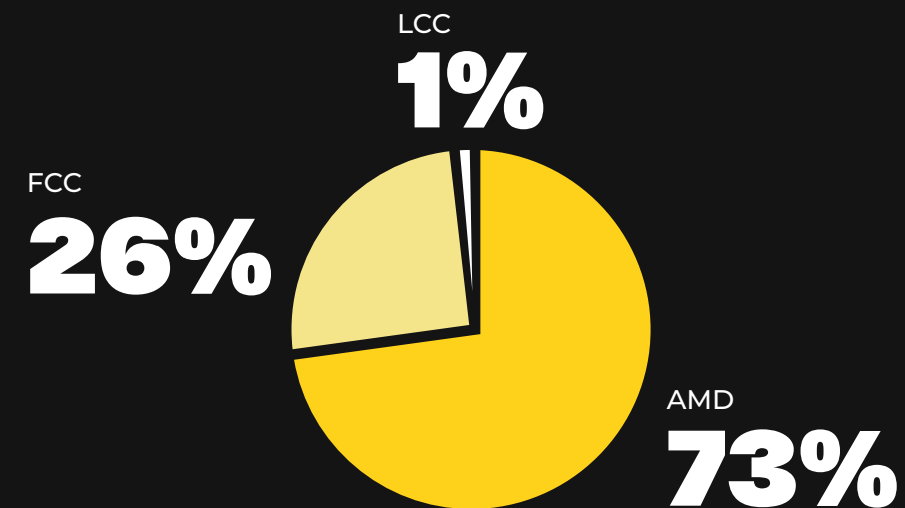
Based on the results of 2022 Unibank ensured the following indicators:

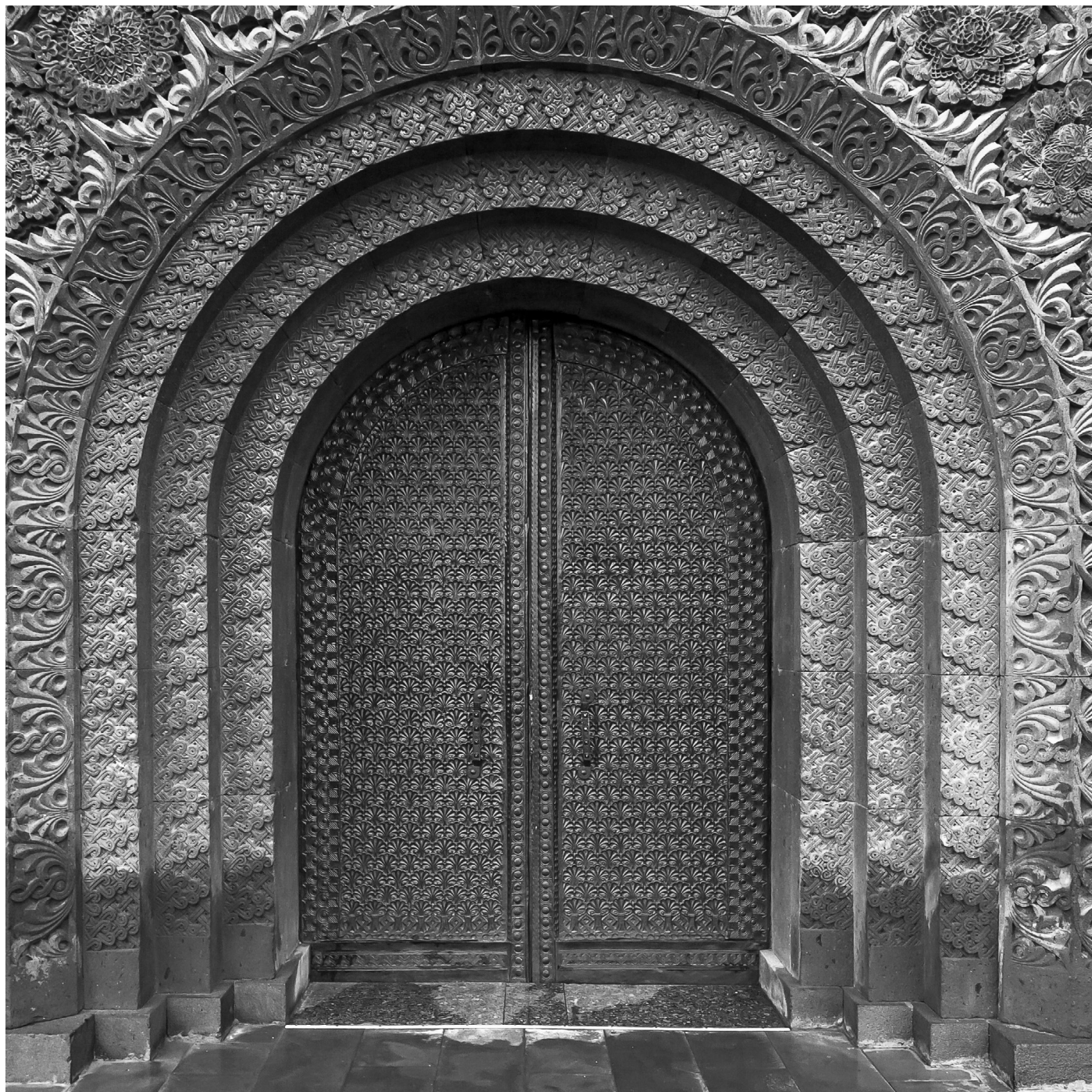


LOAN PORTFOLIO

As of 31.12.2022 the total loan portfolio of the Bank amounted to AMD 119.8 bln. In the structure of the loan portfolio, the share of AMD loans is 73%, and foreign currency loans - 27%.

Currency structure of loans as of 31.12.22





Reliability



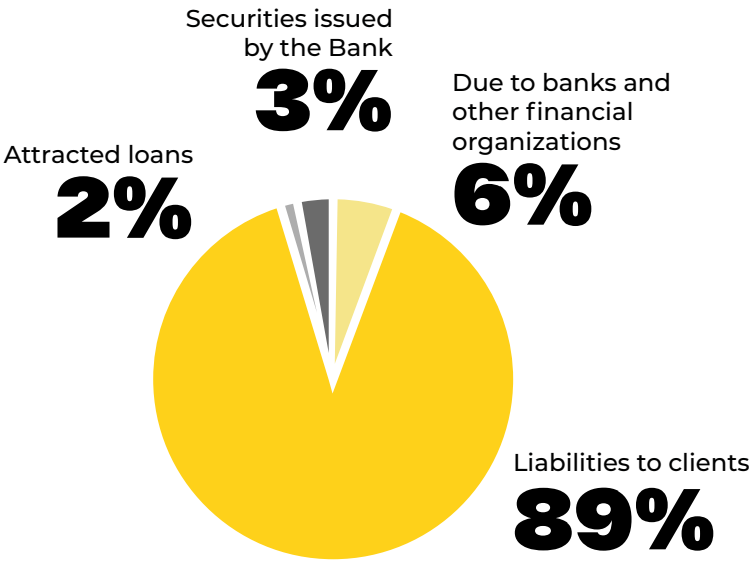
Entrance to the Military Museum of "Mother Armenia". The massive double door is framed with motifs of national ornament carved in stone.

The weighted average rate of the loan portfolio as of 31.12.22 amounted to 11.1%, against 9.4% as of 31.12.21. The average rate of new loans provided in 2022 is 10.7%. The situation with the volume of overdue liabilities improved, the share of “problem loans to physical entities” loans decreased from 4.2% to 1.9%, and the share of “problem loans to legal entities” loans decreased from 12.3% to 8.7% over the year due to measures taken (automation of business processes, improvement of scoring systems, restructuring, activation of repayment, strengthening of the SME and Underwriting Lending Center, segmentation of the lending market and writing off problem loans). It should be noted that the ratio "Net (minus reserves) problem loans / regulatory capital" decreased from 26.5% to -2.1% over the year.

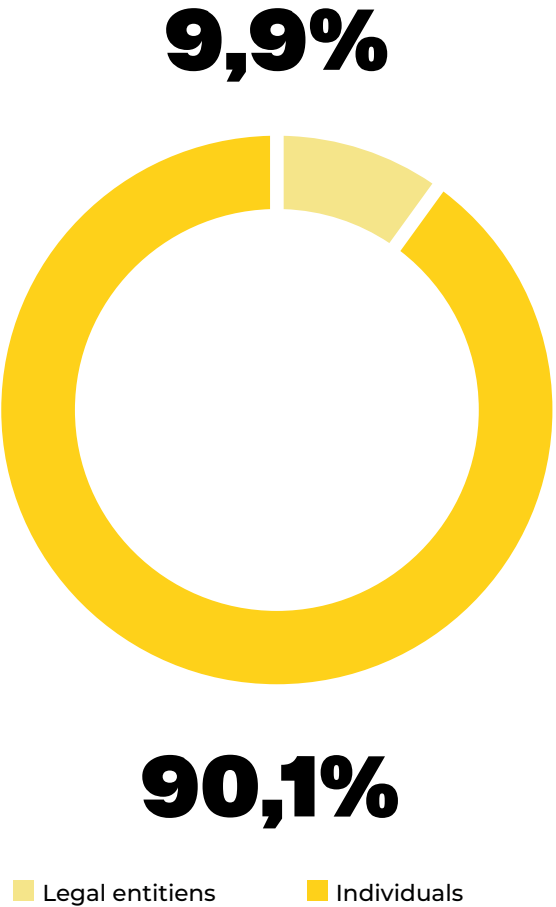
DEPOSIT PORTFOLIO

The volume of the Bank's deposits in 2022 increased by 30.6% or by AMD 59.2 bln and amounted to AMD 252.8 bln at the end of the reporting year. The growth is due to the increase in demand deposits by 83.2% or by AMD 62.5 bln. The total deposits of physical persons over the same period increased by 59.6%, or by AMD 71 bln, and as of 31.12.22 amounted to AMD 190.2 bln. As of December 31, 2022, the structure of the Bank's attracted funds is dominated by customer deposits with a share of 89%. The share of total deposits of individuals in the Bank's total liabilities increased from 53.7% to 66.5%. The share of retail deposits in the structure of the Bank's term deposits is 90.1%

Structure of attracted funds as of 31.12.22



Structure of time deposits



RETAIL BUSINESS

Retail business development continued to be a priority for the Bank. The recovery in consumer demand led to an increase in lending, as a result of which the total retail portfolio increased by more than AMD 4.8 bln, or 6%, reaching AMD 83.2 bln. During the reporting year, there was an improvement in the payment discipline of borrowers, where the share of overdue loans decreased to 1.9%. A noticeable increase in the volume of disbursements was registered for consumer loans secured by real estate. 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 over AMD 12 bln, while this portfolio recorded the lowest percentage of debt - 0.1%. According to the cooperation agreement signed in November 2022 with the Ministry of Labor and Social Affairs, the Bank began actively issuing mortgage loans within the framework of the "State program for providing housing for those evicted from Artsakh", providing housing for 20 families by the end of the year.

Strong relationships with a number of large retail chains and 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, more than 400,000 applications were processed in 2022. Retail customer funds increased by 60% and amounted to AMD 190.2 bln, while the portfolio for term deposits remained almost unchanged, amounting to AMD 103.8 bln and the volume of funds on demand amounted to AMD 86.4 bln against AMD 13.7 bln in 2021.



Uniqueness



The door of Gandzasar is a woodcut, the author tried to convey the Artsakh picturesque, strength and character of the Artsakh people.

CORPORATE BUSINESS

Supporting small and medium-sized businesses continued to be one of the priorities of 2022. The main task of the corporate business was to focus on lending to the lowest risk segments of the business, increasing the volume of the loan portfolio and the Bank's market share, emphasizing the development of relations with bona fide borrowers and organizing their comprehensive service. Niche areas were small scale industry, trade, agriculture, construction and service sector.

A cooperation agreement was signed with the Ministry of Economy within the framework of the "Economy Modernization" program, for the implementation of which a tool for providing loans and financial leasing to potential customers was developed. In order to increase the efficiency of the business process, artificial intelligence technology has been introduced into the microcredit scoring system.

As of the end of 2022, the volume of corporate loans in the Bank's total loan portfolio amounted to 36.6 billion AMD, the portfolio is diversified by niche segments specified by the Bank's lending policy.

Legal entities term deposits portfolio of equalled to AMD 11.4 bln, the amount of current cash means equalled to AMD 51.2 bln.

Selected sources for SME and trade financing



BRANCH NETWORK

At the end of the year, the branch network of Unibank included 55 branches in Armenia and Artsakh, 83 promotional points, 98 ATMs, 106 payment terminals. A representative office of the Bank operates in Moscow, which assists in attracting foreign clients. Throughout the year the Bank has served over 346,000 clients, of which 342,000 retail.

HR 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 share the Bank's values 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. We value the participation and contribution of youth in the development of the Bank and provide opportunities for joint growth.

Additionally, training seminars by internal resources, language training courses, personnel certification and the introduction of a qualification system for Bank managers have been activated.

As of the end of 2020, the number of the Bank's employees comprised 831.

INTERNAL AUDIT

Internal Audit is an independent unit. Its competence include conducting check-ups, control, evaluation and submitting reports about the activity of management and staff of the Bank, aimed at achievement of goals set by the shareholders and management. Internal Audit on monthly basis submits the Bank's management reports about its activity and audit results, indicating revealed risks in all the spheres and suggesting effective mechanisms of their management. Once a year Internal Audit conducts check of internal control system about which relevant report is made comprising the opinion of IA about the current internal control system.

IA Unit is independent and executes its tasks on principle of objectivity. The Head of IA is subordinate to the Board and has free access to all the levels of the top management of the Bank. IA has an independent status in relation to the subdivisions it checks and the managers of the subdivisions have no right to influence the volume or content of check-ups. IA submits timely reports about revealed problems.

COMPLIANCE

The Compliance Department also analyzes complaints and suggestions from customers in order to improve the quality of service and prevent repetition of such complaints.

During 2022, 407 complaints were registered, of which the bank fully or partially satisfied 240 (59% in total), thus, compared to 2021, the number of complaints decreased by 27%.

This figure is very indicative, given the significant growth in the number of clients served in 2022, and allows us to speak with confidence about the effectiveness of the work of the Bank in general and the Compliance Department in particular, and allows us to speak with confidence about the effectiveness of the work of the Bank in general and the Compliance Department in particular.

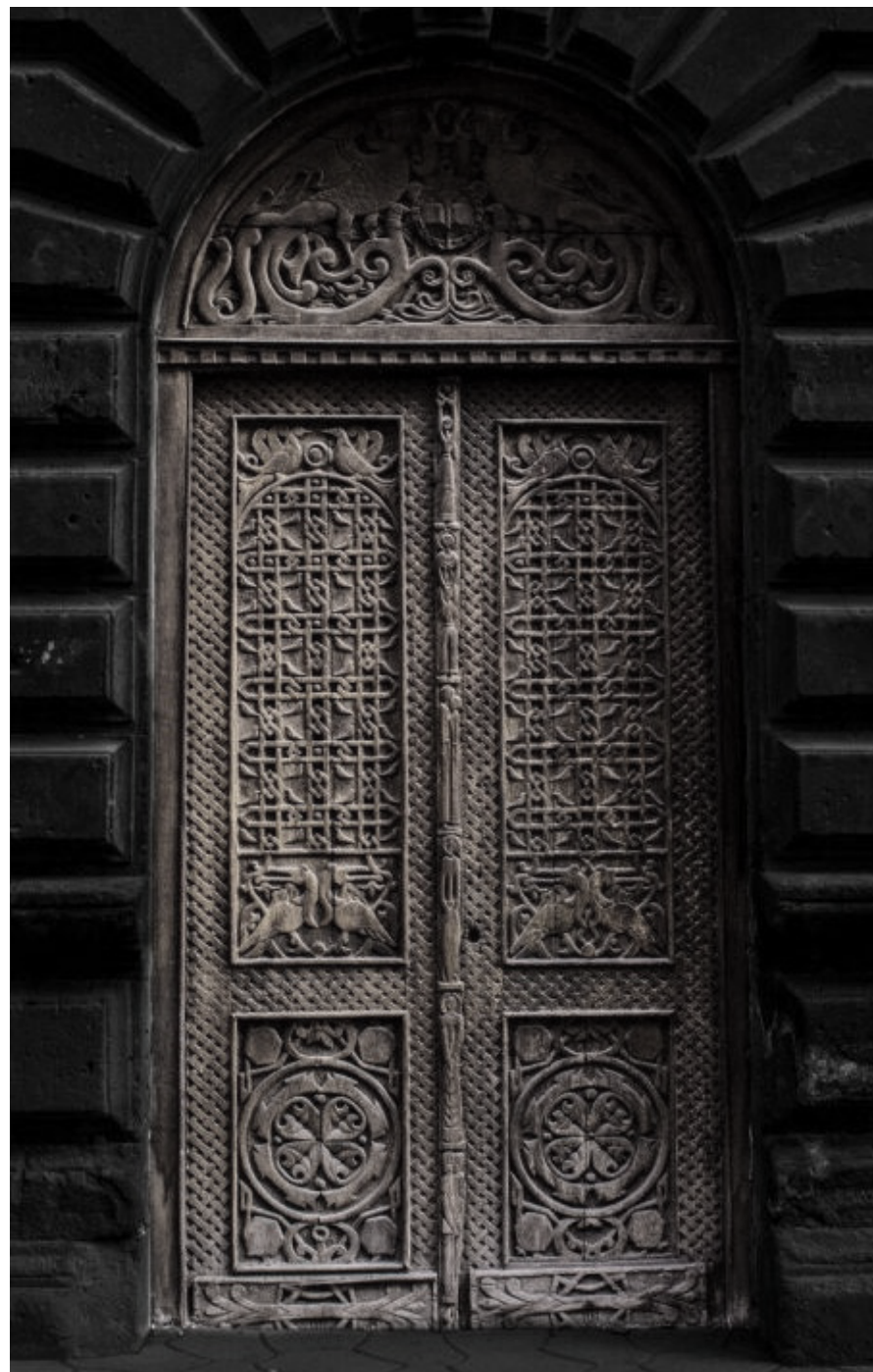
ANTI MONEY LAUNDERING

Compliance is conducted by the AML/CFT responsible officer on all newly opened accounts. If AML/CFT responsible officer finds out any suspicious transaction, it is documented and reported to the CB of RA. The Bank`s internal and external auditors conduct programs of audits and compliance testing of The Bank`s policies and operational procedures to AML. The Bank is subject to regular compliance visits from the local regulators in order to assess the level of monitoring and abidance to the regulations.

Risk management is one of the most important part of Unibank's management. Risk management in Unibank specifies a complex system of interrelated activities which is directed to prevent and minimize potential losses of Bank. The main goal of Risk management of Unibank is to enable the Bank to maintain the aggregate value of risks at the level of risks set by the strategic plan of the Bank and to maximize its return on capital.

RISK MANAGEMENT PRINCIPLES

Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his responsibilities. The ultimate goal of the Bank in relation to the Risk Management is preservation of Bank's capital and assets on the high level by minimizing risks. The aim of Risk management of Unibank is to enable the Bank to maintenance the aggregate value of risks at the level of risks set by the strategic plan of the Bank and to maximize its return on capital. To identify and manage risks of the Bank is part of duties of the Bank's staff, and the Risk Management Directorate is responsible for implementation of risk procedures and control over risk management principles, policy and the Bank's risk limits.



Transition to a new quality



Abovyan 8: library. One of the most valuable historical buildings in Yerevan.

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.

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 and the

The following committees assist the governing bodies in ensuring the efficient operation of the Bank: under the Board - the Audit and Risk Management Committee, Investment Committee, HR and Remuneration Committee, under the Executive Board - the Assets and Liabilities Management Committee, Tariff Committee, HR Assessment Committee, IT and IS Committee, Inventory, Procurement and Alienation Committee.

The Reserves Management Committee, Credit Committee, Tender Committee, Credit Scoring Committee also function effectively in the structure of the Bank.

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.

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 performance
- ♦ reliability, stability and society's trust
- ♦ integrity and high ethical standards

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

STRATEGIC PRIORITIES FOR 2023

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

- ♦ expansion and diversification of the shareholder structure, capital raise through an additional issue of ordinary shares with a volume of AMD 5 bln,
- ♦ increase the share of presence in the retail lending market, expand the bank's share in the mortgage lending market,
- ♦ development of financial technologies (using artificial intelligence for lending to small businesses, launching a marketplace platform and e-commerce), optimizing the structure of the branch network,
- ♦ development of new tools for the growth of transactional income, expansion of the correspondent network, activation of brokerage and depository services
- ♦ Improvement of the bank's personnel and managers qualification system
- ♦ Improvement of the risk management system and collection of problematic liabilities through outsourcing

Realizing the current challenges and realities of economic development, we look confidently into the future and move towards the implementation of our strategic goals.

UNIBANK: BOARD OF DIRECTORS



GAGIK ZAKARYAN

Cofounder/Board Chairman,
Unibank OJSC, Cofounder/Board
Chairman, Unistream OJSC CB,
Board Chairman, "Rego Insurance" ICJSC



GEORGE PISKOV

Co-founder Gx2 Capital Ltd
Cofounder/Board Member, Unibank
OJSC,
Cofounder/Board Member, Unistream
OJSC CB
Chairman at Protobase Laboratories,
Owner and Founder at MoneyTO.



VARDAN ATAYAN

Board Member of "Unibank" OJSC



HRAHAT ARZUMANYAN

Board Member of Unibank OJSC
Chairman of the Board of Directors
"Transstroybank" CJSC, Russia



PHILIPPE DELMOTTE

International Expert in Capital Markets
Member of the European Expertise
& Expert
Institute, Expert at GLG,
Representative for
Eurasia at Paris Europlace
Chairman of the Finance &
Investment Committee at FBA AEC



EDUARD ZAMANYAN

Board Member of Unibank OJSC

UNIBANK: EXECUTIVE BOARD



MESROP HAKOBYAN
Executive Board Chairman



GOHAR GRIGORYAN
Financial Director - Chief Accountant



ARARAT GHUKASYAN
First Vice-Chairman
of the Executive Board



GURGEN GHUKASYAN
Vice-Chairman of the
Executive Board,
Director for Retail Business
International development



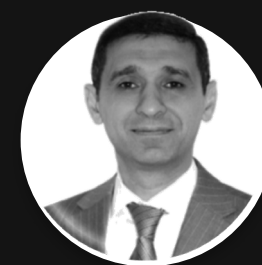
OVSANNA ARAKELYAN
Vice-Chairman of the Executive Board,
Legal Service and Overdue
Liabilities Collection Director



DAVID PETROSYAN
Corporate Business Promotion
and Sales Director



ARTUR APERYAN
Operational services and
information systems Director



SERGEY KOCHARYAN
Risk Management Director

INTERNATIONAL RATING

International rating agency Moody’s has left Unibank’s local-currency and foreign-currency deposit ratings at 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. Rating’s upgrade has mainly been conditioned with the capital replenishment and material improvements in the Bank’s asset quality.

CORRESPONDENT BANKS

LANDESBANK BADEN- WUERTTEMBERG

BANCA POPOLARE DI SONDRIO

OTP BANK HUNGARY

MISR BANK EUROPE

EURASIAN DEVELOPMENT BANK

BANK OF GEORGIA

ZHEJIANG CHOUZHOU BANKING CORPORATION

BLUOR BANK AS

ESKHATA BANK

FINANCE CREDIT BANK

CB UNISTREAM

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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