

Issuer Report



OPEN JOINT-STOCK COMPANY

UNIBANK

2-nd quarter

Interim report

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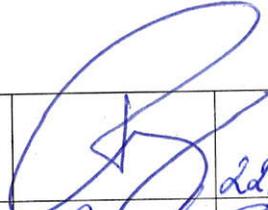
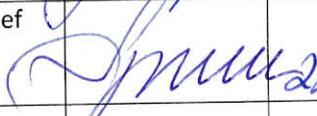
Website: www.unibank.am

Report number 2, 22.07.2023

Yerevan 2023

Executive Board announcement

To the best of our knowledge, the Bank's interim financial statements accurately and fully reflect the Bank's assets and liabilities, financial position, true picture of income and expenses, and the interim report of the governing bodies accurately and fully reflects the Bank's overall position, business results and development, as well as includes description of the main risks to which the Bank has been or is concerned.

Mesrop Hakobyan	Executive Board Chairman – Executive Director		22.07.2023
Ararat Ghukasyan	First Vice - Chairman of the Executive Board		22.07.2023
Vaghinak Stepanyan	Vice-Chairman of the Executive Board for the implementation of projects and standards		22.07.2023
Gohar Grigoryan	Executive Board Member, Financial Director - Chief Accountant		22.07.2023
Ovsanna Arakelyan	Vice-Chairman of the Executive Board, Legal Service and Overdue Liabilities Collection Director		22.07.2023
Gurgen Ghukasyan	Executive Board Member, Vice - Chairman of the Executive Board, Retail Business promotion and International development Director		22.07.2023
David Petrosyan	Executive Board Member, Corporate Business Promotion and Sales Director		22.07.2023
Artur Aperyanyan	Executive Board Member, Operational Services and Information Systems Director		22.07.2023
Sergey Kocharyan	Risk management Director		22.08.2023

Introduction

The interim report of the governing bodies of Unibank OJSC presents:

- Bank's real business results and development description
- Description of the Bank's possible future development for the next reporting period
- Description of significant events occurred during the reporting period

Summary of financial data of the Issuer.

The indices in absolute value are expressed in thousand AMD

2020թ. Audited	2020 Audited	2021 Audited	2022 Audited	2Q2023 Not Audited
The name of index				
Net profit, after deducting the cost of profit tax	238,576	-4,336,042	4,397,025	5,052,114
Average equity	34,095,834	33,426,053	33,069,712	36,507,370
Return on equity (ROE), %	0.7%	-13.0%	13.30%	27.91%
Net profit, after deducting the cost of profit tax	238,576	-4,336,042	4,397,025	5,052,114
Average total assets	239,228,910	251,726,524	284,663,235	316,255,926
Return on assets (ROA), %	0.1%	-1.72%	1.54%	3.22%
Net profit, after deducting the cost of profit tax	238,576	-4,336,042	4,397,025	5,052,114
Operating income	14,686,123	17,507,980	34,517,270	13,829,034
Net profit margin (NPM), %	1.6%	-24.8%	12.7%	36.5%
Operating income	14,686,123	17,507,980	34,517,270	13,829,034
Average total assets	239,228,910	251,726,524	284,663,235	316,255,926
Assets utilization (AU), %	6.1%	7.0%	12.1%	8.8%
Average total assets	239,228,910	251,726,524	284,663,235	316,255,926
Average equity	34,095,834	33,426,053	33,069,712	36,507,370
Equity multiplier (EM)	7.02	7.53	8.61	8.66
Net interest income	10,051,244	10,958,116	9,915,429	6,628,087
Average profitable assets	182,599,362	177,382,733	171,638,308	201,824,100
Net profit margin (NIM)	5.5%	6.2%	5.8%	6.6%
Interest income	19,471,091	20,914,648	19,987,743	11,475,391
Average profitable assets	182,599,362	177,382,733	171,638,308	201,824,100
Yield on profitable assets	10.7%	11.8%	11.6%	11.5%
Interest expenses				
	9,419,847	9,956,532	10,072,314	4,847,304
Liabilities for which interest expenses are made				
	202,322,737	213,460,707	245,308,190	266,956,457
Expendability of those liabilities, in connection of which rate				
	4.7%	4.7%	4.1%	3.7%
Net profit, after deducting the cost of profit tax	238,576	-4,336,042	4,397,025	5,052,114
The weighted average number of shares	204,896,525	205,264,084	209,674,786	209,674,786
Earnings per share (EPS)	1.2	-21.1	20.97	24.1

As part of ongoing measures to support citizens and businesses, Unibank participates in government programs to stimulate lending to small and medium-sized businesses, pay assigned social support benefits, provide deferred loan payments, provide with the possibility of restructuring loans, and to limit face-to-face interaction with customers as much as possible, the remote connection to mobile banking system is introduced.

As part of Unibank's approved strategy of for 2023, the following key priorities are formulated:

- technological improvement, sales development through digital channels,
- further development of artificial intelligence technologies in the lending industry,
- development of a customer-oriented approach and, based on an in-depth analysis of customer needs, formation of a service and product line also for their counterparties,
- ensuring financial performance and improving the position of Unibank in the banking system, increasing the investment attractiveness of the Bank.

A description of significant events that occurred during the reporting period

Today Unibank is a universal Bank, which offers its customers a wide range of modern banking services. In accordance with the strategy developed by the Board of the Bank, the main directions of Unibank's operations are retail business and support to small and medium enterprises.

In the 2nd quarter of 2023 Unibank has launched a new service- Visa Direct, which enables clients to transfer money from their Visa or MasterCard cards to Visa cards issued by foreign banks, at the same time Google Pay was launched.

During this period Unibank became partners with "Matena" International Business School and within the framework of this cooperation Unibank granted scholarships to the leaders in the fields of education, science, culture and healthcare to participate in the "Leading People and Teams" and "Strategic Planning and Business Development" educational programs.

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 the 2nd quarter Unibank has become a member of the Chamber of Commerce and Industry France Armenia (CCI FA). Within the framework of cooperation, Unibank intends to implement new projects, expanding relations with the French-Armenian business community and French companies in Armenia.

Changes were also made in the composition of the Bank's Board, that is, Ruben Indjikian, an international expert, professor and consultant, joined the Board of "Unibank" OJSC. He is an adjunct professor at Webster University in Geneva, where he teaches energy, commodities, trade finance and the digital economy.

According to the results of the first quarter of 2023, Unibank became the market leader in the number of existing loans, and the volume of mortgage loans increased more than 5 times.

Unibank will continue its cooperation with developers in the future, implementing joint projects, within the framework of which customers will be provided with good conditions for solving the housing issue.

Adhering to its credit policy, the Bank continues to diversify its credit portfolio by increasing the credit weight of retail loans and SME loans in the loan portfolio. When lending to large enterprises, the Bank followed a conservative policy, mainly short-term assets were allocated in relatively low-risk sectors. For this purpose, the Bank has regularly analyzed the branches of the economy, and in order to fulfill the planned indicators for SMEs, the development of a scoring model for SME lending, the automation of SME loan applications approval, and the improvement of the qualifications of employees for SME

lending have been carried out. Vintage analyses, stress tests, checks performed by internal and external auditors allow timely identify and management of financial and operational risks specific to the Bank.

The Bank's statutory capital is AMD 21,588,652,530 (twenty one billion five hundred eighty eight million six hundred fifty two thousand five hundred thirty), which includes 172,886,525 (one hundred seventy two million eight hundred eighty six thousand five hundred twenty five) allocated ordinary shares, each with a par value of AMD 100 (one hundred) and 32,010,000 (thirty two million ten thousand) class A convertible preferred shares, with a fixed annual dividend, each with a par value of AMD 100 (one hundred), 4,778,261 (four million seven hundred seventy eight thousand two hundred sixty one) class B convertible preferred shares, with a fixed annual dividend, each with a par value of AMD 230 (two hundred thirty).

The number of declared ordinary shares of the Bank subject to additional allocation is 526,110,475 (five hundred twenty six million one hundred ten thousand four hundred seventy five) shares, each with a par value of AMD 100 (hundred).

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's demand for high-quality financial services.

OUR VALUES

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

WE STRIVE

- to strengthen our position and increase the financial market share
- to ensure high quality of banking services and advance service process
- to increase the availability of demanded banking services
- to introduce a transparent business model and best practice of corporate culture
- to increase the investment attractiveness 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 a responsible participant of economic and social programs. The Bank actively supports charity and sponsorship programs aimed at development of education, culture, sports, as well as improving the financial literacy of the population.

CORPORATE ETHICS

Interaction in the Bank is built on respect of the individual and focus on results with the aim successfully solving professional tasks and maintaining constructive relations within the team. We strive to comply with the principles of professional ethics, complying 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 environmental protection. When implementing credit programs, the Bank takes into account the fact of compliance with environmental protection standards and prioritizes lending to environmentally friendly production industries and resource-saving projects. Throughout its operations, the Bank seeks to minimize the funding of projects that have a negative impact on the environment.

RISK MANAGEMENT

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 of Unibank is based on the documents of Committee on Banking Supervision of the Bank for international Settlements (Basel Committee on Banking Supervision), Generally Accepted Risk Principles (GARP), on laws and normative acts of RA and CB of RA, based on principle of breaking-even and directed to maintenance of the optimal relations between banking profitability and the level of risks. 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 Bank fosters a culture that increases the level of Risk Management related knowledge across the bank, in particular relevant seminars are organized.

In the course of its operation, the Bank is exposed to a number of financial risks, including the analysis, assessment, acquisition and management of a risk or combination of risks.

Credit risk is the probability of non-fulfilment or incomplete fulfilment of credit obligations assumed by the borrowers, as a result of which the Bank will incur a loss;

The Bank regulates the levels of the credit risk by setting limits on one borrower or group of related borrowers as well as by sphere and geographic concentration.

Market risk is the probability of the Bank's loss due to changes in market factors (foreign exchange rates, interest rates).

Liquidity risk is the probability that the Bank will not meet the legal requirements of its creditors in a timely manner, as a result of which the Bank will incur a loss.

Capital adequacy risk is the probability of insufficiency (inadequacy) of the Bank's capital in the event of a change in risk-weighted assets and/or elements of the capital.

Operational risk is the probability of the Bank incurring losses as a result of internal organizational and / or business processes (inadequate or unregulated staff actions, intentional or unintentional transaction errors, other operational or technological malfunctions) or external factors of a man-made nature.

Legal risk is the probability of the Bank incurring losses as a result of non-compliance of the Bank's internal legal acts, business processes, credit products, transactions with the current legislation governing the latter.

Reputation risk is the probability of the Bank losing its current or potential customers, partners or transactions with the latter due to a negative public opinion, which could result in financial losses and / or liquidity problems for the Bank.

Strategic (business model) risk is the probability of the Bank choosing an unrealistic (inappropriate) strategy, as well as the possibility of adverse changes in the assumptions, indicators, objectives and / or other factors underlying the chosen strategy, which may lead to financial losses of the Bank.

The components of the Bank's risk management system are:

Strategy,
Methodology,
Control,
Effectiveness evaluation,
Modernisation (if necessary).

Banking risk management is the implementation of actions by the competent bodies, subdivisions or persons of the Bank, which will enable to ensure a positive financial result in the presence of banking risks and in case of uncertainty.

The Risk Management System operates on a continuous basis, taking into account the dynamic changes of internal and external environments.

Banking Risk Management is carried out by a vertical three-tier system:

- Strategic level: identification of risks, definition of acceptable appetite, processes and limits,
- Control / control level: monitoring, deviation analysis, evaluation and compliance,
- Tactical level: current risk management within the permissible limits (execution of risky transactions).

The stages of the Banking Risk Management process are:

- Risk identification (definition), including risk factor analysis (segregation),
- Definition of risk assessment methods (by types) and risk assessment (forecasting);

Risk limit, i.e the establishment of principles of diversification, internal limits, as well as the development and adoption of relevant internal legal acts, which, in particular, include the principles of multiple verification, the implementation of the same process on different persons not affiliated with each other and principles of error detection.

Practical management of risk, i.e implementation of appropriate actions, situational response (avoidance, reduction / hedging, transfer / insurance, risk acceptance, etc.),

Risk monitoring, analysis, current (operational) and provision of periodic reports / information in vertical and horizontal formats,

Post-transaction risk control.

Each Risk Management process (limits, management, control, reporting, responsible ones, etc.) is regulated by relevant rules, procedures.

Interim report on the financial result
30/06/23
"UNIBANK" OJSC Yerevan 0025, 12 Charents st, N 53, 1-5
(thousand AMD)

Name	Notes	Reporting period 01.01.23_31.03.23	Reporting period 01.01.23_31.03.23	Previous period 01.04.22_30.06.22	Previous period 01.01.22_30.06.22
Interest and similar income	3	5,640,350	4,448,547	4,549,944	8,998,491
Interest and similar expenses	3	(2,440,578)	(2,493,534)	(2,558,902)	(5,052,436)
Net interest and other income		3,199,772	1,955,013	1,991,042	3,946,055
Commission income	4	2,214,044	873,532	3,145,549	4,019,081
Commission expenses	4	(691,319)	(261,812)	(707,270)	(969,082)
Net commission income		1,522,725	611,720	2,438,279	3,049,999
Income from dividends					
Net trading income	5	2,130,119	2,708,954	3,979,071	6,688,025
Other Operational income	6	213,608	230,924	119,706	350,630
Operational income		7,066,224	5,506,611	8,528,098	14,034,709
Expenses related to loan loss provisioning	7	(1,290,601)	(2,824,774)	(1,348,717)	(4,173,491)
Total administrative expenses	8	(1,631,028)	(1,070,108)	(1,345,805)	(2,415,913)
Other operational expenses	9	(1,600,852)	(1,266,260)	(1,406,202)	(2,672,462)
Net gain/loss from investments	10				
Gain (loss) before taxation		2,543,743	345,469	4,427,374	4,772,843
Profit tax expenses	11	(467,735)	(135,074)	(663,852)	(798,926)
Gain (loss) after taxation		2,076,008	210,395	3,763,522	3,973,917

Chairman of the Executive Board
Chief Accountant

Mesrop Hakobyan
Gohar Grigoryan



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Interim report on the comprehensive financial result
 31/03/23
 "UNIBANK" OJSC Yerevan 0025, 12 Charents st, N 53, 1-5

(thousand AMD)

Name	Reporting period 01.01.22_31.12.22	Previous period 01.01.21_31.12.21
Other aggregate financial result		
Rate exchange from the converting of foreign		
Revaluation of financial assets		
Cash flow hedging		
Income from the revaluation on the current assets	17,424	12,157
Income tax from other aggregate income	(3,136)	(2,188)
Other aggregate result after taxation	14,288	9,969
Aggregated financial result	2,090,296	220,364
Including		
Share in the principal organization		
Non controlled share		



Chairman of the Executive Board

Mesrop Hakobyan

Chief Accountant

Gohar Grigoryan

Interim report on the financial position

31/03/23

"UNIBANK" OJSC Yerevan 0025, 12 Charents st, N 53, 1-5

(thousand AMD)

	Name	Notes	Reporting period	Previous period 31.12.2022
1	Assets			
1.1	Cash and balances with CBA	13	95,629,507	100,012,097
1.2	Amounts due from banks and other financial institutions	14	26,009,136	31,943,460
1.3	Derrivative financial assets	14.1		
1.4	Loans and borrowings to customers	16	119,495,483	119,828,158
1.5	Financial assets available for commercial	17	1,010,314	1,028,177
1.6	Investments kept upon repayment period	18	55,202,770	48,877,878
1.7	Fixed and intangible assets	20	14,201,188	14,584,854
1.8	Deferred tax assets	11		
1.9	Prepayment on profit tax	21.1	200,000	
1.10	Other assets	21	9,525,053	3,791,168
	Total assets		321,273,451	320,065,792
2	Liabilities			
2.1	Amounts due to the banks and other financial institutions	22	21,019,414	16,603,170
2.2	Derivative financial liabilities	22.1	31,343	5,246
2.3	Amounts due to customers	23	248,253,419	252,805,070
2.4	Subordinated loan	23.1	2,865,747	4,278,478
2.5	Securities issued by Bank	24	9,058,665	9,147,395
2.6	Current tax liabilities	27.2	636,025	311,014
2.7	Deferred tax liabilities	11	442,838	281,440
2.8	Other liabilities	27	2,758,846	2,517,120
	Total Liabilities		285,066,297	285,948,933
3	Equity			
3.1	Share capital	28	21,588,652	21,588,652
3.2	Emission income		9,605,638	9,605,638
3.3	Reserves		2,140,896	2,126,609
3.3.1	General reserve		641,778	641,778
3.3.2	Re-assessment reserve		1,499,118	1,484,831
3.4	Retained gain (loss)		2,871,968	795,960
	Total equity		36,207,154	34,116,859
	Total liabilities and equity		321,273,451	320,065,792

Chairman of the Executive Board



Mesrop Hakobyan

Chief Accountant



Gohar Grigoryan



Interim report on the changes in Private Equity
30-Jun-23
" UNIBANK" OJSC Yerevan 0025, 12 Charents st, N 53, 1-5

(thousand AMD)

Articles	Share capital			4	5	6	7	8	9	10	11	12	13	14
	1	2	3											
Interim period of previous financial year (increasing from the beginning of the year) (I scheme)														
1. Balance at the beginning of preceding financial year as of (checked/unchecked) 01 January 2022	21,588,653		21,588,653	9,605,638	641,779		45,867		1,686,412	(2,797,296)				30,771
1.1. General result of accounting policy changes and adjustment of considerable mistakes														
2. Recalculated balance	21,588,653		21,588,653	9,605,638	641,779		45,867		1,686,412	(2,797,296)				30,771
3. Operations with the shareholders, via shares, including														
3.1. Investments in the share capital and other increase of the share capital														
3.2. Decrease of share capital, including at the expense of repurchased and out off circulation stocks														
4. Comprehensive income														
5. Dividends														
6. Increase/ decrease of equity item, including														
6.1. Increase/ decrease of derivative instruments classified as equity instruments														
7. Internal movements, including							9,969			210,395				220
7.1. Distribution to the General reserve														
7.2. Loss cover accumulated at the expense of general reserve														
7.3. Cover of emission loss														
7.4. Decrease of growth from the recalculation of fixed assets and intangible assets							9,969			210,395				220
7.5. Internal movements of other equity items														
8. Balance at the end of similar interim period of preceding financial year as of 31.03.2023 (checked/unchecked)	21,588,653	-	21,588,653	9,605,638	641,779	-	55,836	-	1,686,412	(2,586,901)	-	-	-	30,99

Interim report on cash flow analysis

31/03/23

" UNIBANK" OJSC Yerevan 0025, 12 Charents st, N 53, 1-5

Name	Notes	Previous period 31.03.2022	Reporting period 31.03.2023
1. Cash flows from operating activities		x	x
Net cash flows before changes in operating assets and liabilities		5,733,239	6,855,893
Interest receivable		5,164,454	5,789,057
Interest payable		(2,327,865)	(2,786,422)
Commission receivable		873,532	2,214,144
Commission payable		(261,812)	(691,319)
Profit/ loss from financial assets for commercial purposes		286,599	770,828
Profit/ loss from foreign currency exchange		2,780,629	2,198,763
Return of write off assets		831,437	1,397,772
Paid salary and equalled to it other payments		(1,030,817)	(1,364,668)
Other income receivable and other expenses payable from operating activities		(582,918)	(672,262)
Cash flows from the changes in operating assets and liabilities		11,978,795	(7,847,059)
(Increase)/decrease in operating assets		(7,656,662)	(9,353,757)
including			
(Increase)/decrease in credits/loans		(6,750,663)	(9,561,546)
(Increase)/decrease of share for commercial purposes		(640,329)	17,863
(Increase)/decrease of receivable leasing		(147,959)	2,028
Decrease (increase) of other operating assets		(117,711)	187,898
(Increase)/decrease of operating liabilities		19,635,457	1,506,698
including			
(Increase)/decrease of liabilities to customers		20,214,238	1,931,308
(Increase)/decrease of other operating liabilities		(578,781)	(424,610)
Net cash flows used in operating activities before income tax		17,712,034	(991,166)
Income tax paid			(200,000)
Net cash flows used in operating activities		17,712,034	(1,191,166)
2. Cash flows from investing activities		x	x
(Increase)/decrease of investments held up to repayment period		598,304	(6,853,042)
(Increase)/decrease of investments in the share capital of other persons			
(Increase)/decrease of deposits placed in other banks		(552,442)	5,719,527
(Increase)/decrease of statute investments in the fixed assets and intangible assets		(24,859)	(24,745)
Purchase of fixed assets and intangible assets		(55,937)	(2,171)
Amortization of fixed assets and intangible assets		709,902	134,744
Net cash flow from other investment activity		106,112	(704,795)
Net cash flows used in investing activities		781,080	(1,730,482)
Cash flow from financing activities		x	x
Dividend paid		(27,404)	(181)
(Increase)/decrease in loans received from Central Bank of Republic of Armenia		282,033	(159,829)
(Increase)/decrease in loans received from the Banks		(3,841,120)	
(Increase)/decrease in other loans		(511,521)	(443,663)
(Increase)/decrease in currency of the Bank		(533,344)	(88,730)
Investment to share capital			
(Increase)/decrease payable leasing			
Net cash flow from other financing activities			
Net cash flow from financing activities		(4,631,356)	(692,403)
Exchange differences on cash and cash equivalents		(1,234,404)	(643,995)
Net increase/ (decrease) in cash and cash equivalents		12,627,354	(4,258,046)
Cash and cash equivalents at the beginning of the year	13_2	63,239,222	100,012,097
Cash and cash equivalents at the end of the year	13_2	75,866,576	95,754,051

Chairman of the Executive Board

Mesrop Hakobyan

Chief Accountant

Gohar Grigoryan

