

Issuer Report



OPEN JOINT-STOCK COMPANY

UNIBANK

1-st quarter

Interim report

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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		
Ararat Ghukasyan	First Vice - Chairman of the Executive Board		
Gohar Grigoryan	Executive Board Member, Financial Director - Chief Accountant		
Ovsanna Arakelyan	Vice-Chairman of the Executive Board, Legal Service and Overdue Liabilities Collection Director		
Gurgen Ghukasyan	Executive Board Member, Vice - Chairman of the Executive Board, Retail Business promotion and International development Director		
David Petrosyan	Executive Board Member, Corporate Business Promotion and Sales Director		
Artur Aperyanyan	Executive Board Member, Operational Services and Information Systems Director		



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

The name of index	2019 (audited)	2020 (audited)	2021 (audited)	2022, 1 st quarter (not audited)	2022, 2 nd quarter (not audited)
Net profit, after deducting the cost of profit tax	1,326,981	238,576	-4,336,042	210,395	3,973,917
Average equity	33,165,728	34,095,834	33,426,053	30,649,052	31,901,147
Return on equity (ROE), %	4.00%	0.70%	-12.97%	2.78%	25.12%
Net profit, after deducting the cost of profit tax	1,326,981	238,576	-4,336,042	210,395	3,973,917
Average total assets	226,843,697	239,228,910	251,726,524	259,213,573	264,807,941
Return on assets (ROA), %	0.58%	0.10%	-1.72%	0.33%	3.03%
Net profit, after deducting the cost of profit tax	1,326,981	238,576	-4,336,042	210,395	3,973,917
Operating income	14,502,166	14,686,123	17,507,980	5,506,611	14,034,709
Net profit margin (NPM), %	9.15%	1.62%	-24.77%	3.82%	28.31%
Operating income	14,502,166	14,686,123	17,507,980	5,506,611	14,034,709
Average total assets	226,843,697	239,228,910	251,726,524	259,213,573	264,807,941
Assets utilization (AU), %	6.39%	6.14%	6.96%	8.62%	10.69%
Average total assets	226,843,697	239,228,910	251,726,524	259,213,573	264,807,941
Average equity	33,165,728	34,095,834	33,426,053	30,649,052	31,901,147
Equity multiplier (EM)	6.84	7.02	7.53	8.46	8.30
Net interest income	10,136,153	10,051,244	10,958,116	1,955,013	3,946,055
Average profitable assets	167,324,156	181,933,869	175,938,821	164,680,445	164,331,815
Net profit margin (NIM)	6.06%	5.52%	6.23%	4.81%	4.84%
Interest income	19,469,982	19,471,091	20,914,648	4,448,547	8,998,491

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.

he 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.