

Issuer Report



OPEN JOINT-STOCK COMPANY

UNIBANK 3-rd quarter

Interim report

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Report number 03, 20.10.2020

Yerevan 2020

Executive Board's 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		20.10.2020
Ararat Ghukasyan	First Vice - Chairman of the Executive Board		20.10.2020
Gohar Grigoryan	Executive Board Member, Financial Director - Chief Accountant		20.10.2020
Ovsanna Arakelyan	Vice-Chairman of the Executive Board, Legal Service and Overdue Liabilities Collection Director		20.10.2020
David Petrosyan	Executive Board Member, Corporate Business Promotion and Sales Director		20.10.2020
Gurgen Ghukasyan	Executive Board Member, Retail Business Promotion and Sales Director		20.10.2020
Artur Aperyan	Executive Board Member, Operational Services and Information Systems Director		20.10.2020



Interim report on the financial result					
30/09/20					
" UNIBANK" CJSC Yerevan 0025, 12 Charents st, N 53, 1-5					
Name	Notes	Current interim period 01.07.20_30.09.20	Reporting period 01.01.20_30.09.20	Previous interim period (checked) 01.07.19_30.09.19	Previous period 01.01.19_30.09.19 (checked)
Interest and similar income	3	5,410,820	14,434,307	4,592,227	14,130,800
Interest and similar expenses	3	(2,317,057)	(7,078,987)	(2,342,034)	(6,944,886)
Net interest and other income		3,093,763	7,355,320	2,250,193	7,185,914
Commission income	4	50,261	1,572,325	853,371	2,200,447
Commission expenses	4	(137,335)	(435,410)	(156,900)	(430,168)
Net commission income and other payments		(87,074)	1,136,915	696,471	1,770,279
Income from dividends					
Net trading income	5	171,849	1,407,244	740,263	1,435,272
Other Operational income	6	116,211	428,239	220,568	628,560
Operational income		3,294,749	10,327,718	3,907,495	11,020,025
Expenses related to loan loss provisioning	7	(1,038,193)	(3,193,287)	(829,885)	(3,166,372)
Total administrative expenses	8	(935,886)	(3,015,961)	(1,142,457)	(3,268,189)
Other operational expenses	9	(973,346)	(3,159,582)	(1,366,888)	(3,421,839)
Net gain/loss from subsidiaries	10				
Gain (loss) before taxation		347,324	958,888	568,265	1,163,625
Profit tax expenses	11	(97,307)	(190,434)	(127,730)	(189,895)
Gain (loss) after taxation		250,017	768,454	440,535	973,730
Basic profit per share	12				
Diminished profit per share	12				
Net profit for the period					
Including					
Share of the principle organization					
Uncontrolled share					

Chairman of the Executive Board

Mesrop Hakobyan

Chief Accountant

Gohar Grigoryan



Interim report on the Aggregated Financial result		
30/09/20		
" UNIBANK" OJSC Yerevan 0025, 12 Charents st, N 53, 1-5		
Name	Reporting period 01.01.20 30.09.20	Previous period 01.01.19 30.09.19
Other aggregate financial result		
Rate exchange from the converting of foreign transactions		
Revaluation of financial assets	(116,940)	(49,953)
Cash flow hedging		
Income from the revaluation of non- current assets		(28,773)
Income tax from other aggregate income	21,049	15,745
Other aggregate result after taxation	(95,891)	(62,981)
Aggregated financial result	672,563	910,749
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 result

30-Sep-20

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

	Name	Notes	At the end of current interim period dated as of 30.09.2020	At the end of preceding financial year (checked) 31.12.2019
1	Assets			
1.1	Cash and balances with CBA	13	34,798,473	49,575,707
1.2	Amounts due from banks and other financial institutions	14	16,694,581	23,298,518
1.3	Derivative financial assets	14.1	9,408	912
1.4	Loans and borrowings to customers	16	152,087,884	141,401,217
1.5	Financial assets available for sale	17	2,503,456	3,353,992
1.6	Investments kept upon repayment period	18	14,517,204	14,416,575
1.7	Fixed and intangible assets	20	11,314,772	11,471,386
1.8	Deferred tax assets	11		
1.9	Prepayment on profit tax	21.1	234,401	
1.10	Other assets	21	5,928,041	5,497,108
	Total assets		238,088,220	249,015,415
2	Liabilities			
2.1	Amounts due to banks and other financial institutions	22	12,289,770	7,387,238
2.2	Derivative financial liabilities	22.1	3,874	21,150
2.3	Amounts due to customers	23	172,664,252	189,738,550
2.4	Loans	23.1	6,353,842	5,907,632
2.5	Securities issued by Bank	24	9,926,354	9,523,655
2.6	Current tax liabilities	27.2	189,341	305,561
2.7	Deferred tax liabilities	11	274,445	298,151
2.8	Other liabilities	27	1,888,035	2,007,732
	Total Liabilities		203,589,913	215,189,669
3	Equity			
3.1	Share capital	28	20,489,653	20,489,653
3.2	Emission income		9,605,638	9,605,638
3.3	Reserves		2,016,373	2,012,631
3.3.1	General reserve		608,509	508,876
3.3.2	Re-assessment reserve		1,407,864	1,503,755
3.4	Retained gain (loss)		2,386,643	1,717,824
3.5	Other items of equity			
	Total equity		34,498,307	33,825,746
	Total liabilities and equity		238,088,220	249,015,415

Chairman of the Executive Board

Mesrop Hakobyan

Chief Accountant

Gohar Grigoryan



Interim report on the changes in Private Equity (30/09/2020)

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

Name of equity items	Share capital				Emission gain/loss	General reserve	Exchange differences from the recalculation of foreign operations	Recalculation of financial assets	Hedging of cash flow	Profits from the recalculation of noncurrent assets	Retained profit/loss	Total equity
	1	2	3	4								
Articles												
Interim period of previous financial year (increasing from the beginning of the year) (1 scheme)												
1. Balance at the beginning of preceding financial year as of 01 January 2019 (checked/unchecked)	20,489,653	-	20,489,653	9,605,638	448,298	-	(255,830)	-	-	1,495,348	765,337	32,548,444
1.1. General result of accounting policy changes and adjustment of considerable mistakes												
2. Recalculated balance	20,489,653	-	20,489,653	9,605,638	448,298	-	(255,830)	-	-	1,495,348	765,337	32,548,444
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. Aggregate income												
5. Dividends											(1,807)	(1,807)
6. Increase/ decrease of equity item, including												
6.1. Increase/ decrease of derivative instruments classified as equity instruments												
7. Internal movements, including												
7.1. Distribution to the General reserve					60,578		(39,962)			(23,018)	913,154	910,752
7.2. Loss cover accumulated at the expense of general reserve					60,578						(60,578)	-
7.3. Cover of emission loss												-
7.4. Decrease of growth from the recalculation of fixed assets and intangible assets										(23,018)		(23,018)
7.5. Internal movements of other equity items							(39,962)				973,732	933,770
8. Balance at the end of similar interim period of preceding financial year as of 30.09.2020 (checked/unchecked)	20,489,653	-	20,489,653	9,605,638	508,876	-	(295,792)		-	1,472,330	1,676,684	33,457,389

Interim period of previous financial year (increasing from the beginning of the year) (II scheme)											
9. Balance at the beginning of the financial year as of 01 January 2020 (checked/unchecked)	20,489,653	-	20,489,653	9,605,638	508,876	-	52,872	-	1,450,883	1,717,824	33,825,746
9.1. General result of accounting policy changes and adjustment of considerable mistakes											
10. Recalculated balance	20,489,653	-	20,489,653	9,605,638	508,876	-	52,872	-	1,450,883	1,717,824	33,825,746
11. Operations with the shareholders, via shares, including											
11.1. Investments in the share capital and other increase of the share capital											-
11.2. Decrease of share capital, including at the expense of repurchased and out off circulation stocks											-
12. Other comprehensive income											-
13. Dividends											-
14. Increase/ decrease of equity items, including											-
14.1. Increase/ decrease of derivative instruments classified as equity instruments											-
15 Internal movements, including											-
15.1. Distribution to the General reserve					99,634		(95,891)			668,819	672,562
15.2. Loss cover accumulated at the expense of general reserve					99,634					(99,634)	-
15.3. Cover of emission loss											-
15.4. Decrease of growth from the recalculation of fixed assets and intangible assets											-
15.5. Internal movements of other equity items							(95,891)			768,453	672,562
10. Balance at the end of interim reporting financial period as of 30.09.2020	20,489,653	-	20,489,653	9,605,638	608,510	-	(43,019)	-	1,450,883	2,386,643	34,498,308

Mesrop Hakobyan

Gohar Grigoryan

Chairman of the Executive Board

Chief Accountant



Interim report on cash flow
30-Sep-20
" UNIBANK" CJSC Yerevan 0025, 12 Charents st, N 53, 1-5

thousand AMD

Name	Notes	Previous period 30.09.2019	Reporting period 30.09.2020
1. Cash flows from operating activities		x	x
Net cash flows before changes in operating assets and liabilities		6,744,286	5,489,793
Interest receivable		14,081,649	13,045,893
Interest payable		(7,067,853)	(7,612,072)
Commission receivable		1,481,047	1,599,142
Commission payable		(430,169)	(435,410)
Profit/ loss from financial assets for commercial		1,014,549	990,541
Profit/ loss from foreign currency exchange		1,467,523	1,437,383
Return of write off assets		1,770,997	1,328,427
Paid salary and equalled to it other payments		(3,226,184)	(2,962,946)
Other income receivable and other expenses payable from operating activities		(2,347,273)	(1,901,165)
Cash flows from the changes in operating assets and liabilities		16,428,225	(30,501,717)
(Increase)/decrease in operating assets including		(8,422,465)	(17,097,510)
(Increase)/decrease of share for commercial purposes		(8,785,829)	(16,883,180)
(Increase)/decrease of receivable leasing		393,108	850,536
(Increase)/decrease of other operating assets		202,751	-
(Increase)/decrease of operating liabilities including		(232,495)	(1,064,866)
(Increase)/decrease of other operating liabilities		24,850,690	(13,404,207)
(Increase)/decrease of other operating liabilities including		27,486,294	(13,231,202)
(Increase)/decrease of other operating liabilities		(2,635,604)	(173,005)
Net cash flows used in operating activities before income tax		23,172,511	(25,011,924)
Income tax paid		(266,992)	(453,358)
Net cash flows used in operating activities		22,905,519	(25,465,282)
2. Cash flows from investing activities	x	x	x
(Increase)/decrease of investments held up to repayment		(1,013,864)	366,459
(Increase)/decrease of investments in the share capital of other persons			
(Increase)/decrease of deposits placed in other banks		(113,277)	7,618,833
(Increase)/decrease of statute investments in the fixed assets and intangible assets		(412,712)	(336,357)
Purchase of fixed assets and intangible assets		(278,851)	(341,923)
Amortization of fixed assets and intangible assets		518,179	37,269
Net cash flow from other investment activity		(309,944)	(84,918)
Net cash flows used in investing activities		(1,610,469)	7,259,363
Cash flow from financing activities	x	x	x
Dividend paid		(224,070)	-
(Increase)/decrease in loans received from Central Bank of Republic of Armenia		(58,611)	(207,734)
(Increase)/decrease in borrowings received from the		3,500,001	3,500,000
(Increase)/decrease in other borrowings		1,811,498	(996,500)
Increase/decrease in the issuance of securities of the		403,714	402,699
Investment to share capital			
(Increase)/decrease payable leasing			
Net cash flow from other financing activities			
Net cash flow from financing activities		5,432,532	2,698,465
Exchange differences on cash and cash equivalents		(893,928)	768,551
Net increase/ (decrease) in cash and cash		25,833,654	(14,738,853)
Cash and cash equivalents at the beginning of the year	13 2	32,049,007	49,575,707
Cash and cash equivalents at the end of the year	13 2	57,882,661	34,836,854

Chairman of the Executive Board

Mesrop Hakobyan

Chief Accountant

Gohar Grigoryan

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	2017 (audited)	2018 (audited)	2019 (audited)	2020, 1-st quarter (not audited)	2020, 2-nd quarter (not audited)	2020, 3-rd quarter (not audited)
Net profit, after deducting the cost of profit tax	67,602	931,297	1,326,981	181,449	518,437	768,454
Average equity	35,334,279	33,176,713	33,165,728	33,897,671	34,027,261	34,145,022
Return on equity (ROE), %	0.2%	2.8%	4.0%	2.2%	3.1%	3.0%
Net profit, after deducting the cost of profit tax	67,602	931,297	1,326,981	181,449	518,437	768,454
Average total assets	191,844,966	199,485,446	226,843,697	244,961,383	239,961,426	239,493,125
Return on assets (ROA), %	0.0%	0.5%	0.6%	0.3%	0.4%	0.4%
Net profit, after deducting the cost of profit tax	67,602	931,297	1,326,981	181,449	518,437	768,454
Operating income	13,454,274	14,762,553	14,502,166	3,620,216	7,032,969	10,327,718
Net profit margin (NPM), %	0.5%	6.3%	9.2%	5.0%	7.4%	7.4%
Operating income	13,454,274	14,762,553	14,502,166	3,620,216	7,032,969	10,327,718
Average total assets	191,844,966	199,485,446	226,843,697	244,961,383	239,961,426	239,493,125
Assets utilization (AU), %	7.0%	7.4%	6.4%	5.9%	5.9%	5.8%
Average total assets	191,844,966	199,485,446	226,843,697	244,961,383	239,961,426	239,493,125
Average equity	35,334,279	33,176,713	33,165,728	33,897,671	34,027,261	34,145,022
Equity multiplier (EM)	5.43	6.01	6.84	7.23	7.05	7.01
Net interest income	10,491,356	10,518,060	10,136,153	2,507,961	4,261,557	7,355,320
Average profitable assets	148,972,966	151,855,857	167,324,156	180,158,372	179,911,025	180,735,495

Net profit margin (NIM)	7.0%	6.9%	6.1%	5.6%	4.8%	5.4%
Interest income	22,296,742	20,008,220	19,469,982	4,919,554	9,023,487	14,434,307
Average profitable assets	148,972,966	151,855,857	167,324,156	180,158,372	179,911,025	180,735,495
Yield on profitable assets	15.0%	13.2%	11.6%	11.0%	10.1%	10.7%
Interest expenses	11,805,386	9,490,160	9,333,829	2,411,593	4,761,930	7,078,987
Liabilities for which interest expenses are made	154,817,860	164,735,879	191,193,293	208,412,078	202,865,573	202,457,734
Expendability of those liabilities, in connection of which rate	7.6%	5.8%	4.9%	4.7%	4.7%	4.7%
Net profit, after deducting the cost of profit tax	67,602	931,297	1,326,981	181,449	518,437	768,454
The weighted average number of shares	203,732,963	204,896,525	204,896,525	204,896,525	204,896,525	204,896,525
Earnings per share (EPS)	0.3	4.5	6.5	0.9	2.5	3.8
Spread	7.3%	7.4%	6.8%	6.3%	5.4%	6.0%

Assets amounted to 238.1 AMD, decreasing by 10.9 billion AMD compared to the end of the previous financial year's indicator. Credit investments amounted to 152.1 billion AMD, or 63.9% of total assets. Liabilities amounted to 203.6 billion AMD, decreasing by 11.6 billion AMD compared to the end of the previous financial year.

Liabilities to customers amounted to 172.7 billion AMD, decreasing by 17.1 billion AMD compared to the last indicator of the previous year. The latter has decreased mainly due to the reduction of demand for funds attracted from legal entities.

Bank's capital:

The capital adequacy ratio stood at 14.46% in June 2020, increasing by 0.38 percentage points from March 2020 due to a decrease in risk-weighted assets. The capital adequacy ratio exceeds the minimum level set by the Central Bank of Armenia (12%). As of 30.09.2020, the Regulatory capital amounted to 31 billion AMD.

The net profit for 9 months amounted to 768,454 thousand AMD.

Retail business

In the retail business, the Bank's work was aimed at improving the product line, optimizing business processes, and improving the quality of customer service through feedback amplification.

As part of the Central Bank's policy to reduce interest rates, the Bank has offered its customers more attractive terms. Stable growth was registered in consumer loans for loans for the purchase of goods and household appliances, gold secured loans.

The Bank continued its policy of reducing the cost financing by setting moderate interest rates on time deposits.

Corporate business

In line with the micro-small enterprises development strategy, during the second quarter of 2020, Unibank continued to take active steps to increase the availability of credit resources aimed at this segment. Focusing on the target segments, the efforts of the corporate business unit were actively focused on financing the construction and service sectors, including the hotel and restaurant business.

Service network, customer base

As of 30.09.2020, the service network of Unibank includes 53 branches in Armenia and Artsakh, 93 promo points, 125 ATMs, 142 payment terminals. The Bank has a representative office in Moscow, which supports the attraction of foreign clients.

The Bank served more than 340,000 customers throughout the year.

In the field of money transfer services, there is a slight change in the volume, due to the similar volume of international non-commercial transfers of individuals received through the Bank.

Strategic priorities for 2020

The events of recent months amid the coronavirus pandemic, the tasks and priorities of the Bank's further development have changed, and the Bank's management is reviewing its annual forecasts, analyzing various scenarios for the development of Unibank.

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 2020, 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.

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.

Main activities of the Bank for the provided period:

For the convenience of its customers, Unibank has issued Visa dual multi-currency cards, which can be used for both methods contactless payments and traditional payment. Visa payWave allows you

to shop more securely without passing the card to third parties. The cardholder makes the payment himself. PIN code is not required for transactions of up to 20,000 AMD.

Unibank has always actively developed the culture of non-cash payments in Armenia, providing convenient, modern services to cardholders. Unibank was awarded by Visa International Payment System Award in the "Largest Visa Issuance in Armenia" category for the leading position in the number of Visa cards issued in Armenia.

EasyPay payment and settlement company and Unibank have expanded their cooperation, in order to improve customer service. From now on, Unibank customers will be able to make loan repayments and transfers to their bank accounts via over 2000 EasyPay terminals as well as Easywallet application. All the payments are made online within a few minutes. The expansion of the cooperation between the companies gives us an opportunity to offer the customers yet another, convenient and swift way to make their payments, minimizing the contact with the cash.

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Within the framework of social responsibility, Unibank continued its program of support to border schools, contributing to the improvement of the quality of education.

In June-July Unibank has updated its UniMobile app thus making remote service more convenient for the clients. New functions have been added to UniMobile: users can now register online by themselves, make from-card-to-card transfers and pay loans of other banks. Online registration is an important asset allowing new users of UniMobile to connect to the application without visiting the Bank. Accessibility to accounts and the whole package of remote services is round-the-clock.

Unibank has updated credit scoring for unsecured consumer loans, introducing the technology of Artificial Intelligence (AI).⁷The AI algorithm will enable us to process great amount of information, to analyze client behavior and to model their profiles far more precisely. As a result, the bank will be able to make the process of decision making more optimized, risk evaluation quality higher and responsible client service better, offering them more profitable crediting conditions meanwhile saving time and resources.

In July Unibank's new, 52nd branch was opened in Sisian. In August Unibank opened its 53rd branch in Aparan. The areas were selected based on the demand for banking services in the area and business environment. The newly opened branches will operate on a one window basis, providing customers with all banking services. The spacious, modern halls of the branches, which are equipped with a queue management system, a payment terminal, will provide comfortable and fast service for customers.

In July Unibank's USD bonds were listed on Moscow Exchange. For the first time in the history of the Armenian Banking, "Unibank" OJSC has undertaken a secondary listing of bonds in Russia. The tenth tranche of Unibank's coupon bonds with an annual yield of 5.25% has been included on the third listing level of Moscow Exchange. Unibank made a decision on a listing in Russia, taking the high level of Russian investors' interest in the Bank's dollar bonds into consideration. The secondary listing on Moscow Exchange will give Russian investors an opportunity to acquire bonds issued by an Armenian bank in a simplified method- without opening a bank account and securities account in Armenia. It is enough for the buyer in Russia to have an account with the National Settlement Depository or with a Custodian.

Physical Persons' and Legal Entities' interest in the given investment tool is also conditioned by Unibank's reputation, which is one of the leaders of the Armenian retail banking.

In September Unibank issued USD denominated bonds in the amount of \$5,000,000 with 5.25% annual yield. The par value of the bond is \$100; the minimum lot being \$1000, which makes the securities available to a wide range of investors, including individual entities. The maturity of the bonds is 36 months. The listing of the bonds was held on the AMX Armenian Stock Exchange.

In September Unibank realized another emission of bonds in the amount of AMD 500,000,000 10.5% annual yield. The par value of the bond is AMD10,000; the minimum lot being AMD1,000,000 which makes the securities available to a wide range of investors, including individual entities. The maturity of the bonds is 27 months. The listing of the bonds was held on the AMX Armenian Stock Exchange.

Adhering to its credit policy, the Bank continued to diversify its loan portfolio by increasing the share of retail loans and SME loans in the loan portfolio.

The Bank has pursued a conservative policy in lending to large enterprises, assets of the Bank have mainly been placed by short-term, in relatively low-risk sectors. For this purpose, the Bank has regularly analyzed the sectors of the economy, as well as developed a scoring model for SME lending, automated the approval of SME loan applications, in order to fulfil the planned indicators for SMEs, Improving the qualification of employees for SME lending.

Vintage analyzes, stress tests, internal and external audits allow to timely identify and manage the Bank's financial and operational risks.

The Bank's Regulatory capital is AMD 20,489,652,500 (twenty billion four hundred eighty nine million six hundred fifty two thousand five hundred), comprising 172,886,525 (one hundred seventy two million eight hundred eighty six thousand five hundred twenty five) issued ordinary shares, each with a par value of AMD 100 (one hundred) and 32,010,000 (thirty two million ten thousand) preferred registered shares, each with a par value of AMD 100 (one hundred). The Bank's Regulatory capital is expressed in AMD:

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.