

PROSPECTUS

"UNIBANK"

OPEN JOINT-STOCK COMPANY

12 Charents St., #53, 1-5, Yerevan, RA
Tel.: (+374 10) 59 22 59, e-mail: unibank@unibank.am

Class of shares:	common (ordinary) shares
Form of shares:	non-documentary
Quantity of shares:	17,391,305
Par value (currency) of shares:	100 AMD
Share placement price (currency):	230 AMD
Total par value of shares:	1,739,130,500AMD
Total share placement price:	4,000,000,150AMD

THE REGISTRATION OF THE PROSPECTUS BY THE RA CENTRAL BANK DOES NOT ASSURE SAFETY OF THE INVESTMENT, ACCURACY NOR AUTHENTICITY OF THE INFORMATION PRESENTED HEREIN

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RESPONSIBLE PERSONS

We, the signatories to this Prospectus, hereby certify that we have made all reasonable efforts to ascertain the accuracy and completeness of information contained in the Prospectus. Thus we confirm that to the best of our knowledge the information contained in the Prospectus is accurate, complete, and there are no omissions of any facts that may distort the content of the Prospectus.

Signatories:

Gagik Zakaryan	Chairman of the Board	 (signature)	09.11.2016 (date)
George Piskov	Board member	 (signature)	09.11.2016 (date)
Hrahat Arzumanyan	Board member	 (signature)	09.11.2016 (date)
Eduard Zhamanyan	Board member	 (signature)	05.11.2016 (date)
Ararat Ghukasyan	Board member	 (signature)	09.11.2016 (date)
Vardan Atayan	Chairman of the Executive Board - Executive Director	 (signature)	05.11.2016 (date)
Zakar Boyajyan	First Vice-Chairman of the Executive Board - Risk Management Director	 (signature)	09.11.2016 (date)
Gohar Grigoryan	Member of the Executive Board, Financial Director, Chief Accountant	 (signature)	09.11.2016 (date)

Davit Petrosyan	Vice-Chairman of the Executive Board, Director of Corporate Business Promotion and Sales	 (signature)	<u>03.11.2016</u> (date)
Ovsanna Arakelyan	Vice-Chairman of the Executive Board, Director of Legal Service and Overdue Liabilities Collection	 (signature)	<u>03.11.2016</u> (date)
Mesrop Hakobyan	Vice Chairman of the Executive Board, Director of Operational and information Systems	 (signature)	<u>03.11.2016</u> (date)
Gurgen Ghukasyan	Vice-Chairman of the Executive Board, Director of Retail Business Promotion and Sales Director	 (signature)	<u>03.11.2016</u> (date)

SECTION 1. SUMMARY

This Summary represents a brief introduction to the Prospectus. To make a decision on investing in the shares of Unibank OJSC, potential investors should read the Prospectus in its entirety.

The persons in charge of the Summary (members of the Board, members of the Executive Board) shall bear civil responsibility for any incomplete or misleading information included in this Summary, but only in the case that such information is inaccurate or inconsistent when viewed together with other parts of the Prospectus.

Potential investors may obtain a Prospectus and supporting documents in hard copy form at the Bank's Head office or its branches, or may visit the Bank's web site at www.unibank.am for an electronic copy.

1. Information on the Bank and Banking Activities

Full name of the Bank:

in Armenian – «ՅՈՒՆԻԲԱՆԿ» ԲԱՑ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ

in Russian – ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО "ЮНИБАНК"

in English – "UNIBANK" OPEN JOINT STOCK COMPANY

Short name of the Bank:

in Armenian - «ՅՈՒՆԻԲԱՆԿ» ԲԲԸ

in Russian - ОАО "ЮНИБАНК"

in English - "UNIBANK" OJSC

The Bank is located at: 12 Charents St., #53, 1-5, Yerevan, Kentron Admin. District, RA

Mailing address of the Bank: 12 Charents St., #53, 1-5, Yerevan, Kentron Admin. District, RA.

Communications:

Telephone: + 37410 59 22 59

Fax: + 37410 55 51 40

E-mail: unibank@unibank.am

Website: www.unibank.am, www.unibank-armenia.com

For inquiries related to the investment in shares, investors may contact M. Hambardzumyan, Head of

International Relations on +374 10 59 22 36 (extension 301) or Ruzanna Abrahamyan, Head of Department of Operations at Financial Markets on +374 10 59 22 59 (extension 257).

Brief Description and History of the Bank

“UNIBANK” OJSC (hereinafter the “Bank” or “Unibank”) was founded in October 2001, as a closed joint-stock company. Unibank was registered in the Republic of Armenia (“Armenia” or “RA”) as a bank on 9 October 2001 (Registration Certificate No. 0373 and Registration number 81 approved by the RA Central Bank (“CBA”) decision No. 260 dated 9 October 2001; Banking license No. 81 issued on 10 October 2001.).

In 2002, Unibank launched Unistream money transfer system, which is one of the leading money transfer systems in Armenia.

In 2003 Unibank became a member of the local ArCa payment system.

In 2004 Unibank became a member of Visa International.

In 2005 Unibank launched extensive lending of mortgage and auto loans, occupying, respectively, second and first place in the RA banking sector¹.

In 2006 Unibank became a participant of the International Fund for Agricultural Development (“IFAD”) programme for promoting investments in rural areas, as well as of the Small and Medium Entrepreneurship Development National Center Foundation’s (“SMEDNC”) small and medium business development programme.

In 2007 ABN AMRO’s bank risk management programme was introduced.

In 2008 Unibank became a member of the RA Stock Exchange.

In 2009 Unibank’s branch network was connected to a central database and currently all the Bank branches operate online.

On 3 January 2010 Moody’s international rating agency awarded Unibank its first rating; a Financial Stability Rating of E+, Ba3 long-term and NP short-term ratings for foreign currency and national currency deposits. All the ratings had a “Stable” forecast.

Since 2011 Unibank has been jointly operating a trade finance programme with the Asian Development Bank, under which letters of credit and bank guarantees are issued to entrepreneurs.

In 2012 Unibank was granted Armenia’s “Best Dealing Bank 2012” award by Thomson Reuters International Corporation and Unibank was included in the list of Armenia’s Top 100 Taxpayers.

In 2013 the World Bank’s International Finance Corporation (“IFC”), Black Sea Trade and Development Bank (“BSTDB”) and Unibank signed a cooperation agreement to develop a Small and Medium Enterprise (“SME”) finance programme. Unibank began collaboration with the American

¹ Rating of RA Banks by Arminfo rating marketing agency, 2006.

Chamber of Commerce (“AmCham”) in Armenia by becoming an associate member of the organization.

In 2014 Unibank began cooperation with Intel Express, the international money transfer system. It also introduced ISO 27001:2013 information security standards and set up Unibank Privé, its private bank. It also introduced its “one window” customer service principle in its regular Bank branches, and in Unibank Privé private bank. Unibank received a “Quality Excellence” award (RBI STP Quality Awards) from Raiffeisen Bank International of Austria for providing high quality SWIFT transfer services.

The “Quality Excellence” award was in part for the high quality of the work done conforming with international Straight Through Processing (“STP”) standards. Unibank has significantly expanded its international cooperation and has established correspondent banking relationships with a range of leading European and American banks. The Bank provides same day SWIFT transfers at affordable tariffs to its customers.

On 12 March 2015, according to a decision taken at the Bank's Extraordinary General Shareholders Meeting, the Bank was reorganized into an open joint-stock company.

On 25 December 2015, Moody's applied a rating on Unibank's long-term local and foreign-currency deposit ratings of B2/NP and the baseline credit assessment (BCA) of B1(cr)/NP(cr). It also assigned a Counterparty Risk Assessments (CR Assessments) of B1(cr)/Not-Prime(cr) to Unibank.

On 1 July 2015 the Bank became an Account Operator at the Central Depository of Armenia and a member of the Unified System of Security Registry Maintenance and Settlement.

Unibank is the first company in RA appearing in the market with Initial Public Offering (IPO) of shares. The IPO was conducted as a standard open auction with a total of 186 transactions effected and 10,672,471 shares placed which raised 2,454,668,330 drams. The price of a share with the face value of 100 drams grew to 230 drams. The decision was prompted by Unibank's ambition to reach a new development level and to become a people's bank.

Today Unibank is a universal bank offering a wide range of modern banking services to its customers. The Bank has a reputation of being a financial institution with a conservative management style, open to innovation, and which implements a constructive entrepreneurship culture within the Bank and operates on the principles of proactivity and transparency.

The Bank's mission is to contribute to the sustainable and dynamic development of the RA banking industry and to maximise demand for banking services in RA through the provision of high-quality services.

Pursuant to the strategy approved by the Bank's Board, the main focus of Unibank is on the development of its SME and retail business.

On April 2016 Unibank started issuing nominal coupon bonds worthing USD 5 mln with a face value

of USD 100. The minimum package includes 10 bonds worth USD 1,000. The maturity term is 24 months with coupon profit payments to be made quarterly and the repayment of the bonds will be made on April 8, 2018. After the placement the bonds are expected to be listed at NASDAQ OMX Armenia stock exchange market.

On April 2016 the main shareholder of the Bank - Glovery Holding Limited increased the authorized capital of the Bank by 5,221,999,810 AMD via SPO, totally 22,7 mln additional common nominal stocks. Consequently, Bank's statutory capital has been replenished by 2,270,434,700 AMD and 2,951,565,110 AMD is registered as emission income.

Thus Bank's statutory capital makes AMD 16,438,381,800, comprising 132,373,818 common shares, each with a par value of AMD 100 and 32,010,000 preference shares, each with a par value of AMD 100.

On September 2016 the authorized capital of the Bank was increased by 2,800,000,220 AMD via SPO, totally 12,173,914 additional common nominal stocks. Consequently, Bank's statutory capital has been replenished by 1,217,391,400 AMD and 1,582,608,820 AMD is registered as emission income.

Thus Bank's statutory capital makes AMD 17,655,773,200, comprising 144,547,732 common shares, each with a par value of AMD 100 and 32,010,000 preference shares, each with a par value of AMD 100.

As of 12.10.2016 "UNIBANK" OJSC placed free float for non-documentary ordinary nominal shares that makes a total of 15.8054%. Therefore, these shares meet the requirements of primary List A of "NASDAQ OMX Armenia" Rules on Securities Listing and Admittance to Trading. The board of "UNIBANK" OJSC made a decision on the 10.10.2016 to replace non-documentary ordinary nominal shares of the Bank from Platform B to Platform A.

ISO 27001:2013 in the framework of international standards "Bureau Veritas Certification" a French company has audited UNIBANK and reconfirmed informational security system correspondence to international standards.

ISO 27001:2013 Standard Certificate stipulates high informational security system level of Unibank in addition to being efficiently managed and controlled.

"Paruyr Sevak" branch was opened in June'2016 for retail services only in order to provide with a more convenient and quick service to the clients of the Bank.

At the same time in order to organize a "One Window" service in UNIBANK "Ejmiadzin" and "Armavir" branches, several repair works have been done and the renewed branches have been reopened.

In August'2016 Moody's Investors Service international agency affirmed the long term local and foreign country deposit ratings of "Unibank" B3 and changed the outlook from Stable to Positive. The Positive outlook acknowledges the recent strengthening of Unibank's capital position.

"Unibank" OJSC German-Armenian fund together with German KfW bank has launched a new crediting program for Small and Medium Enterprises directed to raise energy efficiency of

enterprises in Armenia. The participants have the ability to get not just business loans with profitable conditions but also reduce the costs for energy for the company.

Unibank has successfully completed the process of issuing and placing annual fixed income bonds in USD, with an interest rate of 8%. On the 30th of June 2016 nominal coupon bonds (UNIBB1) of Unibank were listed on the Primary (A) list of “NASDAQ OMX ARMENIA”. This process will enable to start bond circulation in the stock market and to realize manual trading and repo operations.

Brief Description of the Business

The Bank carries out functions prescribed by RA legislation, namely:

Attracting funds:

- The Bank accepts term and demand deposits in AMD and foreign currency from individuals and legal entities. In 2013, the Bank was ranked second among banks in the RA by volume of deposits attracted from physical persons.

Allocation of loans and other funds:

- The Bank carries out lending to businesses and provides its customers with guarantees, documentary letters of credit, credit lines, overdrafts, bank guarantees, and factoring services. Unibank considers the development of lending to SME's as one of its core strategies. Unibank offers loan products specifically designed for its customers taking into account company and industry specific data.
- Unibank's retail banking is also a core business line of the Bank. Unibank provides specific or general purpose consumer loans, which can be used for renovation, refurbishment, educational, medical, travel or other expenses or purchases. The Bank also provides residential mortgages, loans for purchasing commercial property, construction and renovation loans and auto loans.

Bank transfers:

- The Bank has been a member of the SWIFT international payment system since 2003. The Bank has correspondent accounts with 20 local and international banks that allow the Bank to provide payment and settlement services for Bank customers in any currency.
- The Bank offers money transfer services to individuals through the Unistream and Intel Express international money transfer systems.

Issuance and service of plastic cards:

- Unibank issues both local ArCa cards, as well as Visa cards to its customers. Unibank is now issuing Visa chip cards through its own processing centre.

- Unibank has launched its “Magnis” privileges programme specifically designated for its cardholders, under which cardholders are granted discounts of up to 40% when making certain purchases.

Foreign exchange and securities dealing and brokerage services:

- The Bank conducts trading in foreign exchange and RA government bonds.

Acceptance of utility payments:

- Unibank’s processes utility payments. Customers are provided with UNIPAY utility payment cards free of charge that contain the necessary information for customers to make utility payments quickly and conveniently.

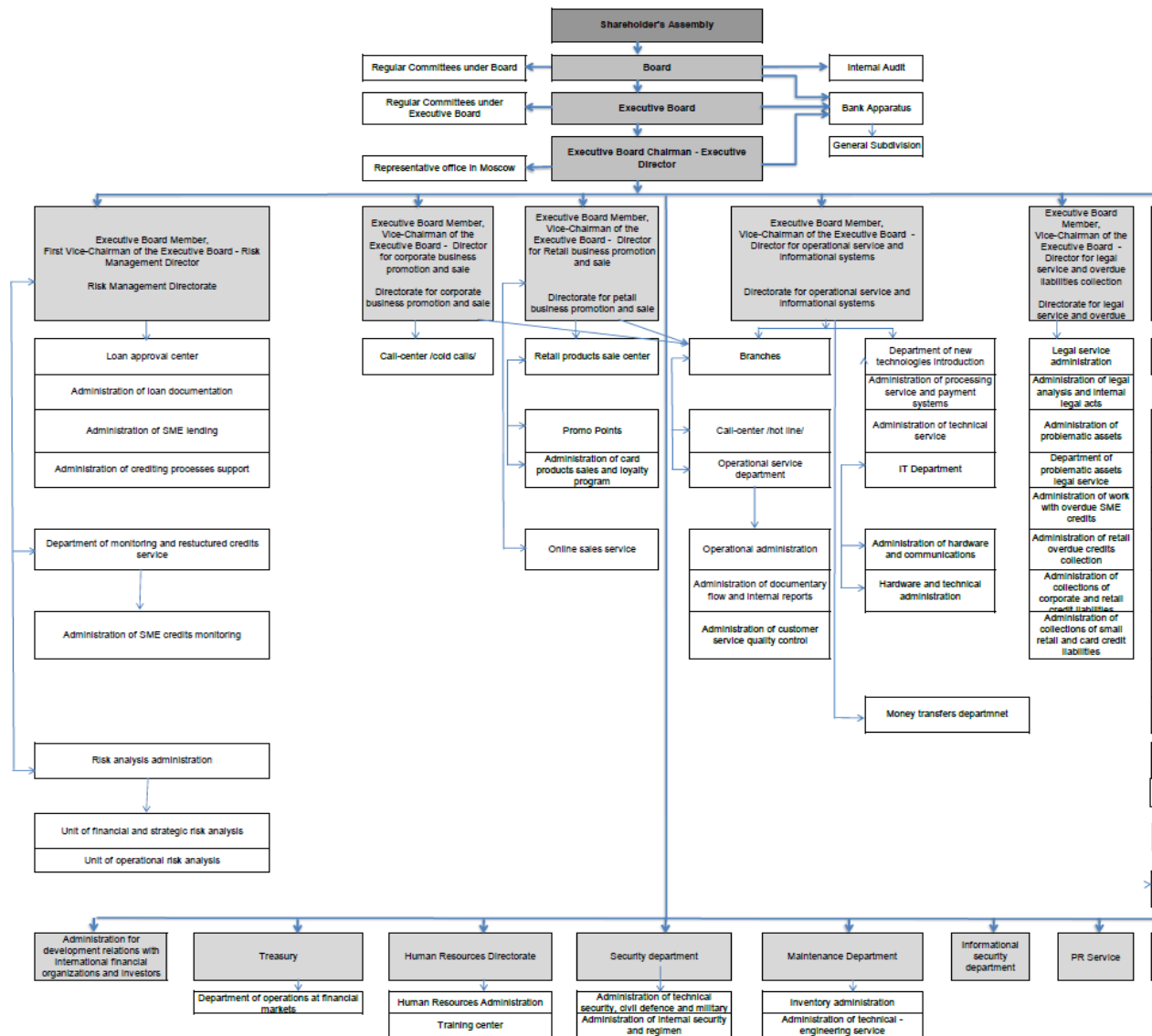
Acceptance of payments for public services:

- In order to provide customers with comprehensive payment services, the Bank promotes receiving payments from individuals and legal entities on taxes, electricity, telephone and other public services.

Other services:

- Unibank conducts settlement and cash servicing for its clients, including account opening and servicing, cash transactions, issuing guarantees, cash collection and transactions in securities. The Bank also provides services to those citizens of the RA who are supported through government social programmes.
- Unibank’s “Internet Bank-Client” system is designed so that customers can manage their bank accounts online, receiving account statements and making payments online without visiting the Bank.
- Unibank offers its customers fireproof safe deposit boxes located in a specially constructed secure areas where customers can place items of value and documents for safekeeping.

Organizational Structure of the Bank as of 31 December 2015



Unibank has built a strong retail banking network and now operates through 46 branches in Yerevan and reions, as well as having a representative office in Moscow, Russia.

The Bank's assets are summarised below.

thousand AMD

thousands AMD	30.09.2016 ¹ (not audited)	31.12.2015(audited)	31.12.2014 (audited)
Assets, including:	175,078,002	158,139,860	170,258,546

Earning assets	127,472,585	118,730,169	123,976,764
%of earning assets	73%	75%	73%

2. Banking and Investment Related Risks

Certain risk factors exist that pertain to the investments into shares proposed by this Prospectus. The investors should make the decision by totally understanding the nature of the investment and the main risks that can arise from it, according to their experience, goals, financial resources, risk appetites and other factors. Before making a decision every investor should acquaint himself/herself with the risks connected with investing in the Bank's shares.

– Changes in socio-economical or politic

- al conditions of the RA that may have an adverse effect on the bank activities and the value of its shares.
- Inflation may undermine the future performance of an investment in the Bank due to the reduction in the real value of the Bank's shares.
- The risk of low liquidity of the shares can result from the underdevelopment of the capital market, from which the investor may suffer financial losses on the sale of the shares.
- The risk from losses connected with adverse changes of the market price of the shares, which includes both the changes in the share price and the changes in the size of dividends.

However, taking into account the present developments within the banking system, the low risk and cautious lending policy of the Bank, the level of risk management in the Bank, as well as the strict control from regulatory bodies, the abovementioned risks are estimated to be low.

Below there are presented the risks and measures taken to minimise these risks, which are peculiar for the Banks, and especially for Unibank OJSC.

In the process functioning the Bank deals with the risks typical of banking activity for the management of which there are sufficient resources and mechanisms. The most significant risks specified by the Bank are:

The credit risk. Failure to fulfill contractual obligations by borrowers that can have a negative impact on the Bank's activity and result in additional expenses that will negatively affect the Bank's income.

The credit portfolio of "Unibank" OJSC is quite diversified and it is devoid of large concentrations. The dominant crediting directions are retail crediting and SME crediting. Nevertheless, there are non-performing loans in the Bank's portfolio which may bring to potential losses.

According to the risk analysis the credit portfolio of the Bank has the following structure as of 30.09.2016:

Thousand AMD

Assets	Performing assets		Non performing assets					
		Standard/Risk free	Controllable/Low Risk		Non standard/Medium Risk		Doubtful/High Risk	Loss
Loans, including								
Residents of RA		104,553,768	508,074		2,385,271		5,123,978	14,902,191
Residents of CIS countries		7,376,442						12,728
			-					
Total		111,930,210	508,074		2,385,271		5,123,978	14,914,919

At the same time the indices characterizing the credit risk are as follows.

Loan reserve fund/total loans = 3.85%

Non-performing loans/total loans = 6.68%

Reserve fund for non-performing loans/total equity = 13.46%

Special reserve for potential loan losses/non-performing loans = 57.55%

Income coverage ratio (net operating income + expenses for loan loss provision)/net loss of loans = 21.54%

Risk-weighted net interest margin = 0.66%

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.

Such risks are regularly controlled and management principles are subject to revision on an annual basis or more frequently, if needed. The limits of credit risks by products, economic sectors and geographic regions are confirmed and in case of need are revised by the Board of the Bank.

The credit risk is also managed through periodic analysis of borrowers' and potential borrowers' ability to pay both principal and interest and making changes in credit limits if needed.

Foreign exchange risk may arise as a result of abrupt fluctuations in exchange rates. The FX risk in the Bank is on quite a low level as the Bank conducts restraint policy and does not generally have open foreign exchange positions.

Interest risk arises due to abrupt changes of market interest rates. Almost all the assets and liabilities of the Bank have fixed rates. However in this case as well there may still arise risks connected with a maturity mismatch between assets and liabilities. According to the analysis, abrupt fluctuations in market interest rates will lead to the loss of maximum 100 mln AMD. To minimize the mentioned risks the Bank applies the relevant pricing policy.

Each of the described risks may have some negative influence both on the Bank status and the situation at the market thus resulting in not performing obligations of the Bank. This may also lead to the decline of the shares circulation at the market.

However, taking into account the present developments within the banking system, the low risk and cautious lending policy of the Bank, the level of risk management in the Bank, as well as the strict control from regulatory bodies, the abovementioned risks are estimated to be low.

The Bank may face other risks, which the Bank is not aware of at this time, or the Bank has not considered and are therefore not included in this Prospectus.

3. Changes Related to the Bank's Business Development and Financial Changes

The Bank conducts its activities in compliance with the strategy approved by the Bank's Board.

The Bank's activities are overseen by the Board of the Bank and Executive Board which effectively respond to changes in the market environment and constantly adjust the Bank services and tariffs to take into consideration market forces.

The most essential aspect in the Bank's development programme is the growth of its Retail and SME business, its drive to constantly improve its quality of service, the expansion of its scope of client services and the attraction of funds (in particular through cooperation with legal entities, including non-residents, and international organizations), as well as ensuring the Bank's liquidity and readiness to face possible developments and shocks in the financial market.

At the date of filing this Prospectus for registration, all licenses and permits necessary to conduct operations are valid and up-to-date, there are no court proceedings underway and no organizational changes are pending or in progress.

Along with the foregoing, the Bank's management constantly focuses on adjusting the Bank's activities and organizational structure to respond to the changes in the market with a view to improving its operations and profitability.

4. The Bank's Auditors

The 2011, 2012, 2013 and 2014 year end independent audits were conducted by "Grant Thornton" CJSC.

Address: 8/1 Vagharshyan St, Yerevan 0012, RA

Tel.: +374 (10) 260 964, 260 976

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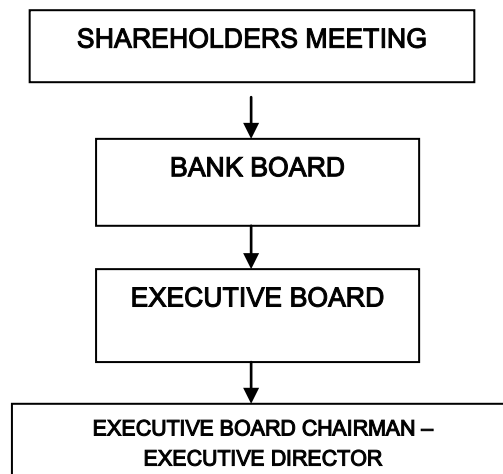
Director-Shareholder: Gagik Gyulbudaghyan

5. Information on the Bank's Governing Bodies

The Bank's governing bodies are:

- Shareholders General Meeting (hereinafter “the Meeting”);
- the Board;
- Executive Body, which includes the Executive Board (hereinafter the “Executive Board”) and the Head of the Executive Board (hereinafter referred to as “the Executive Board Chairman”).

The Bank's governing bodies operate in the following manner:



The Bank Board consists of 5 members:

- Gagik Zakaryan – Chairman of the Board, over 22 years experience
- Georgi Piskov – Board member, over 22 years experience
- Hrahat Arzumanyan – Board member, 17 years experience
- Eduard Zamanyan – Board member, 23 years experience
- Ararat Ghukasyan – Board member, over 21 years experience

The Bank Executive Board consists of 7 members:

- Vardan Atayan, Chairman of the Executive Board, over 20 years experience
- Zakar Boyajyan, First Vice-Chairman of the Executive Board - Risk Management Director, Member of the Executive Board, over 24 years experience
- Mesrop Hakobyan, Vice-Chairman of the Executive Board, Operational and information Systems Director, over 14 years of experience
- Gohar Grigoryan, Financial Director - Chief Accountant, Member of the Executive Board, over 22 years experience
- Arakelyan Ovsanna, Vice-Chairman of the Executive Board – Director of Legal Services and Overdue Liabilities Collection, Member of the Executive Board, over 16 years experience
- David Petrosyan, Vice-Chairman of the Executive Board, Director of Corporate Business Promotion and Sales, over 13 years experience
- Ghukasyan Gurgen, Vice-Chairman of the Executive Board, Director of Retail Business Promotion and Sales, over 11 years experience

The Bank had 858 employees on 30 September 2016.

6. Key data on the Bank Shares Being Issued in the IPO

Type of Shares	Non-documentary ordinary shares
Quantity of Shares	14,500,000
Par value of a Share	AMD 100
Marker price of a Share	AMD 230
Total market price of the Shares	AMD 3,335,000,000
Currency of the Shares	AMD
Purpose of Issue	Increase the capital of the Bank
Use of Issue proceeds	To increase the capital of the Bank and thereby enable the Bank to increase its assets by lending to SME's and retail customers.

7. Brief Description of the IPO and the Bank's Permission to Trade its Shares

The share offering (the "Offering") will be within the volume of authorized shares stipulated by the Bank's Charter. The Offering shall be carried out on the NASDAQ OMX ARMENIA Stock Exchange (hereinafter "Stock Exchange"). An admission to trading on the Stock Exchange will be applied for by the Bank. The application for admission to trading may be rejected.

Any person who has made a decision to take up the Offering and make an investment in the shares shall participate in the Offering as a buyer, acting through a person who renders investment services and is a member the Stock Exchange. Any resident or non-resident physical or legal person may act as a buyer.

The offering of all common registered shares subsequently issued by the Bank shall be carried out through public standard auctions held on the Stock Exchange, in compliance with Securities Offering Rules of the Stock Exchange.

The Offering shall commence on the 3th day following the publication of this Prospectus and will last for 20 business days. The commencement date of Placing of the shares on the Stock Market will be published at least 3 days in advance.

For the offered shares permission to trade will be applied for. Application for trade may not be satisfied.

8. Summary financial data of the Bank

Summary financial data of the Bank

The indices in absolute value are expressed in thousand AMD.

The name of index	30.09.2016 (not audited)	31.12.2015	31.12.2014	31.12.2013
Net profit, after deducting the cost of profit tax	622,631	358,481	532,475	483,590
Average equity	30,401,525	21,572,971	20,593,576	19,572,866
Return on equity (ROE), %	2.7%	1.7%	2.6%	2.5%
Net profit, after deducting the cost of profit tax	622,631	358,481	532,475	483,590
Average total assets	170,970,124	164,199,203	161,874,140	145,928,013
Return on assets (ROA), %	0.5%	0.2%	0.3%	0.3%
Net profit, after deducting the cost of profit tax	622,631	358,481	532,475	483,590
Operating income	8,086,243	9,421,982	10,850,174	9,029,498
Net profit margin (NPM), %	7.7%	3.8%	4.9%	5.4%
Operating income	8,086,243	9,421,982	10,850,174	9,029,498
Average total assets	170,970,124	164,199,203	161,874,140	145,928,013
Assets utilization (AU), %	6.3%	5.7%	6.7%	6.2%
Average total assets	170,970,124	164,199,203	161,874,140	145,928,013
Average equity	30,401,525	21,572,971	20,593,576	19,572,866
Equity multiplier (EM)	5.62	7.61	7.86	7.46
Net interest income	4,123,600	6,283,035	7,290,922	5,608,186
Average profitable assets	125,862,771	121,353,467	123,095,184	112,610,662
Net profit margin (NIM)	4.4%	5.2%	5.9%	5.0%
Interest income	13,883,930	19,714,397	19,316,864	16,828,969
Average profitable assets	125,862,771			

		121,353,467	123,095,184	112,610,662
Yield on profitable assets	14.7%	16.2%	15.7%	14.9%
Interest expenses	9,760,330	13,431,362	12,025,942	11,220,783
Liabilities for which interest expenses are made	135,877,518	140,958,062	139,588,835	124,925,059
Expendability of those liabilities, in connection of which rate	9.6%	9.5%	8.6%	9.0%
Net profit, after deducting the cost of profit tax	622,631	358,481	532,475	483,590
The weighted average number of shares	158,168,361	131,094,713	10,010	10,010
Earnings per share (EPS)	3.9	3	53	48
Spread	5.1%	6.7%	7.1%	6.0%

9. Statement of working capital

The Bank believes that its working capital is sufficient to meet the Bank's current needs.

10. Capital of Unibank OJSC as of 31 Decmeber 2015

Capital	thousands AMD
Statutory capital	17,655,903
Emission income	5,921,465
Accumulated profit	7,842,554
Own capital (equity)	31,994,314

On April 2016 Bank's statutory capital has been replenished by 2,270,434,700 AMD and 2,951,565,110 AMD is registered as emission income.

On September the Bank's statutory capital has been replenished by 1,217,391,400 AMD and 1,582,608,820 AMD is registered as emission income.

11. Liabilities of Unibank OJSC as of 31 December 2015

	thousands AMD
Long-term liabilities	14,502,266
Secured liabilities	1,272,752
Non secured liabilities	13,229,514
Short-term liabilities	124,053,961
Secured liabilities	95,451,109
Non secured liabilities	28,602,852
Off-balance sheet contingent liabilities	6,123,916
Guaranteed liabilities	96,723,861
Non guaranteed liabilities	46,359,204
Total	143,083,688

SECTION 2. INFORMATION ON THE SHARES

1. Purpose of the Offering and the Use of Funds

The aim of the Offering is to increase the Bank's capital so that it can continue to grow its primary banking business of lending to small and medium enterprises and individuals.

2. Information on the Shares Offered

a. The shares offered in this Prospectus are non-documentary common shares. The Bank currently has 144,547,732 non-documentary common shares, each with a par value of AMD 100, and 32,010,000 convertible preference shares, each with a par value of AMD 100.

- Class (type) of offered security - common share (equity security)
- Security Identification Code - (ISIN) AMUNIBS10ER5

b. The Bank's common registered shares have been issued in compliance with RA legislation.

c. The share register of the Bank's shares will be maintained by Central Depository of Armenia OJSC, located at 5b Mher Mkrtchyan St., Yerevan 0010, RA.

d. The Bank is placing 17,391,305 common registered shares in the market. The nominal value of one share is AMD 100. The Offering will be carried out at a market value of AMD 230 per common registered share.

e. The currency of the Offering is AMD.

f. The shares entitle the owner to the following rights:

Right to dividends:

Each share entitles its owner to a dividend in proportion to the number of shares held. Matters relating to the payment of dividends on shares are regulated by RA legislation, the Bank's Charter and the Bank's "Dividend Payment Procedure".

Pursuant to the latter, the amount and terms of payment of annual dividends is determined by the Shareholders' General Meeting. The amount and terms of payment of interim dividends however is determined by a Board decision. The payment of dividends can be no sooner than 30 days from the date of such decision.

The Bank has a right to pay its dividends on any day during the dividend payout period, including the last day. The following principles underlie the Bank's "Dividend Payment Procedure":

- legitimacy, i.e. implementation of the process with adherence to RA legislation, the Bank's Charter and internal legal acts;
- segregation of authorities of the Bank's governing bodies (Shareholders General Meeting and the Board) in making decisions on paying dividends;
- dividends will be paid from the Bank's net profit.

The Bank may not declare and pay dividends if the Bank's net asset value is less than its statutory capital or will become less as a result of the payment of dividends.

The Bank may not pay dividends if the Bank's statutory capital has not been fully paid up.

Annual dividends may not be less than any interim dividends already paid.

The Bank may pay dividends on common shares of up to 40 per cent of the net profit for the respective period.

The size of an interim dividend may not exceed 50 per cent of dividends accumulated or distributed in the previous financial year, or be greater than 40 per cent of the net profit realised up to the date of payment.

There are no special provisions regarding the payment of dividends to non-resident shareholders.

The Bank's "Dividend Payment Procedure" is available at the Bank's Head Office and branches, as well as at the Bank's web site at www.unibank.am.

Right to vote:

The Bank's common shareholders are entitled to participate in the Shareholders General Meeting personally or through an authorized representative, with the right to vote on all matters falling within the competence of the meeting in proportion to the number of shares held by each shareholder, subject to the restrictions prescribed by legislation and the Bank's Charter.

Preemptive rights on common shares:

The Bank common shareholders have pre-emptive rights (priority to purchase any common shares placed by the Bank in any closed issuance of additional common shares conducted by the Bank). The procedure for exercising pre-emptive rights is stipulated in the Bank's Charter and RA legislation.

Right to receive a share of the Bank's assets in the case of the Bank's liquidation:

Upon the Bank's liquidation common shareholders have a right to receive a share in proportion to their shareholding of the Bank's assets as defined by the RA Law "Banks and Banking" after repayment of other liabilities of the Bank.

Right to claim a buyback of shares:

Common shareholders may request the Bank to purchase their shares at a market price determined by the Board of the Bank on all or a part of shares held by them if:

- a decision was passed on the Bank's reorganization, suspension of shareholder pre-emptive rights or the conclusion of a large transaction, and the shareholders voted against such decisions or did not participate in voting on such decisions, or
- the Charter was amended or supplemented, or a new edition of the Charter was approved, which limited the rights of the common shareholders who voted against such decisions or did not participate in voting on such decisions.

The Bank shall carry out the buyback of shares at the market price, which will be determined without taking into account the changes resulting from the Bank's actions.

Procedure for the buyback of the Bank's shares is defined by the Bank Charter and the RA Law "On Banks and Banking".

Right of conversion of shares

No right of conversion of common shares issued by the Bank is envisaged.

Other rights of the shareholders

The Bank's common shareholders are also entitled to:

- personally, or through an authorized representative, participate in shareholder decisions on the Bank's management;
- have access to the Bank's balance sheet, financial and tax reports;
- in the manner stipulated by the Bank's Charter and the law to alienate or otherwise transfer the shares owned to third parties;
- exercise other powers vested in him by legislation.

Bank Board's decision on the share issue

The common shares issued in the Offering shall be issued in compliance with the Bank's Board decision dated 20.10.2016. According to this decision 17,391,305 additional common registered shares shall be issued for sale by the Bank. The nominal value of one share is AMD 100 and the sale price is AMD 230 per common registered share.

Description of restrictions imposed on free trading of securities:

The Bank will apply to the Stock Exchange for the listing of its shares. The application to list the shares may be denied by the Stock Exchange. In the case that the Bank's shares are listed and admitted for trading, they may not be traded outside the regulated market, except in the following cases permitted by the CBA:

- Private transactions, i.e. transactions with parties known beforehand;
- Transactions executed by underwriters within the framework of the distribution of securities;
- Admission to trade on other regulated markets.

By law, a person or affiliated persons may acquire direct or indirect significant stake in the Bank (over 10% of the Bank's common voting shares) only upon prior consent of the CBA.

To receive the CBA's consent for the acquisition of a significant stake in the Bank a person at the request of the Bank shall submit to the CBA the documents specified by the CBA about his/her wish to acquire the significant participation. CBA shall review the documents within one month from the date of receiving them and provide approval if they are satisfied with the information provided.

CBA shall reject the request and inform the requesting person within a ten day period if:

- the person has a conviction for an intentionally committed crime;
- by virtue of a court decision, the person is deprived of the right to hold positions in financial, tax, customs, commercial, economic or legal professions;
- the person is declared bankrupt and has outstanding (unpaid) liabilities;
- the person has previously committed such actions which have led to the bankruptcy of a bank or other company or person;
- in the past the person or affiliated persons have undertaken such an act which, by the reasonable opinion of the CBA, based on the guidelines approved by the CBA Board, may serve as reasonable grounds to believe that the actions of the given person, as a member of the Bank's Board or other position of influence, with a right to vote during on certain matters, might lead to the bankruptcy of the Bank or the deterioration of its financial position, or might impair its image and business reputation;
- the acquisition of the shares leads or may lead to a restriction of free economic competition;
- as a result of the given purchase, the person may gain a dominant position in the RA banking market that allows them to predetermine market rates or the terms of transactions (or at least one of them) permitted by the Bank;
- the documents are submitted violating the procedure established by the CBA, or documents contain false or unreliable information;
- based on the reasonable judgment of the CBA, the person acquiring the significant stake or his/her affiliated person is in a poor financial position, or the deterioration of his/her or the affiliated person's financial position may lead to deterioration of the Bank's financial position, or the activities of the person and/or the affiliated persons or the nature of their relationships with the Bank, in reasonable opinion of CBA, may hinder the implementation of the efficient

supervision by the CBA or may prevent it from effectively detecting and controlling the Bank's risks;

- the person fails to submit sufficient and full accountability (documents, information, etc.) confirming the legitimacy of the sources of funds to be invested in the Bank.
- An acquisition of a significant participation in the Bank's statutory capital, without preliminary consent of CBA, shall be null and void.

Pursuant to Article 152 of the RA Law "On Securities Market", any person who as a result of one or more transactions with an issuer's equity securities becomes the owner of more than 75% of the same class of equity securities, he shall be required to make a tender offer for all securities of that class. The requirement for making a mandatory offer shall also apply in the case of a waiver of permission for the trade of shares on the regulated market, according to the procedures and terms set out by the CBA.

The requirement to make mandatory tender offer shall not apply to the cases below:

- The person became the owner of more than 75% of the shares as a result of reducing the statutory capital of the Bank;
- The person became the owner of more than 75% of the shares as a result of non-mandatory tender offer for all the shares made by him in accordance with the provisions of the Chapter 15 of the RA Law "On Securities Market";
- The shares were purchased by an investment service provider for underwriting purposes;
- The person has alienated the shares exceeding 75% within 10 business days from the date of acquisition, to a third person, who under Article 151 of the RA Law "On Securities Market" is not considered to have agreed to act jointly, provided that the Bank's General Meeting is not convened during that period.

An investor in shares may derive income in the following cases:

- from dividends received from the shares,
- from the positive difference between the selling and buying prices of shares (capital gain).

In Armenia, the taxation on proceeds received from shares is determined as follows:

Profit tax payers in Armenia are organizations created in Armenia and non-resident organizations (organizations created in foreign states, as well as international organizations and organizations created by them outside of Armenia). Taxation is based on taxable profit derived from Armenian sources. Taxable profit is the positive difference between the gross income of a taxpayer and deductions stipulated by the RA Law "On Profit Tax".

Profit tax is calculated at the rate of 20% of taxable profit.

Pursuant to Article 26 of the RA Law "On Profit Tax", when determining taxable profit, gross income shall be reduced by the amount of dividends received by the taxpayer, with the exception of non-resident's taxable profit (Law "On Profit Tax", Article 56, paragraph 2). Dividends received by non-resident organizations are taxed at a rate of 10%.

For resident legal entities, capital gains on shares is included in the amount of gross income and after making deductions stipulated by the Law the amount of net income is taxed at 20%. For non-resident organizations capital gains on shares are taxed at 10%.

In case of non-resident organizations the Bank acts as a tax agent who, according to the RA laws, is responsible for the calculation, deduction (charging) and payment to the RA budget of the profit tax from income received by non-resident organizations.

Income tax payers in Armenia are resident and non-resident physical persons. Taxable income is the positive difference between the taxpayer's gross income and the deductions made in compliance with the RA Law "On Income Tax".

Pursuant to Article 7 of the RA Law "On Income Tax", when assessing the tax base of the taxpayer, the gross income shall be deducted by the amount of dividends received, as well as by the income received from the disposal of shares or their exchange with other securities, or from other similar transactions. Thus, for physical persons, dividends received from shares and the capital gains are not taxable.

3. Terms and Conditions of the Offering

Conditions, amounts, the expected timing of the Offering, and the actions necessary to have access to purchase shares in the Offering

- a. Total volume of the Offering is 17,391,305 shares with a nominal value of AMD 100 at a issue price of AMD 230 per share. The nominal value of the shares issued will be AMD 1,739,130,500 (with a market value of AMD 4,000,000,150 (at the Offering price).
- b. The Offering shall be carried out on the Stock Exchange.

The Offering shall commence on the 3th day following the publication of this Prospectus and will last for 20 business days. The Prospectus shall be published on the Bank's web site at www.unibank.am.

- c. During the Offering period investors may obtain the Prospectus at the Bank's head office (located at 12 Charents St., #53, 1-5, Yerevan, Kentron Administrative District, RA), at the Bank's branches or from the Bank's web site at www.unibank.am.

Any person who decides to purchase shares in the Offering will purchase shares as a buyer through a person who provides investment services and is a member of the Stock Exchange.

The acquisition of shares shall be made through the participation in public standard auctions, in compliance with the "Securities Offering Rules" of the Stock Exchange.

Any resident or non-resident physical or legal person may act as a buyer.

Prior to participating in the Offering, a potential buyer shall open a share account with the Central Depository of Armenia or shall activate an existing share account.

d. In the case specified in part 3, Article 21 of the RA Law "On the Securities Market" the Bank may at its own initiative suspend the Offering for maximum of 10 business days only upon the consent of the CBA. If after completion of the suspension period the Offering is not resumed within one business day, the Bank shall be obliged to terminate the Offering and within 10 business days from the expiration of the suspension period return the funds received during the Offering to those persons having acquired securities. The Offering may be deemed invalid by the Bank Board within at least two business days following the end date of the Offering, if the number of competitive buy orders received during the Offering is less than 20 percent of the total number of shares under offer, in which case the sums already paid for the acquisition of shares shall be returned to the investors in the manner prescribed by the Internal Rules of the Stock Exchange. If within the mentioned term the Bank Board does not declare the Offering as invalid, it shall be deemed held in a proper manner. Except for the case mentioned in this point the Bank does not provide for any cases or circumstances of cancellation or postponement of the Offering.

In the case the Offering is deemed invalid, the funds received from the buyers shall be paid back within 10 banking days by depositing the respective amounts in the account of Stock Exchange which shall distribute such amounts to the buyers in accordance with the procedures stipulated by the Stock Exchange Rules. No interest shall be accrued on the amounts paid back.

e. No reduction of size of the Offering is envisaged.

f. No restrictions related to the maximum size of buy orders (subscription applications) are envisaged. However, the minimum purchase size for a buyer is AMD 1,000,000 (one million).

g. During public standard auctions each offering participant has a right to withdraw his order, which was previously entered into but not yet satisfied, as well as to modify the conditions specified therein.

h. The procedure for the payment for shares, as well as the receipt of the shares and the form of title to shares are described in the Description of the Offering Process (Section 2, part 3, paragraph 1(k)).

i. Offering results will be published on the Bank website at www.unibank.am within 30 days following the completion of the Offering.

j. Within the framework of an open subscription, the Bank shareholders will not exercise their pre-emptive right to acquire shares.

k. Description of the Open Subscription Process

The Offering of all common registered shares issued by the Bank shall be carried out through public standard auctions held on the Stock Exchange, in compliance with the "Securities Offering Rules" of the Stock Exchange.

The Placing of the shares on Stock Market will be conducted over 2 (two) consecutive business days. The commencement date of sale of the shares on the Stock Market will be published at least 3 days in advance. If within the 45 day term the shares are placed in full, the Bank shall close the Offering. Offering sessions will be held on the Offering dates, from 11:00 to 15:00.

The Bank acts on his own behalf and account for the Offering of the common shares issued by it.

A participant in the Offering acting as a buyer at a public auction may not sell the security acquired as a result of the Offering until after the Offering is closed.

Offering participants acting as buyers, who are willing to buy securities under the Offering on their own account or on the account of their customers, may only enter competitive buy orders into the Offering system.

The Offering is carried out in the form of an ordinary public standard auction, in which case information about the person who enters the buy order (commercial code) is disclosed in the order.

No restrictions are imposed on the total maximum number of securities included in competitive orders filed by any Offering participant acting as a buyer.

A buyer is recognized as the owner of securities purchased by on the Stock Exchange on completion of the full Offering process and compilation of the Offering results by the Bank's General Meeting, as well as upon registration at the CBA of the amendment introduced to the Charter (new edition of the Charter) that reflects the increase of the Bank's statutory capital as a result of issuance of additional shares.

Offering Plan

- a. The Offering is targeted at the public, and within the framework of open subscription no investor group related restrictions are envisaged. The public offering of shares shall be carried out in the Republic of Armenia, without restricting foreign participation.
- b. Shareholders or members of the Bank's management bodies may subscribe for shares in the Offering. The Bank does not have information on the volumes that the shareholders or members of the Bank's management intend to subscribe for. No person intends to subscribe for more than 5 percent of the shares offered in the Offering.
- c. Investors shall be notified of the completion of their orders by the persons who provide them investment services in the manner defined in Description of Offering Process (Section 2, part 3, paragraph 1(k)).
- d. No tranche of shares is specifically allocated for minority investors, institutional investors or the Bank employees.

e. If the quantity of shares applied for in the Offering exceeds the quantity of shares available in the Offering, priority shall be given to the orders entered earlier. The last order that makes up the quantity of shares offered in the Offering may be partially satisfied.

An order may be rejected in the following cases:

- in the event that according to legislation the CBA's prior consent is required for an acquisition of shares and such consent has not been obtained by the buyer, or the CBA has refused to give such prior consent;
- the quantity of shares offered in the Offering have already been acquired.

Offering Price

a. The Offering price of the shares agreed on by the Board of the Bank is AMD 230 per share.

Besides the payment of the share price, the buyer of shares shall not be required to pay any other expenses or taxes, with the exception of relevant commissions as stipulated by the Stock Exchange Tariff Rules, as well as commission for services in the case when shares are acquired through persons providing investment services (service fees).

b. In determining of the price of the shares in the Offering the Bank Board based its value on the capital of the Bank at 1.5 multiple taking into consideration a report provided by an independent appraiser.

Underwriting

a. The Bank shall also act as underwriter of common shares issued by it.

b. The payment for shares shall be made to the Bank via a transfer of a buyer's cash funds deposited in the Stock Exchange.

c. A securities account may be opened with the Central Depository of Armenia or any other specialized depository institution licensed by CBA, through an account operator.

4. Admission to Trading

a. According to the decision of the Bank's Board dated 24.10.2016, the Bank intends to conduct the Offering of its shares on the Stock Exchange. An admission to trading will be applied for which may be rejected.

b. The Bank believes that the shares being issued in the Offering meet all the requirements for the listing of the shares in the Primary (A) List of the Stock Exchange.

c. Market Maker

The Bank intends to conclude a market making contract with Armenbrok OJSC (address – Tigran Mets 32/1, 0018, Yerevan, Armenia). The main terms of Market Making duties will be detailed in a services agreement.

5. Selling Shareholders

a. This Prospectus does not make any provision for any offer for shares to be purchased from the existing shareholder of the Bank or any legal entities belonging to the shareholder. The Offering refers only to newly issued common registered shares to be additionally placed by the Bank.

b. The Bank's current shareholder will not sell any shares in the Offering retaining the shares it owns in the Bank and it will continue to act as the major shareholder of the Bank.

6. Issuance and Offering Costs

The Bank anticipates the gross proceeds from the Offering to be AMD 4,000,000,150. The Bank will incur the following expenses relating to the Offering:

- cost of state registration of the Prospectus of AMD 50,000 defined as the amount 50-fold of the base duty rate;
- Marketing Expenses of AMD 8,000,000.

The net proceeds from the Offering will be AMD 4,000,000,150.

7. Additional Information

The Bank's independent auditor has audited the information included in this Prospectus relating to the Bank's audited annual financial statements for 2013, 2014, 2015 as well as interim reports of 2016 that are attached to this prospectus as appendix A.

SECTION 3. INFORMATION ON THE ISSUER

1. Background to the Bank and its Market

a. Introduction

Unibank was incorporated on 9 October 2001 as a closed joint-stock company (Registration Certificate No. 0373 and Registration number 81 approved by CBA Board decision No. 260 dated 9 October 2001. According to a decision by the Bank's General Meeting on 12 March 2015, the Bank was reorganized into an open joint-stock company.

Full name of the Bank:

in Armenian – «ՅՈՒՆԻԲԱՆԿ» ԲԱՅ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ

in Russian – ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО "ЮНИБАНК"

in English – "UNIBANK" OPEN JOINT STOCK COMPANY

Short name of the Bank:

in Armenian - «ՅՈՒՆԻԲԱՆԿ» ԲԲԸ

in Russian - ОАО"ЮНИБАНК"

in English - "UNIBANK" OJSC

The Bank is regulated in Armenia according to its laws and conducts its business under General License No. 81, granted on 10 October 2001, by the CBA. According to a decision taken at the Bank's Extraordinary General Shareholders Meeting on 12 March 2015, the Bank was reorganized into an open joint-stock company. The main shareholder of the Bank is Ripatonso Holding Limited (84.19%), a company registered in Nikosia with its office located at Patmou 5B, Aglatzia, P.C. 2013, Nikosia, Cyprus.

Unibank's head office is in Yerevan. The Bank has 46 branches making it the fourth largest bank in Armenia by number of branches¹. It has 24 branches in Yerevan, 22 in the other regions of Armenia and two in the Republic of Nagorno Karabakh. The Bank also operates a representative office in Moscow, Russia. The registered office of the Bank is 12/53 Charents Street, #1-5, Yerevan. As of 30 September 2016 the bank had 858 employees.

Contact information:

Tel: +374 (10) 52-22-59; 59-55-55

Fax: + 374 (10) 55-51-40

¹According to the information provided by "Arka" news agency dated as of 31.12.2014

Email: unibank@unibank.am

Website: www.unibank.am

Unibank is the registered owner of the following trademark:



Registration date: 7 August 2002

Registration is valid until 30 November 2021

Registration number: 6906

Fig 1. Unibank's Branch Network



Unibank is an integral part of the Armenian banking network with a solid reputation and a strong market presence.

Unibank's Market Position as of 30 September 2016 according to the following indicators¹.

	Position	Share of the market
Assets	8	4.8%
Liabilities	9	4.8%
Total Capital	8	5.2%
Statutory Capital	6	6.1%
Credit investments	8	5.2%
Liabilities to Clients	8	6.2%
Profit for 9 months after taxes	14	3.8%

As of 30 September 2016 Unibank had over 318,000 customers in Armenia.

Unibank is a universal bank providing banking services via its wide branch network to its retail and corporate customer base. The Bank takes retail and corporate deposits and lends to its customers through its banking products; secured loans, car loans, mortgages, unsecured retail loans, small consumer loans and credit cards. The Bank prides itself in providing its customers with innovative and comprehensive high-quality financial solutions. The primary strategy of Unibank is to increase its market share by continuing to build on its current retail and corporate banking business, specifically in the SME market. As part of its retail development programme, the Bank has approximately 54 promotion/sales points in shopping malls and household appliance stores in Yerevan and throughout the regions. The Bank has a strategy to move towards a “one window” service principle, part of which is to install self-service electronic cashiers and payment terminals that will enable front office employees to decrease the amount of time customers have to spend with bank employees thus improving the customer experience and the quality of service.

The Bank has developed underwriting processes and technology to make lending decisions quickly, leading to high levels of customer satisfaction. The introduction of its electronic systems has allowed the Bank to, not only automate the distribution of its loan products, but also to assess credit risks quickly and efficiently, significantly reducing the time taken to lend to its customers. Unibank plans, by the end of 2016, to install automated processes to distribute mortgages, car loans, cash loans, credit cards and business loans. As a result, the Bank will be able to visit its clients and provide on-the-spot approvals by performing credit checks and credit scoring on-line.

Over the last five years Unibank has maintained its position as one of the market leaders in taking term deposits from individuals, largely by striking the right balance between the Bank's good reputation and attractive deposit rates.

¹ According to the information provided by “Arminfo” Agency dated as of 31.12.2015

Unibank is well known for its money transfer business as a member of the Unistream money transfer network. Until 2012, Unibank was the only agent of Unistream in Armenia, accounting for more than 50% of remittances received in Armenia. Since 2012 in order to build on its market position, Unistream started offering its services through other Armenian banks. To compensate for the falling volumes with Unistream, Unibank began cooperation with Intel Express in 2014, another international money transfer system.

Unibank provides payment processing for Armenia's public utilities and it accepts utility payments in all of its branches. The Bank's customers can also make payments at 112 ATMs throughout Yerevan and in regional towns in Armenia. Unibank's utility payment customers are provided with a UNIPAY utilities common card free of charge which holds the information necessary to process utility payments quickly and efficiently.

Unibank uses a number of channels to market and promote its brand and services. It advertises on TV, radio, the internet, on public transport, on billboards and in elevators in Yerevan. It also distributes booklets, leaflets and stickers to potential clients. According to research published by the Gallup International Association in Armenia, Unibank is one of the top three banks in Armenia in terms of brand awareness¹.

b. The Republic of Armenia

Main macro economical indicators of RA as of 30 September 2016²

Capital	Yerevan
Population	3,006,154
GDP (USD)	11 billion
GDP per capita (USD)	3,515
Currency	Dram (AMD)
Current exchange rate (31.12.15)	474.1 AMD/USD

The Republic of Armenia is a small country located at the crossroads of Europe and Asia in the northeast of Asia Minor (Armenian Plateau), bordering Azerbaijan, Iran, Turkey and Georgia. With an area of 29,800 square kilometres, the country is approximately the size of Belgium.

Population

¹Gallup International Association in Armenia, dated as of 31.12.2015

²According to information provided by www.armstat.am

Based on current official estimates, Armenia's population is approximately 3 million people. Ethnically, Armenia is a homogenous country with 95% Armenians. After the collapse of Soviet Union, many Armenians left the country. Though the migration was declining until 2008, the trend has reversed since the global economic crisis.

Armenian Diaspora

Armenian diaspora, estimated at around 10 million people, is spread over 85 countries with major concentrations in Russia (2.5 million), United States (1.5 million), France (0.45 million) and Georgia (0.25 million). In the beginning of the 1990s, Armenian diaspora played a crucial role in the process of rebuilding the country following the collapse of the Soviet Union. Beyond humanitarian help, development work and political support, diaspora played an active role in attracting foreign investment through leveraging its potential to attract global investment and companies such as HSBC, Coca Cola, Marriott, and KPMG. The leading investors in Armenia come from Russia, USA, Argentina, and Iran.

Geopolitical situation

The Armenian geopolitical situation is influenced by the interplay between the different interests of Armenia's neighbours and large global geopolitical players. Russia, USA and the European Union are very active in the region maintaining and increasing their influence. Georgia is strongly pro-Western and Azerbaijan is trying to maintain good relations with both the West and Russia. Armenia in recent years has been increasing its ties with Russia, especially in the areas of the military and the energy sector, while also maintaining good relations both with the US and EU. In 2013 Armenia officially announced its intentions to join the Customs Union of the Eurasian Economic Community ("EEC") formed by Russia, Kazakhstan and Belarus. In early 2015 Armenia joined the EEC and now benefits from free flows of commodities, services, labour and capital between its members. This is a major development in Armenia's political arena. Though many aspects of the EEU are still unclear, membership to it is expected to bring significant changes to Armenia's economic structure, trade and overall geopolitical position.

In 2005, the United States built the biggest US embassy in the region in Armenia. Armenia has good relations with Iran and Georgia, and the relations and economic cooperation with these countries are developing. With its other two neighbours, Turkey and Azerbaijan, relations are difficult.

Turkey denies the genocide of some 1.5 million Armenians committed by the Ottoman Empire between 1915-1923. Currently, Armenia still has no diplomatic relations with Turkey. However, at the same time, there are substantial volumes of trade.

There are no trade relations with Azerbaijan. The so-called Minsk Group of the Organisation of Security and Cooperation in Europe (OSCE), represented by US, Russia and France is mediating negotiations between the two countries towards resolving the conflict.

Political system

Politics in Armenia take place under the framework of a semi-presidential republic. According to the Constitution of Armenia, the President is the Head of State and the Government. Legislative power is vested in the parliament. The Republican Party of Armenia headed by President Serge Sargsyan controls a majority. Prosperous Armenia (that withdrew from coalition after the last elections and positioned as more oppositional force) currently holds the second largest number of seats in parliament.

One of the biggest changes in the politics of Armenia was that in December 2015 the country held a referendum which resulted in Armenia changing its form of government from a presidential to a parliamentary republic.

c. Armenian Business Environment

Trade

Armenia joined the EEU on 2 January 2015. The EEU is an economic union of states located primarily in northern Eurasia. A treaty to establish the EEU was signed on 29 May 2014 by the leaders of Belarus, Kazakhstan and Russia. The EEU introduces the free movement of goods, capital, services and people and provides for common transport, agriculture and energy policies, with provisions for a single currency and greater integration in the future.

Outside of the EEU, Armenia has a liberal foreign trade regime with a simple two-band import tariff (at 0 and 10%), no taxes on exports and no substantial quantitative trade restrictions. Import, export and domestic production licenses are required only for health, security and environmental reasons. There are no limits on hard currency imports. Excise taxes are charged at various rates on the import or production of some luxury goods (including alcohol, tobacco, caviar, petrol, precious stones and furs).

Since the end of 2003 Armenia has been a member of WTO. A free trade regime is in force with CIS countries and Georgia. Armenia is included in the European Neighbourhood Policy (“ENP”) a foreign relations instrument of the European Union (“EU”), which seeks to tie those countries to the east and south of the European territory of the EU to the Union. Being included in the ENP, Armenia receives a favourable trade regime for Armenian exporters to the EU. Armenia qualifies for the enhanced Generalised Scheme of Preferences (“GSP+”). This means the entire removal of tariffs on the same product categories as those covered by the general arrangement. These are granted to countries which ratify and implement international conventions relating to human and labour rights, the environment and good governance.

On 18 October 2011 Armenia, along with Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Ukraine, signed an agreement on the establishment of a “Free trade zone between CIS countries”. The implementation of the agreement assures simplification of economic activity and a decline of custom fees up to 95% between the member countries.

Fiscal / tax regime

Businesses operate under a general tax scheme (paying VAT and profit tax) and a sales tax regime (for SMEs with an annual turnover under USD 140,000). Permission fees and fixed (presumptive) taxes are applied to specific types of business activities (for example, small retail outlets, restaurant and hotel, car service centres, transportation, gambling, taxi and other services) regardless under which tax regime the business operates. These taxes substitute VAT and profit or income tax.

Due to recent improvements in tax reporting, including an electronic reporting system, Armenia has recorded significant improvements in collecting taxes according to the World Bank's "Doing Business" reports in 2015.

Taxes

Type	Rate
Profit Tax (corporate income tax)	20%
Income Tax (personal income tax)	24.4-36%
Value Added Tax	20%

Other taxes:

Property tax; excise tax (oil, spirits, wine, beer, tobacco products etc.); land tax.

Although businesses are taxed on dividends and capital gains on the disposal of shares, individuals are not taxed on either.

Investment regime

The Government of Armenia promotes foreign investment and operates an "open door" policy, including:

- Equal treatment for both foreign and domestic investors;
- 100% foreign ownership is permitted;
- No limitations on size and type of foreign ownership (except for the rights to own land by foreign citizens);
- Special investment incentives for foreign investors (customs duty exemptions for capital goods imported as a contribution to share capital);
- Alternative dispute resolution mechanisms for foreign investors (ICSID);
- Guarantees for legislative changes (a five-year "grandfather-clause");
- No restrictions for capital and revenue transfer and repatriation;

- Liberal regime on employment of foreign workers.

The Armenian Government has signed investment protection and promotion treaties with 39 countries, including USA, Germany, Russia, and France, which provide additional guarantees for foreign investment. Additionally, to avoid the double taxation of incomes and property, Armenia has signed bilateral treaties with 32 countries. By the ease of doing business Armenia ranked 43th in 2010, while in 2016 the country is the 35th. Armenia has one of the lowest inflation rates in the region with a 5 year average annual inflation rate of 5%.

Armenian Financial Market

Armenia has a developing financial sector, but most retail transactions are still in cash. The large role of remittances and a reliance on foreign partners has increased the significance of bank transfers. The use of debit and credit cards is increasing as the network of ATMs and POS terminals expands. Armenian banks provide a range of standard banking services, including bank transfers, lending programmes, corporate deposit accounts, card operations, trade finance (including letters of credit, collections and guarantees) as well as trust operations, broker/dealer transactions and others.

Commercial banks provide short and long term loans both in AMD and in foreign currency at interest rates of between 10%-24%. There are additional fees charged by the banks, such as one off upfront fees and annual service fees. Bank deposits in Armenia are guaranteed by the Deposit Guarantee Fund, in accordance with Armenia legislation. Armenia has one licensed credit bureau, the Armenian Loan Reporting Agency (“ACRA”) that reports information on 56% of relevant individuals and firms.

The banking sector is the largest part of the financial market in Armenia. As of 31 December 2015, there were 20 commercial banks operating in the Armenia with 541 branches in Armenia. Armenian commercial banks employ approximately 14,473 people.

The range of banking services has expanded significantly in recent years.

Several legislative initiatives are expected to lead to significant changes in other areas of the financial markets such as insurance, pension funds and capital markets. In January 2011 obligatory car insurance was introduced resulting in the market for insurance services growing 171% compared to 2010. In the near future, a series of legal initiatives are planned to introduce mandatory medical and other types of insurance.

Reforms of pension funds and the capital markets are underway in Armenia. In 2013 IFC and in 2014, the EBRD issued corporate bonds denominated in AMD to trigger the development of the capital markets. However, the capital markets still remain at an early stage of development.

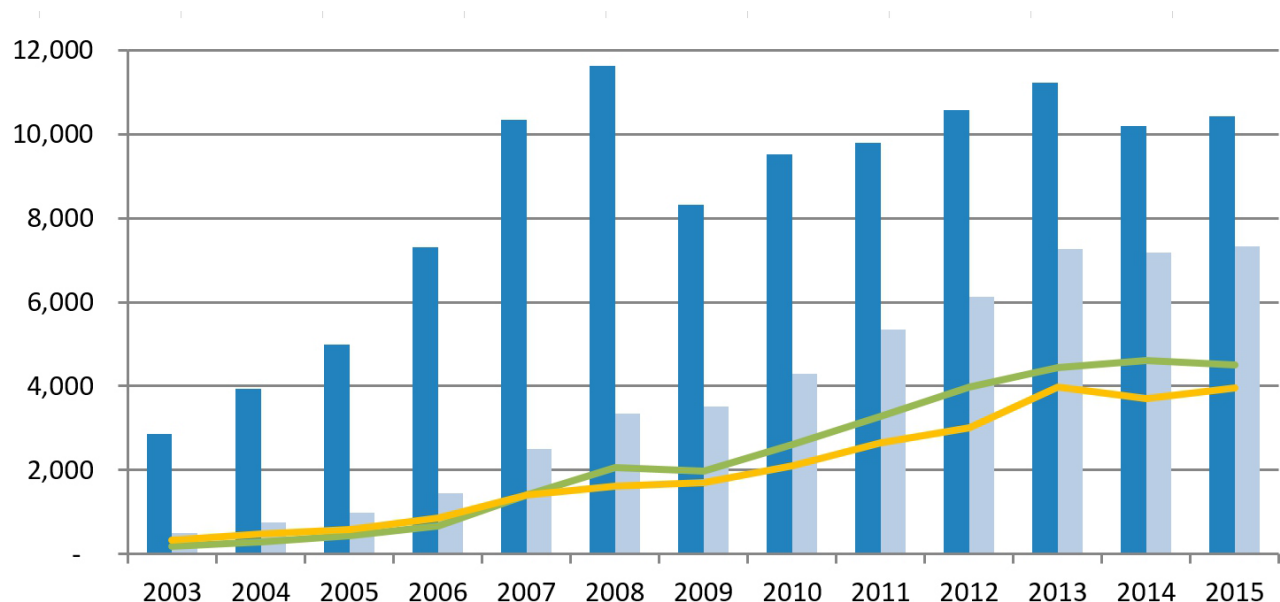
In 2015 the EBRD has invested USD 40 million in the banking system of Armenia. This was the largest single-ticket equity deal the EBRD has signed in the region to date. The EBRD investment will open new opportunities for further lending and strengthen the growth of Armenia’s economy. Since the start of its operations in Armenia in 1992, the EBRD has invested over €1.04 billion in 148

projects in the country's financial, corporate, infrastructure and energy sectors, with 88 percent of these investments being in the private sector.

The CBA is focused on attracting international financial institutions into Armenia, as well in reshaping and upgrading the financial markets. In 2008 the Swedish exchange operator OMX (acquired by NASDAQ in 2008) acquired the Armenian Stock Exchange and the Central Depository. The CBA believes that by introducing legislation close to European standards it will attract international pension funds. The state-owned Pan Armenian Bank has been established with a mandate to finance long-term investment and infrastructure by leveraging Diaspora resources; however, it has not been active in the market yet. The National Mortgage Company has been implementing a few programmes to boost long term lending markets.

Armenia has a national payment system, ArCa, established in 2000. The owners of the system are the CBA and local commercial banks. The payment system processes both Visa and MasterCard transactions.

The Armenian Banking Market



- In 2015 the share of loans in total assets was 62%, almost twice the amount in 2003
- Since 2003 assets and loans had a CAGR of 23% and 29% respectively
- By 2015 RA banking system assets increased to USD 7.3 bln (by 16%)
- By 2015 the deposits/loan portfolio ratio was 88%

To note, starting January 1 2017, a new standard of minimal total capital - 30 billion drams versus current 5 billion drams - will be introduced in the banking system of Armenia. The amendment applies to all the participants in the banking system of Armenia. This tightening will lead to merger of banks and bigger actors will emerge in the banking sector, which, in turn, will ensure a higher quality and more accessible banking services and health-

competition. In addition, the banking sector will become more efficient and stable. Favorable environment will be created for introduction of new technologies and products, which will help involving Armenian banks into the international equity market and creating a basis for further enhancement of cooperation. The banks will become more flexible and resistant to economic shocks. This will promote also financial mediation.

Securities market

Armenia's securities market is still developing. On 21 November 2007, NASDAQ OMX, a leading company in the equities exchange industry acquired the Armenian Stock Exchange and the Central Depository of Armenia from the Government, becoming the sole shareholder in both entities. OMX and the Government also signed a cooperation agreement outlining their joint efforts to support the long-term development of capital markets in Armenia.

d. Unibank History

Unibank is a universal bank which offers its customers a wide range of banking services. Over the past 15 years the Bank has built a strong brand in Armenia and has become one of Armenia's leading banks.

Significant Events

In 2002, Unibank provided its customers access to the Unistream money transfer system, which is one of the leading money transfer systems in Armenia.

In 2003 Unibank became a member of local ArCa payment system.

In 2004 Unibank became a member of Visa International.

In 2005 Unibank launched a large-scale lending programme through mortgages and car loans, taking first and second place respectively among Armenian banks.

In 2006, Unibank became a member of the International Fund for Agricultural Development (IFAD) programme to promote investment in rural areas, and participated in the SMEDNC project to develop small and medium sized enterprises.

In 2007 Unibank increased its authorized capital by AMD 5,599 million and ABN AMRO Bank's risk management programme was introduced.

In 2008 Unibank became a member of Armenian NASDAQ OMX stock exchange.

In 2008 the Bank developed a new version of its automated banking system with an on-line centralized database for all its branches. The Bank's head office moved to Charents Street where it installed a new server room and implemented new IT technologies and hardware which included setting up its own processing centre and a centralized operational service system.

In 2009 Unibank' network of affiliates were joined by a common database. At present all Bank branches work online.

On 3 June 2010 Moody's international rating agency assigned Unibank financial stability E+ rating, Ba3 long-term rating for foreign currency and national currency deposits and a NP short-term rating. All of the ratings have a stability forecast.

In 2011 Unibank began a trade financing project with the Asian Development Bank to provide companies with letters of credit and bank guarantees. In 2011 Unistream, the international money transfers system launched a new loyalty card for its clients, which has increased the efficiency of money transfers, considerably shortening customer servicing times and enabling the customer to trace the status of transfers online.

In 2012 Thomson Reuters awarded Unibank "Best Dealing Bank of 2012". At the end of 2012 the Bank finalized the process to launch its own card processing centre which was certified by Visa International on January 2013. The Bank began using the Salesforce.com platform, based on cloud technologies, to manage the origination and relationship management on its consumer credit programme.

In 2013 the Bank participated in the tender to manage the Loan Guarantee Fund programme set up by USAID. It has also signed a cooperation agreement with IFC and Black Sea and Trade Development Bank, whereby IFC has provided the Bank with two loans of USD 5 million, and Black Sea and Trade Development Bank has provided the Bank with a USD 5 million loan. The loans are to be used to expand the SME and trade finance activities of the Bank. IFC, through its Bank Advisory Program in Europe and Central Asia, also supports Unibank with advisory services aimed at improving the Bank's risk management and SME credit processes. The cooperation with international financial institutions has helped the Bank build its SME lending business, which in turn has helped SME enterprises in Armenia to grow, thereby leading to the creation of new jobs.

In 2014 Unibank began cooperation with Intel Express, the international money transfer system. It also introduced ISO 27001:2013 information security standards and set up its Unibank Privé private banking system.

On 12 March 2015, according to a decision taken at the Bank's Extraordinary General Shareholders Meeting, the Bank was reorganized into an open joint-stock company.

On 25 December 2015, Moody's applied a rating on Unibank's long-term local and foreign-currency deposit ratings of B2/NP and the baseline credit assessment (BCA) of B1(cr)/NP(cr). It also assigned a Counterparty Risk Assessments (CR Assessments) of B1(cr)/Not-Prime(cr) to Unibank.

On 1 July 2015 the Bank became an Account Operator at the Central Depository of Armenia and a member of the Unified System of Security Registry Maintenance and Settlement.

Unibank is the first company in RA realizing shares offering via Initial Public Offer (IPO). The IPO was conducted as a standard open auction with a total of 186 transactions effected and 10,672,471

shares placed which raised 2,454,668,330 drams. The price of a share with the face value of 100 drams grew to 230 drams.

The decision was prompted by Unibank's ambition to reach a new development level and to become a people's bank. In 2015 at Mercury annual award ceremony Unibank was named the best people's bank.

On April 2016 the main shareholder of the Bank - Glovery Holding Limited increased the authorized capital of the Bank by 5,221,999,810 AMD via SPO, totally 22,7 mln common nominal stocks. Bank's statutory capital has been replenished by 2,270,434,700 AMD and 2,951,565,110 AMD is registered as emission income.

Thus Bank's statutory capital makes AMD 16,438,381,800, comprising 132,373,818 common shares, each with a par value of AMD 100 and 32,010,000 preference shares, each with a par value of AMD 100.

On April 2016 Unibank started issuing nominal coupon bonds worthing USD 5 mln with a face value of USD 100. The minimum package includes 10 bonds worth USD 1,000. The maturity term is 24 months with coupon profit payments to be made quarterly and the repayment of the bonds will be made on April 8, 2018. As of 20.04.2016 more than 80% of the first issue has already been booked, though the subscription of bonds will last up to 14 June 2016. After the placement the bonds are expected to be listed at NASDAQ OMX Armenia stock exchange market.

On April 2016 the main shareholder of the Bank - Glovery Holding Limited increased the authorized capital of the Bank by 5,221,999,810 AMD via SPO, totally 22,7 mln additional common nominal stocks. Consequently, Bank's statutory capital has been replenished by 2,270,434,700 AMD and 2,951,565,110 AMD is registered as emission income.

Thus Bank's statutory capital makes AMD 16,438,381,800, comprising 132,373,818 common shares, each with a par value of AMD 100 and 32,010,000 preference shares, each with a par value of AMD 100.

On September 2016 the authorized capital of the Bank was increased by 2,800,000,220 AMD via SPO, totally 12,173,914 additional common nominal stocks. Consequently, Bank's statutory capital has been replenished by 1,217,391,400 AMD and 1,582,608,820 AMD is registered as emission income.

Thus Bank's statutory capital makes AMD 17,655,773,200, comprising 144,547,732 common shares, each with a par value of AMD 100 and 32,010,000 preference shares, each with a par value of AMD 100.

As of 12.10.2016 "UNIBANK" OJSC placed free float for non-documentary ordinary nominal shares that makes a total of 15.8054%. Therefore, these shares meet the requirements of primary List A of "NASDAQ OMX Armenia" Rules on Securities Listing and Admittance to Trading. The board of "UNIBANK" OJSC made a decision on the 10.10.2016 to replace non-documentary ordinary nominal shares of the Bank from Platform B to Platform A.

ISO 27001:2013 in the framework of international standards “Bureau Veritas Certification” a French company has audited UNIBANK and reconfirmed informational security system correspondence to international standards.

ISO 27001:2013 Standard Certificate stipulates high informational security system level of Unibank in addition to being efficiently managed and controlled.

“Paruyr Sevak” branch was opened in June’2016 for retail services only in order to provide with a more convenient and quick service to the clients of the Bank.

At the same time in order to organize a “One Window” service in UNIBANK “Ejmiadzin” and “Armavir” branches, several repair works have been done and the renewed branches have been reopened.

In August’2016 Moody’s Investors Service international agency affirmed the long term local and foreign country deposit ratings of “Unibank” B3 and changed the outlook from Stable to Positive. The Positive outlook acknowledges the recent strengthening of Unibank’s capital position.

“Unibank” OJSC German-Armenian fund together with German KfW bank has launched a new crediting program for Small and Medium Enterprises directed to raise energy efficiency of enterprises in Armenia. The participants have the ability to get not just business loans with profitable conditions but also reduce the costs for energy for the company.

Unibank has successfully completed the process of issuing and placing annual fixed income bonds in USD, with an interest rate of 8%. On the 30th of June 2016 nominal coupon bonds (UNIBB1) of Unibank were listed on the Primary (A) list of “NASDAQ OMX ARMENIA”. This process will enable to start bond circulation in the stock market and to realize manual trading and repo operations.

Investments

- a. No significant investments have been made by the Bank during the historical financial period and afterwards till the moment of submission of this Prospectus to registration.
- b. No significant investments of the Bank are in process.
- c. No future significant investments of the Bank are planned, for the performance of which the governing bodies of the Bank have undertaken obligations.

2. Business Overview

a. Business Lending

Lending to small and medium businesses is under the strategic focus of Unibank.

The success of Unibank’s strategy in the SME sector lies in its ability to structure bespoke products for individual businesses, ensuring their competitiveness and providing its SME customers with the

highest quality of service and up-to-date technology. As of 31 December 2015, the share of SME loans in the Bank's total business loan portfolio was 51%.

The SME sector contributes considerably to Armenia's economy. The sector experienced robust growth in parallel with the country's rapid economic development up until the financial crisis in 2008, which deeply affected this sector's performance, being particularly vulnerable to the performance of the economy. Following a contraction of approximately 10% in the volume of output in 2009, the sector is yet to regain its pre-crisis performance levels.

Since 2000, the Armenian Government has pursued a pro-active approach to support SME growth. Key developments include the establishment of the SME Policy Implementation Agency, creation of the SME Support Council and work on a new SME strategy. Armenia has achieved the highest scores in areas of creating a business friendly environment as a result of recent extensive deregulation initiatives. The SME Development National Centre Fund (SME DNC Fund), an efficient and geographically widespread SME agency, offers help to SME's in the form of training, business support tools such as business administration services.

Over past 2 years Unibank has focused on SME lending by:

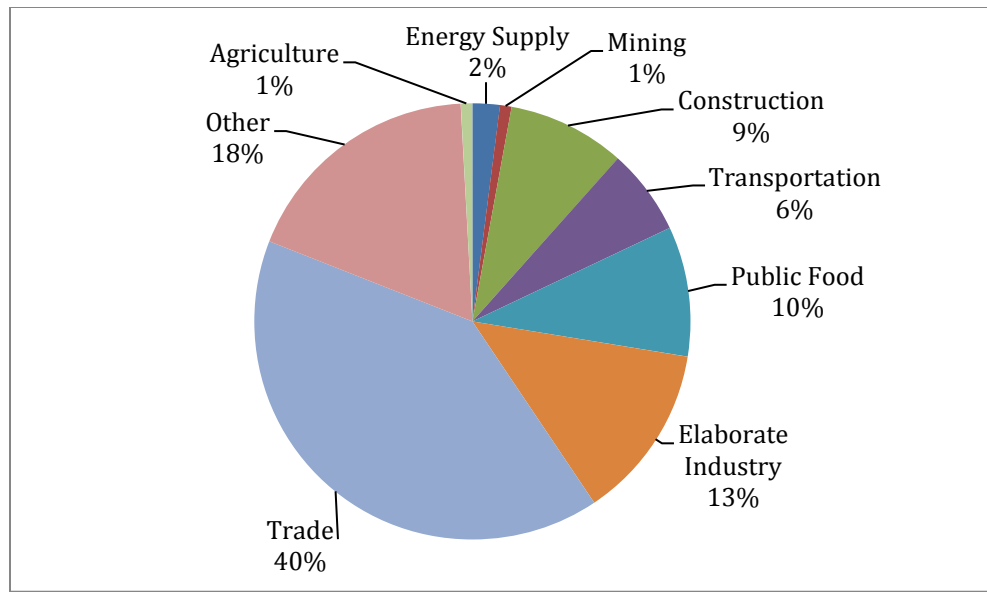
- Diversifying its the portfolio and increasing the proportion of SMEs in the portfolio,
- Focussing upon active and passive banking through cross-selling and CRM,
- The efficient use of the branch for lending and attracting customers, focusing upon SMEs working in services, production and trade,
- Introducing new customer orientated banking products.

As Unibank has made a conscious decision to focus on SME's and entrepreneurs, its lending to larger corporates has declined. However it is not the Bank's intention to cease lending to larger corporates as the Bank still considers these customers as an important part of its overall business. It continues to work with its corporate clients, offering them a wide range of banking products.

Fig 9. Share of the Sectors in the Business Portfolio 30 September 2016¹

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¹ According to the information provided by "Arka" news agency dated as of 31.12.2014

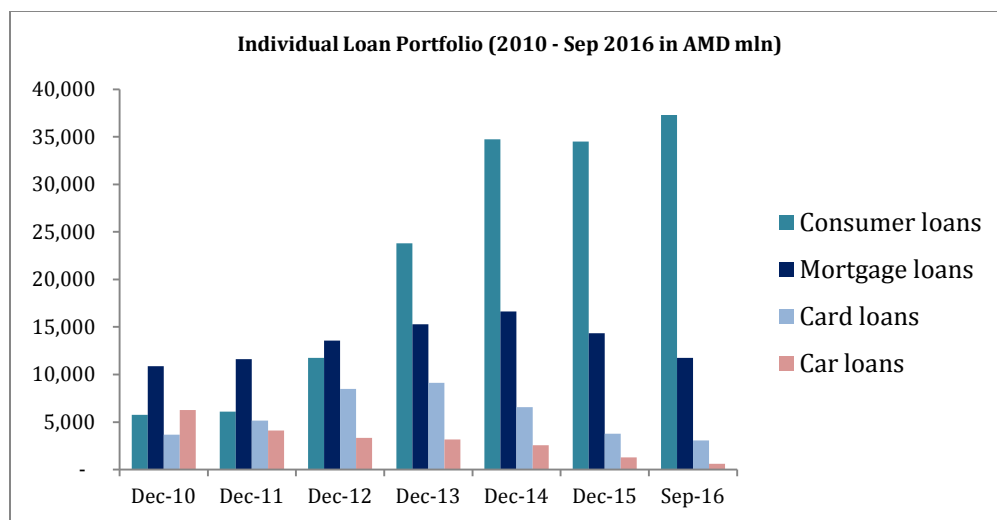


b. Retail Lending

Unibank is building its retail banking offering through its branch network and a focus on carefully selected banking products. Retail sales are made through its own branches and through partner companies. Retail lending is split between:

- Mortgages,
- Car loans,
- Consumer loans (secured)
- Consumer loans (unsecured - cash loans, POS lending),
- Credit cards.

Below chart demonstrates growth of loans provided to physical persons from 2009 to 2015.



Unibank has implemented Salesforce.com's CRM platform to manage its customer acquisition and loan approval process. Salesforce.com is the world leader in CRM-systems and cloud computing. Implementing Salesforce.com has enabled the Bank to significantly cut the credit approval time and documentation processing for consumer loans. Today customers can fill in loan applications in person at a bank branch or online and receive approved almost immediately without a bank visit. Unibank is also developing its ability to process other products online; mortgages, car loans and SME loans.

Currently the Bank sells its services in more than 600 points of sale through its own branches and partners outlets.

Products sold through partners are developed with the Bank's partners as well as the advertising and marketing campaigns associated with them.

The Bank places promo points at the premises of its partners. In these promo points employees of the Bank present the Bank's products to potential customers. In 2016, 9 new promo points were opened, bringing the total number to 49.

Small consumer loans (unsecured loans)

In the second half of 2011, Unibank began its small consumer loans business, lending between AMD 50,000 and AMD 1 million to retail customers. Currently Unibank's total loan book of small consumer loans amounted to AMD 23.3 billion, which shows Bank's leading position in the market.

The advantages of small consumer loans to the Bank's clients are as follows:

- Prompt receipt of the loan proceeds: the loans can be used at his/her discretion,
- Minimum requirements for the borrower: passport and social security card,

- Competitive terms in the retail loan market,
- No upfront fees or early repayment fees, allowing pre-maturity repayment.

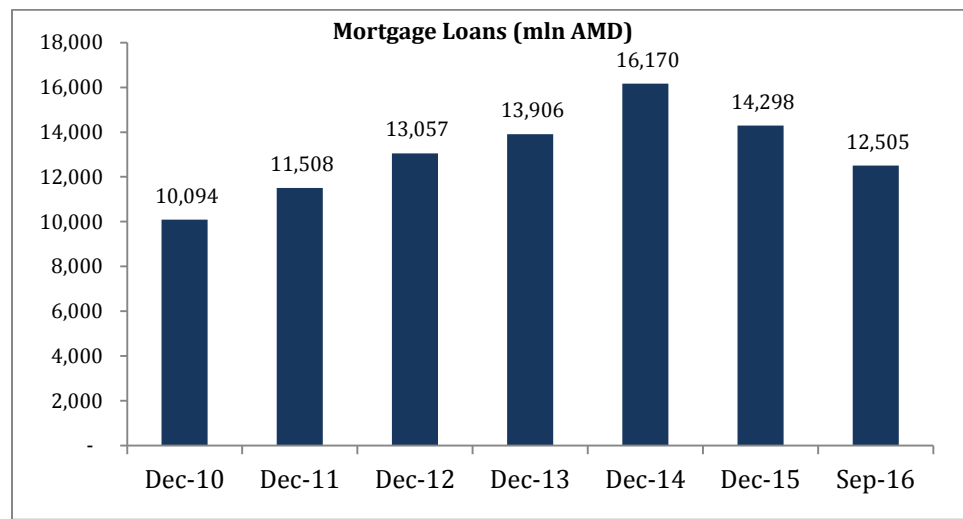
Partners

Unibank has successfully established relationships with a growing number of partners for consumer lending, including the principal mobile operators in Armenia (Vivacell MTS, Beeline, Orange, Mobile Centre, Vega, Vesta, Aray) and number of large retailers (VLV -electronics and Klayk - furniture).

Mortgage lending

Unibank began issuing mortgages in 2005 becoming one of the leaders in the mortgage market. Currently Bank holds one of the top three mortgage portfolios in Armenia.

Fig. 14 Growth of Unibank's Mortgage Loans from 2010 to Sep 2016 (million AMD)



Unibank also works with the National Mortgage Company and the Home for Youth Organization to support mortgage lending to specific group of clients at competitive rates.

Credit cards

Unibank attracts its credit card customers through advertising and through its partners. Prospective customers fill out a simple application form on www.unibank.am and once completed online they are informed of a preliminary decision via a text message following an automated underwriting process.

At 31 December 2015 Unibank had issued 14,529 credit cards with a total outstanding balance of AMD 3,791 million.

Credit cards are provided to both participants of the Magnis loyalty programme, and to company directors, entrepreneurs, senior state officials, borrowers and depositors.

Unibank's underwriting process is fully automated. Its risk management process includes credit history checks from ARCA and its scoring model was developed with Protobase Laboratories.

Unibank also offers its credit card customers the opportunity to hold positive balances on their cards on which they can earn attractive rates of interest of up to 3% on AMD balances, 3% on USD balances and 3% on € balances.

All cards are linked to the Magnis loyalty programme providing customers with discounts and privileges as described in the section on Magnis below.

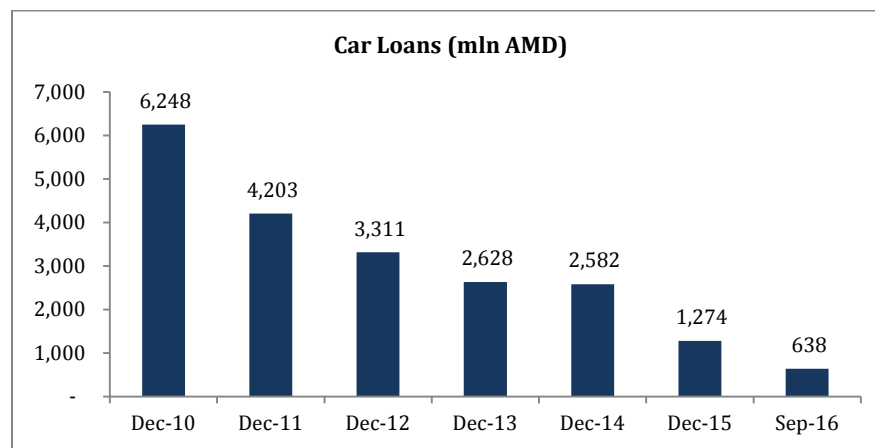
Car Lending

Unibank's car loan portfolio currently stands at AMD 1,273 million. The Bank's portfolio has been in decline over the past three years due to its restrained policy in issuing car loans both in the new and second-hand car market.

Unibank started its car loan business in 2005 and it grew quickly until the global financial crises in 2008. Since then the Bank has tightened its credit process and reduced the amount it lends for car purchases.

Unibank's car loans carry fixed interest rates, are for a fixed term and are secured against the vehicle. Rather than providing a hire purchase product, the title does transfer to the borrower at the time of purchasing the vehicle. Payments are received monthly in arrears. The Bank will lend on the purchase of both new and used vehicles for private use.

Fig 17. Unibank's Car Loan Portfolio from 2010 to Sep 2016.



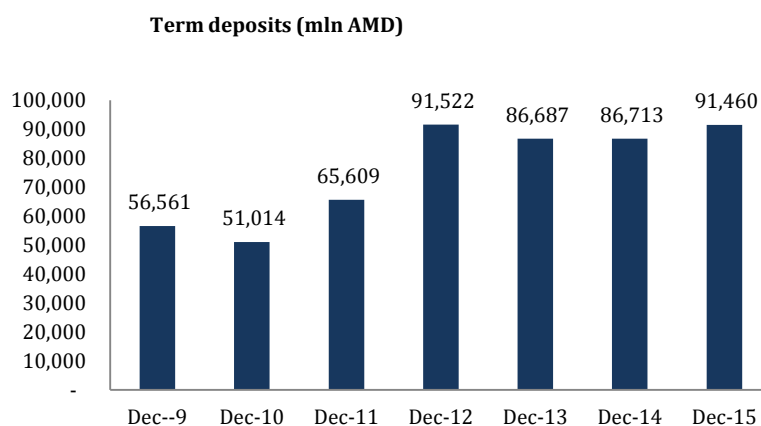
Gold secured loans

Starting from August 2015 Bank has realized granting of gold secured loans, which is implemented in the branches Tamanyan, Acharyan, Gyumri, Sevan and Artashat.

Customer deposits

Unibank attracts deposits both from individuals and legal entities through its wide branch network, by promotions and advertising on the internet and through traditional media channels. Unibank is one of the market leaders in attracting both short-term and long-term deposits; currently the Bank holds AMD 91 billion in term deposits and AMD 12 billion in demand deposits.

Fig 18. Unibank Deposit Portfolio from 2009 to 2015



c. Other Services

Customer Loyalty Card

Unibank's Magnis loyalty programme was set up to increase customer satisfaction. Magnis loyalty cardholders accumulate bonuses and receive benefits when they make purchases from the Bank's partners and can participate in a raffle of valuable prizes and special offers.

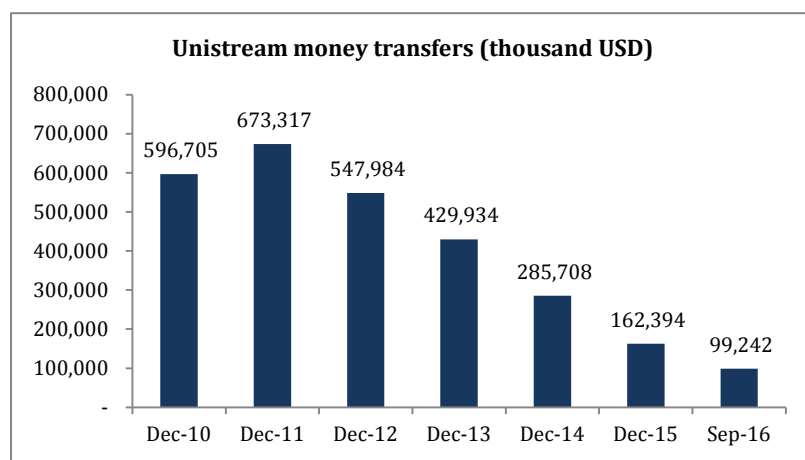
Unistream money transfer system

Unistream is a money transfer system which provides transfers worldwide without the necessity for a client to open a bank account. Unibank is an agent of Unistream and offers customers its money transfer services transferring and receiving cash at its bank branches. Unibank also issues its customers with Unistream's loyalty card and bankcard so that its customers can transfer money without having to visit a branch. Customers can also top up their Unistream cards by phone. Unibank makes money transfers in USD, €, and Russian Roubles (RUB). Remitted sums are paid in

AMD, USD, EUR, and RUB. In other countries the remitted sum is paid in the currency determined by the laws of the given country.

Since 2012 in order to build on its market position, Unistream started offering its services also through other Armenian banks, hence the volume of transactions through UniBank reduced.

Fig 20. Unistream transfers by Unibank Customers from 2010 to Sep 2016



Intel express

On 4 November 2014 Unibank began cooperating with Intel Express, a competitor to Unistream providing international money transfers. Intel Express offers a similar service to that provided by Unistream giving Unibank customers an alternative service.

Unibank Privé

Unibank Privé was set up to provide Unibank's clients with a private banking service.

Unibank Privé offers financial solutions to customers with a certain status and income level including a structured approach to capital management, effective financial planning and the development of a tailored investment strategy. Unibank Privé clients may contact and make an appointment with a manager at any time convenient to the client. Confidentiality and security of all operations is guaranteed.

Unibank Privé clients get a range of additional opportunities and services including a Priority Pass card giving clients access to 900 VIP lounges at international airports throughout the world.

Deposit Boxes

Unibank provides its clients with the use of safety deposit boxes in which to store valuable items and documents.

Internet Bank-Client System

Unibank offers its clients secure, contemporary and efficient Internet banking services. The system provides full banking services to a client in real time, offering secure access from any location in the world.

The system permits clients to conduct the following operations:

- Make payments,
- Deliver payment instructions to the Bank via the Internet,
- Receive account statements for any period,
- Pay for public utilities.

For the purpose of ensuring security information, Unibank uses VeriSign Secure Site Pro with an Extended Validation (EV) Certificate.

Public utility payment service

Payments of public utilities are accepted in all the branches of Unibank. The advantage of Unibank's utilities payment system is its convenience and efficiency. Customers are provided with a UNIPAY utilities payment card, which processes all the client's information and enables a client to make utility payments with confirmation received either by telephone, SMS or e-mail.

Securities dealing

Unibank was awarded "Best Dealing Bank in 2012" by the Thomson Reuters International Corporation. The Bank received the award based on the results of its dealings in the interbank and money markets. Thomson Reuters's experts took into consideration the Bank's development strategy, its position in the market, the quality of the services it provided and the professionalism of its employees.

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Current activities and prospects

In the 3rd quarter of 2016 “Unibank” has registered positive financial outcome in every main direction of its activity and continues its profit growth. Bank’s assets for the reporting period were approximately 175bn AMD and liabilities worth 143bn AMD. Bank’s total capital was more than 31bn AMD by that being 41% higher than in the previous financial year. From the beginning of the year the Bank has ensured 633m AMD worth of profits.

Unibank has a strong position in the market including retail, which is the main dynamic direction of development for a temporary banking. The Bank uses modern information technologies as a competitive advantage and an important tool for the improvement of customer services. At the moment the number of retail loans is over 210,000.

Below You can see Unibank’s Market Position as of 30 September 2016 according to the following indicators¹.

	Position	Share of the market
Assets	8	4.8%
Liabilities	9	4.8%
Total Capital	8	5.2%
Statutory Capital	6	6.1%
Credit investments	8	5.2%
Liabilities to Clients	8	6.2%
Profit for 9 months after taxes	14	3.8%

From 2016 to 2020 the Bank intends to focus its activities as follows:

- Increase its retail business lending,
- Increase its lending to small and medium-sized businesses,
- Enhancing oversight of its loan portfolio through constant monitoring (and regular review of the status of pledged assets and meeting with customers),
- Increase its deposit and bonds taking,
- Expanding its list of plastic card operations,
- Increase in money transfers,

¹ According to the information provided by “ARCA” Agency dated as of 30.09.16

- Implementation of foreign exchange operations by carrying out foreign exchange operations in branches,
- Increasing the list and quality of services provided to its clients,
- Improving quality of services,
- Increasing commissions and fees,
- Involving itself in international lending programmes.

3. Infrastructure

Head office

Unibank's operations are centralised at its head office where the Bank employs staff fulfilling management, finance, accounting, legal, risk, customer services, collections, IT, property, marketing and business development, HR training and administration roles. The Bank had 858 employees as of 30 September 2016.

Information technology

Unibank uses a variety of packages from leading local and international developers to support and develop its business. Unibank uses a centralised online automated banking system (Oracle based ABS from local developer L-soft), for its front office (branches) and back office (head office). All back office procedures at Unibank are centralised at the head office. Unibank is a Principal Member of Visa International and the Armenian Card payment systems and from January 2013 has operated its own processing centre developed by BPC banking technologies. Now Unibank serves its customers through one of the largest ATM and POS-terminal networks in Armenia. Unibank also offers its clients e-banking, mobile banking services and international money transfers.

Unibank has implemented ISO 27001:2013 standards in order to develop and enhance the effectiveness of its information security (IS) management. Getting ISO 27001 certificates enabled the Bank to rationalise its information security system, enhance the processing effectiveness and protection level of a customers' personal data, enhance managerial control and increase employee qualifications. The project is being implemented with the support of Veritas, the French company, which is one of the world leaders in providing certification services.

Unibank has implemented processes to ensure the security of all client information and has already passed a certification audit on compliance with the PCI DSS (PCI Data security standard) international standard requirements. PCI DSS is the leading standard in the field of data security, developed by international payment systems.

The Bank intends to acquire a new server room, which will comply with the highest security and safety TIER3 international standards.

Internal audit services

Since it began operations 14 years ago, Unibank has had its own Internal Audit team. Internal Audit is an independent unit. Its role is to conduct checks on controls, evaluate risks and submit reports to the management and staff of the Bank, as set by the shareholders and the Board of the Bank.

Internal Audit submits its reports on monthly basis to the Bank's management and quarterly at the Bank's Board meetings, covering its activities and the audit results for the period, indicating any risks it has identified and suggesting effective ways to deal with them. Once a year Internal Audit conducts checks of the internal control system of the Bank.

The Head of Internal Audit reports directly to the Board and has free access to all levels of the top management of the Bank.

Internal Audit conducts periodical and surprise checks in the Bank's branches performing reviews of risk management and control.

The structure of Internal Audit complies with international best practices.

Call centre

The Bank has its own call centre which currently provides the Bank's clients with the following services:

- Completing credit applications
- Providing information and advice concerning Unibank's services
- Receiving suggestions or complaints concerning the Bank's activities

Information on card services

The Bank is the member of Visa, MasterCard and ArCa payment systems, however it will only begin issuing MasterCard cards in 2016. In order to improve its technology in card services the Bank has launched its own processing centre, and has successfully passed the certification audit on compliance according to international PCI DSS standards.

The Bank uses the SmartVisa system in the management of all aspects of the Bank's card business, including card issuance, acquisition and e-commerce support. The Bank has invested up to AMD 500 million into its own processing centre. At the same time, the Bank remains a full member of the Armenian Card payment system (ARCA).

In 2013 Unibank began issuing its clients with Visa chip cards. The launch of its Visa chip cards has resulted in the Bank increasing its issuance of cards and improving security and the quality of its card services.

One of the main advantages of Unibank's Visa chip cards are that they can be used for multicurrency transactions, which enables the Bank to attach several accounts in different currencies to one card. Today Unibank offers its customers chip cards along with other services such as concierge services (ordering air tickets, hotel reservations, booking cultural events and the delivery of documents).

The Bank is currently working on developing its ability to provide its clients with mobile and electronic commerce offerings.

Information on the independent auditor

Since 2009, the financial audit work at the Bank has been carried out by Grant Thornton CJSC Audit Company, the Armenian member of Grant Thornton International.

Address: 8/1 Vagharshyan St, Yerevan 0012, RA;

Tel.: +374 (10) 260 964, 260 976,

Fax: +374 (10) 260 961,

E-mail: www.gta.am

Director-shareholder: Gagik Gyulbudaghyan

4. Risk Factors

Overview

Risk management is one of the most important functions of Unibank's management. Risk management in Unibank prevents and minimises potential losses of the Bank. The main goal of the risk management department is to ensure that the Bank keeps its risks at the level set out in the Bank's strategic plan whilst maximising its return on capital.

Principles of risk management

The risk management of Unibank is based on the guidelines issued by the Committee on Banking Supervision of the Bank for International Settlements (Basel Committee on Banking Supervision), Generally Accepted Risk Principles (GARP) and on laws of Armenia and CBA regulations. Risk is managed through on-going identification, measurement and monitoring of risks, 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/her responsibilities.

The Bank fosters a culture that increases the level of risk management related knowledge across the Bank, in particular by sending employees on seminars and training courses.

Risk management framework

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Bank's strategic planning process.

Board of Bank

The Board is responsible for monitoring the overall risk management, approval of strategy and risk management principles.

Executive Board

The Executive Board of the Bank is responsible for investment and control over the risk management procedures.

Risk Management Directorate

The Risk Management Directorate is responsible for the implementation of risk procedures and control over risk management principles, policy and the Bank's risk limits, as well as providing risk valuation and the collection of overall information within the financial system.

Financial Directorate

The Financial Directorate of the Bank is responsible for management of assets and liabilities of the Bank. It is also primarily responsible for the funding and liquidity risks of the Bank.

Internal Audit

Risk management processes throughout the Bank are audited annually by an internal audit that examines both the integrity of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities. Monthly and quarterly reports presented to the Executive Board and Board of Bank makes sure that the policies are embedded to the culture of the Bank.

Risk taking limits and risk management

The Risk Management Directorate submits analysis-based proposals on risk limits to the Assets and Liabilities Committee and/or Executive Board, following which they are submitted to the main Board for its approval.

If any exceptional cases occur the staff of the Risk Management Directorate reports them to the Assets and Liabilities Committee or to the Executive Board. These cases are then reported to the main Board who make the necessary decisions.

Risk mitigation

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

In order to avoid excessive concentrations of risks, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are managed accordingly.

Anti-money laundering (AML)

- The Bank is subject to and complies with the AML regulations of the Armenian authorities regulating the financial sector, namely basic circular of 2008 of the CBA.

- The Bank has committed to full compliance with all AML laws and regulations.
- The Bank does not have an AML Committee. It has a Risk and Audit Committee.

Policies and procedures

The Bank has adopted internal policies, procedures and controls to ensure that it complies with the AML obligations in current legislation and regulations. These procedures are subject to annual review or amended as and when necessary.

Credit risk

Failure to fulfill contractual obligations by borrowers that can have a negative impact on the Bank's activity and result in additional expenses that will negatively affect the Bank's income.

The credit portfolio of "Unibank" OJSC is quite diversified and it is devoid of large concentrations. The dominant crediting directions are retail crediting and SME crediting. Nevertheless, there are non-performing loans in the Bank's portfolio which may bring to potential losses.

According to the risk analysis the credit portfolio of the Bank has the following structure as of 30.09.2016:

Thousand AMD

Assets	Performing assets		Non performing assets					
	Standard/Risk free		Controllable/Low Risk		Non standard/Medium Risk		Doubtful/High Risk	Loss
Loans, including								
Residents of RA	104,553,768		508,074		2,385,271		5,123,978	14,902,191
Residents of CIS countries	7,376,442							12,728
			-					

Total		111,930,210		508,074		2,385,271		5,123,978		14,914,919
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At the same time the indices characterizing the credit risk are as follows.

Loan reserve fund/total loans = 3.85%

Non-performing loans/total loans = 6.68%

Reserve fund for non-performing loans/total equity = 13.46%

Special reserve for potential loan losses/non-performing loans = 57.55%

Income coverage ratio (net operating income + expenses for loan loss provision)/net loss of loans= 21.54%

Risk-weighted net interest margin = 0.66%

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.

The credit risk is also managed through periodic analysis of borrowers' and potential borrowers' ability to pay both principal and interest and making changes in credit limits if needed. Due to its normal lending activities, Bank undertakes credit risk; the risk that a counterparty will fail to fulfill its obligations towards the Bank. The failure by the Bank's borrowers to meet their contractual obligations may materially affect the Bank's activities and have a negative impact on the Bank's profits. Credit risk is the most important risk for the Bank's business. Management therefore carefully manages its exposure to credit risk. There is also credit risk in off-balance sheet financial instruments, such as credit commitments and obligations arising from related security (collateral, warranty, guarantee, etc.) agreements. Credit risk management and control are centralized in the credit risk management team of Bank's Strategy and Risk Management Department and the Loan Department and are reported to the Board of Bank and the Executive Board.

The carrying value of the Bank's financial assets best represent the maximum exposure to the credit risk related to them, without taking account of any collateral held or other loan enhancements.

Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review where considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of the Bank.

The exposure to any one borrower including banks and financial organisations is further restricted by sub-limits covering on balance sheet and off balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analyses of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking security against loan advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties,
- Movable properties of individuals,
- Charges over business assets such as premises, inventory,
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities is generally secured; revolving individual loan facilities are generally unsecured. In addition, in order to minimize loan losses the Bank seeks additional collateral from a counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credits carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to make a loan give rise to a risk from a loss of earnings if the loan is not drawn down. The capital, which could otherwise be deployed, is put aside to meet the contractual obligations of the Bank.

The Bank monitors the term to maturity of loan commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Market risk

The Bank classifies exposures to market risk into either trading or non-trading risks. The market risk for the trading portfolio is managed and monitored based on a VaR (Value at Risk) methodology which reflects the interdependency between risk variables. Non-trading positions are managed and monitored using other sensitivity analyses. Except for the concentrations within foreign currency, the Bank has no significant concentration of market risk.

Market risk – Non-trading

Interest rate risk

The Board of Bank has established limits on the interest rate gaps for stipulated periods. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. Assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities, may affect the Bank's earnings. The sensitivity of equity is analysed by maturity of the asset. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

Interest risk arises due to abrupt changes of market interest rates. Almost all the assets and liabilities of the Bank have fixed rates. However in this case as well there may still arise risks connected with a maturity mismatch between assets and liabilities. According to the analysis, abrupt fluctuations in market interest rates will lead to the loss of maximum 100 mln AMD. To minimize the mentioned risks the Bank applies the relevant pricing policy.

Currency risk

Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

Foreign exchange risk may arise as a result of abrupt fluctuations in exchange rates. The FX risk in the Bank is on quite a low level as the Bank conducts restraint policy and does not generally have open foreign exchange positions.

Impairment and provisioning policies

The main considerations for a loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the

cash flows of counterparties, loan rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment assessments into two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realisable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans and advances that are not significant (including credit cards, residential mortgages and unsecured consumer lending) and for individually significant loans and advances where there is not yet objective evidence of individual impairment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration of the following information: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired.

Financial guarantees and letters of credit are assessed and provisions made in a similar manner as for loans.

Funding risk

The Bank's funding source will continue to be traditional. It will be based on retail deposits, profits generated by the Bank and equity raised from the financial markets. There is a risk that depositors will no longer decide to put their money with Unibank and that Unibank is unable to attract financing from the financial markets.

Liquidity risk

To limit liquidity risk, management has arranged diversified funding sources in addition to its core deposit base. It also manages assets with liquidity in mind, and monitors future cash flows and

liquidity on a daily bases. This involves an assessment of expected cash flows and the availability of high grade collateral, which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption to cash flow. Unibank also has committed interbank lines that it can access to meet its liquidity needs. The Bank also maintains the obligatory minimum reserves with the CBA equal to 2% of certain of its obligations denominated in AMD and 20% on certain obligations of the Bank denominated in foreign currency. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

The liquidity management of the Bank takes into account the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Bank calculates liquidity ratios in accordance with the requirement of the CBA. At 31 December 2015 the Bank's liquidity ratio was 21.53% and the current liquidity ratio was 272.06 %.

The Bank has a significant cumulative maturity mismatch of assets and liabilities up to one year. This liquidity mismatch arises due to the fact that the major source of finance for the Bank as at 31 December 2015 was customer deposits maturing in up to one year. Management believes that in spite of a substantial portion of customer accounts with a maturity of up to one year, the past experience of the Bank indicates that these deposits provide a long-term and stable source of finance for the Bank.

Fixed assets

Unibank owns its premises located at 10 Kievyan Street, Building 8/63, approximately 10.71% of the book value of the Bank's fixed assets.

Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in the business. The Bank's capital adequacy is monitored using, among other measures, the rules and ratios established in 1988 by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the CBA in supervising the Bank.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong loan ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the

capital structure, the Bank may adjust the amount of dividend payment to shareholders, the return of capital to shareholders or the issue of new equity securities.

The minimum ratio between total capital and risk weighted assets required by the CBA is 12%.

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings including current year profit, and reserves. Regulatory capital is calculated in accordance with the requirements of the CBA and accounting standards of the Republic of Armenia. The other component of regulatory capital is Tier 2 capital, which includes revaluation reserves and longterm subordinated loans.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of loan, market and operating risks.

in thousands AMD	2013	2014	2015	30.09.2016
Tier 1 capital	16,399,848	16,208,646	14,507,633	24,471,650
Tier 2 capital	5,004,527	5,792,800	3,490,367	36,837
Total regulatory capital	21,404,375	22,001,446	17,998,001	24,508,487
Risk-weighted assets	157,361,223	164,886,631	148,384,171	154,437,672
Capital adequacy ratio	13.6 %	13.34 %	12.13%	15,87%

As of 31 December 2015 the Bank's total liabilities and equity was AMD 158,512 million, 14% of which was equity, and 78% liabilities. Equity was made up of share capital of AMD 14.167 million, reserves of AMD 70 million, and retained earnings of AMD 7.359 million.

The major items that make up the total liabilities are amounts due to customers which account for 82% of total liabilities and AMD 111,767 million and amounts due to banks and other financial institutions, which account for 16% of total liabilities or AMD 22,241 million.

The Bank publishes its quarterly intermediate and annual statements in the section "Statements" of the Bank website at www.unibank.am, which contains more comprehensive information on the Bank's equity and total liabilities.

Cash flow sources and amounts

Cash flows of the Bank originate from its basic operations, such as lending, acceptance of deposits, trading in securities, foreign exchange purchase and sale, provision of payment and settlements services and remittances.

The main cash flow items in 2015 are shown below:

thousands AMD

Item	2014 (audited)	2015 (audited)	2016 (audited)
Cash flows from operating activities before changes in operating assets and liabilities	5,573,328	1,610,228	3,934,000
Cash flows from operating activities before profit tax	(246,231)	10,647,696	2,606,000
Cash flows from operating activities	(342,287)	10,647,727	2,606,000
Cash flows from investment activities	(1,796,628)	(4,382,068)	(2,501,000)
Net cash flows from financial activities	13,056,406	(13,992,043)	(204,000)
Net growth of cash and cash equivalents	10,917,491	(7,726,384)	(204,000)
Cash and cash equivalents at the beginning of the period	21,118,118	34,036,384	(26,012,000)
Cash and cash equivalents at the end of the period	34,036,384	(26,081,494)	25,800,000

More comprehensive information on the Bank's cash flows can be seen in its quarterly intermediate and annual statements in the section "Statements" on the Bank website at www.unibank.am.

Statutory Capital

(thousand AMD)	2015	2015	2014	2013	2012
Statutory capital (thousands AMD)	23,577,368.360	15,555,368	13,100,700	13,100,700	11,400,700
Emission income	5,921,464.660	1,387,421			
Declared shares	698,997,000	698,997,000	0	0	0
Issued and paid ordinary shares	144,547,732	109,669,471	10,000	10,000	10,000
Issued and paid preferred shares	32,010,000	32,010,000	10	10	10
Par value of ordinary shares (AMD)	100	100	989,970	989,970	859,970
Par value of preferred shares (AMD)	100	100	320,100,000	320,100,000	280,100,000

Current trading and prospects

The factual indices of the Bank's assets as of 30 September 2016 were performed by 107% and amounted to 170,884 AMD the plan was performed by 97%, the liabilities – 142,451 mln AMD, the plan was performed by 109%, the capital – 28,433 mln AMD, the plan was performed by 100%.

As of 30.09.2016 the credit investments of the Bank amounted to 104,596 mln AMD, or 68% of the total assets, the specific gravity of the credits to residents made 98.1%, non residents – 1.9%.

The indices of the Bank in the crediting sphere were formed within the dominant trends of the economy of RA, experience in the crediting market and the investment policy of the Bank. In choosing the crediting segment the Bank considered the following criteria: legal entities with successful business, stable and predictable monthly receipts; individuals with middle and high income.

As of 30 September 2016 the physical persons deposit portfolio was amounted to 119,342 mln AMD, the plan was performed by 90%. At the same time, the physical persons deposit portfolio amounted to 86.5 bn AMD, the legal entities deposit portfolio – 32.8 bn AMD.

In 2015 the interest income amounted to 13,884 mln AMD, the plan was performed by 94%. The increase of the interest income is due to the growth of the retail portfolio with high profitability, particularly the growth of the volume of small consumer loans.

In September 2016 the non interest income amounted to 3.940 mln AMD, the plan was performed by 111%, mainly due to the growth of commission income - by 1.302 mln AMD or 86%, the plan of the income from Unistream money transfers was performed by 100%.

Money transfer transactions are still falling as a result of the decrease of incoming international non trade transfers of physical persons

In this segment average monthly volume of service inflow transactions was decreased 3,303 mln AMD compared to the same indicator of 2015, AMD, amounting to 65,010mln AMD against 61,707 mln AMD in the previous year.

The income from foreign exchange operations as of 30.09.2016 amounted to 437 mln AMD (a decrease of 101 mln AMD) because of the decrease in money transfers volume and reduction of margin due to growth of the competition among the ncommercial banks of Armenia.

The amount of liabilities as of 30.09.2016 amounted to 170,884 mln AMD, of which 17% or 28,433 mln AMD is equity and 83% liabilities,

83% or 23,577 mln AMD of equity was shareholders capital, 1.5% or 426 mln AMD reserves and 11.7% or 3.320 mln AMD retained profit.

Total liabilities are the liabilities to the clients, banks and other financial organizations, that amounts accordingly 87% of total liabilities or 123,866 mln AMD and 4% or 6.297 mln AMD.

Banks quarterly, interim, as well as annual reports are published on the Bank's website www.unibank.am, section "Reporting", where you can get information about equity and liabilities of the bank.

The Bank's need for borrowing

The primary objective of the Bank is to attract deposits and other liabilities to be used to fund its loan portfolio.

There are no restrictions on the use of the Bank's sources of capital that may directly or indirectly affect the Bank's activities.

Research and development

There has been no policy which focussed on the implementation of research and development by the Bank in the past financial period.

Information on judicial, arbitral, administrative proceedings

The Bank has not been involved in any legal proceedings nor are there any potential legal proceedings envisaged, to the best of its knowledge within the 12 months prior to the submission of this Prospectus which have had or may have a material impact on the financial condition or profitability of the Bank.

5. HR Management Review

a. Board Members

Rights and responsibilities of the Board are stipulated in the Bank's Charter.

Gagik Zakaryan, Chairman of the Unibank OJSC Board

Gagik Zakaryan has 22 years experience in the banking industry and has been involved in Unibank since 2001. In 1988 he graduated from the Moscow Aviation Institute and from 2003 to 2004 studied institutional securities trading at the Moscow International School of Finance and Banking. He is the 2 Chairman of the Board of Directors, Unistream Bank, Russia, Member of the Presidium, Interregional Banking Board of the Federation Council, Member of the Council, Association of Russian Banks, Member of the Supervisory Board, National Banking Journal and President of the International Association of Money Transfer Networks (IAMTN), Board Chairman at "RESO" ICJSC. Awards he has received include: Best Banker 2005, Person of the Year 2006 (Corporate Responsibility category), Efficient Bank Management National Banking Award 2007, Banker of the Year, 2013.

George Piskov, Member of the Board

George Piskov has 22 years experience in the banking industry and has been involved in Unibank since 2004. In 1987 he graduated from the Moscow Aviation Institute and in 2000 from the Institute of Investment Management and Research, London, UK. In 2005 he was awarded a Ph.D in economics by the Plekhanov Russian Academy of Sciences. He has had experience in private banking and wealth management since 1994, and has launched numerous successful projects in Russian and UK including the launch of the Private Banking division in Uniastrum Bank, Russia. He is a Member of the Board of Directors, Unistream Bank, Russia, Representative of the Association of Russian Banks (ARB) in London, United Kingdom, Chairman of the Protobase Laboratories, Russia and the Founder and President of Institute of Financial Planning (IFP), Russia.

Ararat Ghukasyan, Member of the Board

Ararat Ghukasyan has 21 years experience in the banking industry and joined Unibank in August 2015. From the same date he became also a Board member at Unileasing" Credit Organization CJSC. From 1982 to 1989 he studied at Faculty of Physics, Yerevan State University, from 1990-1993 he worked at Physical Research Institute and graduated Post Graduate courses of the RA National Academy of Science and from 1993 – 1995 worked at Mashtots Engineering Centre, Armenia and in

parallel studied at American University of Armenia. He started his banking career in 1995 participating in establishment of HSBC's subsidiary in Armenia. From 1998-2001 he has worked as Manager Branches and Treasurer at HSBC Bank Armenia CJSC, then from 2001-2006 became Deputy CEO of HSBC Bank Armenia CJSC, he continued his career on overseas attachments as Project Manager at HSBC Bank Malta (from 2006-2007), and from 2007-2008 as Deputy Head of HSBC Bank PLC Rep Office, in HSBC Ukraine. In February 2008 he became Chief Executive Officer at Converse Bank CJSC and from November 2009 Chairman at Union of Banks of Armenia. Since September 2010 up to July 2015 he worked as CEO at Byblos Bank Armenia.

Eduard Zamanyan, Member of the Board

Eduard Zamanyan has 23 years experience in the financial markets and has been involved in Unibank since 2006. From 1979 to 1985 he studied at the Institute of Management Orjonikidze (Moscow), and in 2000 graduated from the Higher School of International Business of the National Economic Academy in Russia receiving his MBA. His professional experience includes senior positions in Globexbank, Savingbank, Dialog-Optim Bank, MDM bank, Technobank, and Interbank Financial House. Mr Zamanyan serves as a Board Member at "Unistream Bank" CB OJSC.

Hrahat Arzumanyan, Member of the Board

Hrahat Arzumanyan has 17 years experience in the banking industry being involved in Unibank since 2014. In 1990 he graduated from N.E.Bauman Moscow State Technical University with excellence and in 1994 completed his postgraduate studies. In 2002 he graduated from the Financial Academy in Moscow and received a diploma with excellence. Currently he is Chairman of the Board of Transstroybank, Russia. His professional banking experience includes senior positions in Tatagrobank and Ipoteka Invest Bank. He was awarded with a diploma from the Association of Russian Banks for his contribution in the development of the Russian Banking Industry.

b. Executive Board

Rights and responsibilities of the Executive Board are stipulated in the Bank's Charter.

Vardan Atayan, Chairman of the Executive Board – Executive Director

Vardan Atayan has over 21 years experience in financial and banking industry. He joined Unibank in September 2001. Prior joining Unibank he spent 5 years working in different commercial banks, as well as at the CBA. He also worked as an Advisor for three years to the Chairman of the Standing Committee on Finance, Budget, and Economic Issues of the National Assembly of the Republic of Armenia. He is a Board Member of Reso Insurance CJSC, Chairman of the Board of Unileasing UCO CJSC (shareholder – 1%), a Board Member of the Union Banks of Armenia and a Member of Board of Directors of ACRA Credit Reporting Agency. He has participated in a number of big international

programmes organized by the World Bank, Union Bank of Switzerland (UBS), TACIS programme and other financial institutions. In 1990 graduated from the Yerevan State University of Economics.

Zakar Boyajyan, First Vice-Chairman of the Executive Board - Risk Management Director

Zakar Boyajyan has over 24 years experience spent in the financial and banking industry. During his career Mr. Boyajyan has worked in both in commercial banks, governmental institutions, such as CBA and Ministry of Finance, as well as in international initiatives such as the Eurasia Foundation, Junior Achievement and the UN Mission in Armenia. Mr. Boyajyan holds an MBA from the American University of Armenia (1993). He has participated in a number of educational and consulting programmes organized by, inter alia, the International Currency Fund and the United Institute of Vienna. In 1993 Mr Boyajyan graduated from Yerevan State Economic Institute and American University of Armenia. From 2014 July Mr Boyajyan has been Investment Director at Gazelle Finance, Eurasian Foundation.

Mesrop Hakobyan, Vice Chairman of the Executive Board - Operational and information Systems Director

Mr. Mesrop Hakobyan has over 14 years of banking experience primarily focusing on plastic cards and technological innovation programmes. He has held a variety of supervisory roles at Unibank, Armenian Development Bank and ArmEcnomBank OSC. In 1998 he graduated from Yerevan Architectural and Construction State University. Mr Hakobyan serves as a Board Member at Unileasing UCO CJSC.

Gohar Grigoryan, Financial Director- Chief Accountant, Member of the Executive Board

Ms. Gohar Grigoryan has over 22 years experience in the Armenian banking industry, and holds the CBA Licence as the Chief Accountant. She has been on the Unibank Executive Board since October 2004. She began her career as an accountant in Armeconom Bank ending up Chief Accountant of Armeconom Bank. She joined Unibank in 2001 and now holds the position of First Deputy Chairman. She is also Board member of Unileasing UCO CJSC which was launched in April 2008.

In 1996 Ms Grigoryan graduated from State Engineering University of Armenia and holds a PHD in Technical Sciences. She has participated in a number of international programmes on accounting, management accounts and tax legislation. In 2014 she began qualifying as a financial accountant with The Association of Chartered Certified Accountants and has so far passed levels from F1 to P1 and in 2015 got advanced Diploma in Accounting and Business.

Ovsanna Arakelyan, Vice-Chairman of the Executive Board - Legal Service and Overdue Liabilities Collection Director

Mrs. Ovsanna Arakelyan is an experienced and well qualified legal adviser. She joined Unibank in 2001 undertaking key roles in Unibank In 1995 she graduated from Yerevan State University, with an emphasis in jurisprudence and in 2014 graduated at Gladzor University with an emphasis on finance. She lectured in Armenia's Galik Legal University for three years. From 2011 to present she serves as

Arbiter of Financial Arbitration to the Union of Banks of Armenia. She has over 16 years experience in the banking industry and has been awarded with a diploma of Union of Banks of Armenia and CBA for active and efficient work in the regulation of the banking industry in Armenia. Mrs Arakelyan is a Board member at “RESO” ICJSC, Unileasing” Credit Organization CJSC and Williams Incorporation LLC. Mrs Arakelyan serves as a Director of Polygraphia CJSC, and as a Director of Jivan Gasparyan Charity Fund.

Ghukasyan Gurgen, Vice-Chairman of the Executive Board, Retail Business Promotion and Sales Director

Mr. Ghukasyan Gurgen has over 11 years of banking experience. He has spent his career solely at Unibank, beginning in the loan department and working his way up to his present position of Vice-Chairman of the Executive Board and Director of Retail Business Promotion and Sales. He is a competent decision maker, and is considered to be one of Unibank’s most valuable employees. He has participated in a number of international programmes for improving his knowledge and qualifications, including programmes run by USAID and KFW Bank. In 2004 Mr Gurgen graduated with a Master’s Degree from Armenian State Architectural University.

Petrosyan David, Vice-Chairman of the Executive Board, Corporate Business Promotion and Sales Director

Mr. Petrosyan David has over 13 years of banking experience. He has been at Unibank since 2014. In 2005 he graduated from M.V.Lomonosov Moscow State University and in 2010 graduated from the Russian Academy of Sciences Institute of Economy. He is currently studying for his MBA at the American University of Armenia. He started his banking career at Uniastrum Bank as Senior Economist in the plastic cards department, and currently holds the position of Acting Vice-Chairman of the Executive Board and Acting Director of Corporate Business Promotion and Sales

During the 5 years preceding the date of filing the Prospectus for registration none of the members of the Board and the Executive Board have been convicted of fraud.

During the 5 years preceding the date of filing the Prospectus for registration the members of the Issuer's governing bodies have not been involved in any bankruptcy, liquidation or administration proceedings nor has any been declared bankrupt.

During the 5 years preceding the date of filing the Prospectus for registration, the members of the Issuer's governing bodies have not been held liable by any state regulatory (oversight) authority, nor have they been deprived by the court of the right to hold the position as a member of the Issuer's governing bodies.

There is no conflict of interest between the obligations of the Issuer's Board and Executive Board members towards the Issuer and each board member’s personal interests.

There exist no arrangements with any of the major shareholders, customers, suppliers or other persons, by virtue of which any person has been elected or appointed as a member of the Issuer's governing body.

Members of the Bank's governing bodies have not received any sums from the Bank's subsidiaries as remuneration or a bonus.

Members of the Bank's governing bodies have not entered into any agreements with the Bank or its subsidiary companies under which they will receive bonus payments upon expiry of their tenure.

There are no family relations between the members of the Bank's governing bodies.

c. Remuneration and bonuses

During 2015 members of the Bank's governing bodies have received from the Bank the following remuneration and bonus amounts:

Title	First name, last name	Net salary and other net equivalent payments received during 2015 (AMD)
Chairman of the Board	Gagik Zakaryan	67 127 040
Board member	Georgi Piskov	67 127 040
Board member	Hrahat Arzumanyan	
Board member	Eduard Zhamanyan	1 621 440
Board member	Ararat Ghukasyan	15 160 600
Chairman of the Executive Board	Vardan Atayan	71 962 425
First Vice-Chairman of the Executive Board - Risk Management Director	Zakar Boyajyan	27 976 684
Vice Chairman of the Executive Board - Operational and information Systems Director	Mesrop Hakobyan	31 427 575
Executive Board member, Chief Accountant	Gohar Grigoryan	37 106 948
Vice-Chairman of the Executive Board - Legal Service and Overdue Liabilities Collection Director	Ovsanna Arakelyan,	35 524 528
Vice-Chairman of the Executive Board, Corporate Business Promotion and Sales Director	David Petrosyan	14 278 609

Vice-Chairman of the Executive Board, Retail Business Promotion and Sales Director	Gurgen Ghukasyan	14 478 419
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d. Employees

The average numbers of employees of the Bank during 2012-2016 are as follows:

	2013	2014	2015	30.09.2016
Directors and Management (including Internal Audit, Heads and Deputy Heads of Departments, Divisions, Subdivisions, Branch Managers)	145	134	133	136
Bank's staff	852	762	755	722
TOTAL	997	896	888	858

At 30 September 2016 the Bank had a total of 858 employees, including 5 Board members and 7 Executive Board members. All employees are full time. Unibank does not have any temporary employees.

Gagik Zakaryan (Chairman of the Board) and George Piskov (Director) each indirectly control 42.1% of the current ordinary shares and 50% of preferred shares of the Bank.

No other Member of governing bodies hold any shares nor do they have any options to acquire shares.

Currently there are no employee share option programmes designed to enable Bank employees to participate in the equity of the Bank.

e. Incentive Arrangements

The Bank's management believes that an important factor in the Bank's success is its ability to motivate its employees and that its motivation scheme will continue to support the Bank's business strategy in the future.

Employees are motivated through a number of bonus schemes introduced for different levels of employee.

All bonuses are made at the discretion of the Personnel Evaluation Committee.

Bonus scheme for senior management

Participants - Chairman of the Board, Board members,

The bonus is calculated based on the financial performance of the Bank, under the Bank semi-annual/annual targets, profit targets, as well as in the performance of individual KPIs. The size of bonus is linked to the level of profit generated by the Bank.

Bonus scheme for branches and supporting functions

Participants – Employees working in branches and providing support functions.

The basis for bonuses is based on achieving monthly targets. Bonuses are calculated at the end of the reporting period, are based on data provided about achieving actual KPI targets for each branch and for each employee.

The bonus amounts can be adjusted on the basis of decisions taken by the Personnel Evaluation Committee, depending on existence of disciplinary action, poor execution of targets of other products such as the level of past due loans.

Bonus scheme for Legal Service and Collection of Overdue Liabilities Directorate

The basis for bonus is the completion of quarterly targets on recoveries and collections. Based on meeting targets, a bonus pool is allocated between employees based on their individual involvement and influence in completing their targets.

Bonus scheme for Promo agents

Bonuses are calculated based on the results of the reporting month depending on:

- The total value of transactions,
- The total number of trades.

Bonus scheme for back office employees

Bonuses are calculated based on the annual profit of the Bank. The bonus amount is a one month's salary (the idea of a 13th salary).

Unibank has its own Training Centre. The training policy is aimed at increasing the efficiency of the Bank's employees and developing specialists with international qualifications. The Training Centre is responsible for the efficiency, relevance of training courses and the implementation of their continuous assessment. Training programmes are classified into the following groups:

- Internal training held by the Bank employees,
- Introduction course for newcomers organized by the Bank,
- E-Learning - the Bank has also introduced an e-learning platform which allows Bank employees to be more involved in the Bank's operations,
- Centralized e-testing of the theoretical knowledge of employees,
- External courses - external training courses conducted by professional organizations (including courses organized by donor organizations and international institutions or organizations).

f. Major Shareholders and Controlling Persons

The main shareholder of the Bank is Ripatonso Holding Limited (84.19%), a company registered in Nikosia with its office located at Patmou 5B, Aglatzia, P.C. 2013, Nikosia, Cyprus. The Bank's ordinary shares held by Glovery Holding Limited entitle it to voting rights.

The Bank is indirectly controlled by the following persons:

Georgi Piskov (passport 45 01 597016 issued on 28 December 2001 by 772-110, Moscow, RF; residential address: 36 Frunzenskaya Naberezhnaya St., Apt. 425, Moscow 119146, RF), who indirectly controls 42.1% of the ordinary shares and 50% of the preferred shares of Unibank OJSC;

Gagik Zakaryan (passport 51N3886787 issued on 11.01.2008 by 772-110, Moscow, RF; residential address: 38 Narodnogo Opolcheniya St., Bldg. 1, Apt. 40, Moscow, RF), who indirectly controls 42.1% % of ordinary shares and 50% of the preferred shares of Unibank OJSC.

6. Corporate Governance

a. Compliance with the RA laws regulating corporate governance

Unibank focuses on ensuring effective and transparent corporate governance aimed at implementing international best practices. The Banks' corporate governance policy is designed to ensure the independence of the Board, its ability to effectively supervise the management and to maintain good relations with shareholders.

Unibank is committed to ensure compliance with high international standards of corporate governance, the application of high quality banking technologies and services. For better corporate governance the Bank has developed and introduced 145 procedures, as well as norms and directives ensuring the implementation of such procedures. Corporate governance in the Bank is regulated by Armenian legislation, in particular by the "Law on Banks and Banking Activities" and the "Law on Joint Stock Companies", as well the charter and internal legal regulations of the Bank ensuring transparent accountability at all the levels of management.

Corporate governance guidelines are adopted by the Board of the Bank. Compliance with the guidelines is closely controlled by the Internal Audit as well as various committees under the Board and Executive Board within the limits of their competency.

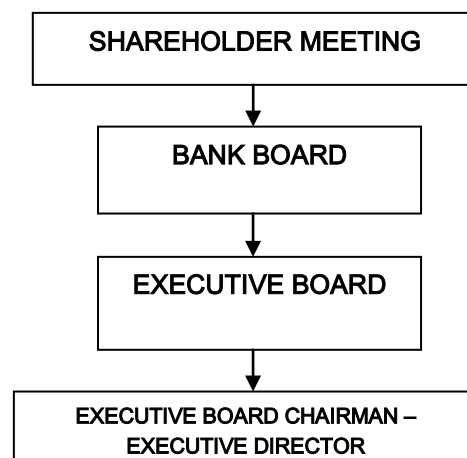
Unibank seeks to establish a corporate governance culture which will lead to the success of the Bank through regular staff training, corporate events, and establishing common goals in line with the mission of the Bank. Both the Board and Executive Board are supported by committees which make recommendations on matters delegated to them, in particular in relation to internal control, risk, financial reporting, and remuneration matters. This enables the management to spend a greater proportion of its time on strategic, forward-looking agenda items. The committees include Board members, Executive Board members and other relevant managers of the Bank. Committees are consultative.

The committees with direct report to the Board are - Audit and Risks Committee, the Investment Committee and the Remuneration committee.

The committees reporting to the Executive Board are the Tariff Committee, the Assets and Liabilities Committee, the Branch Network Management Committee, the Business Evaluation Committee, the Security Committee, the Inventory, Procurement and Disposal Committee, the Personnel Management Committee, the Personnel Evaluation Committee and the Credit Committee.

b. Structure of the Governing Bodies

The Bank's governing bodies operate in the following manner:



c. Transactions with affiliated persons

Within the last year the Bank has not completed any transactions with affiliated persons exceeding 1% of the Bank's own capital nor any transaction with any affiliated persons not related to the Bank's normal course of business, of a value exceeding AMD 10 million.

d. Information on the Banks's assets and liabilities, financial condition, incomes and expenses

The Bank's audited annual financial statements for 2012, 2013 and 2014, as well as not audited financial statements for 2015 together with a copy of external auditor's report, are enclosed with this Prospectus as Appendix A.

e. Essential Contracts

There are no contracts which have been entered into by the Bank outside its normal course of business and which remain in effect within the 2 years preceding the submission of the Prospectus which exceed 5 percent of the Bank's capital stated in the audited financial reports of the Bank for the year ended 31 December 2014.

f. Tax privileges

The Bank does not enjoy any tax privileges.

g. The Charter

The Charter sets out the goals and activity of the Bank. According to point 1.4 of the Bank's Charter, the Bank is entitled to carry out banking activities and financial operations in accordance with the license granted by CBA.

The rights and responsibilities of the Bank's Governing Bodies are stipulated in Section 10 of the Bank's Charter.

h. General Meeting of Shareholders

As of September 2016 the Bank's statutory capital was AMD 17,665,773,200, comprising 144,547,732 (issued common shares, each with a par value of AMD 100 (one hundred) and 32,010,000 (thirty two million ten thousand) preference shares, each with a par value of AMD 100 (one hundred). The Bank's statutory capital is in AMD.

On 12 March 2015 the General Meeting of Shareholders approved a share split: as a result, par value of one ordinary share and par value of one preferred share was set at AMD 100.

The ultimate governing body of the Bank is the General Meeting of Shareholders. The General Meeting may be attended by the holders of ordinary shares or their authorized nominee shareholders, Board members, Executive Board Chairman-Executive Director, Executive Board, Head of the Internal Audit Service, external auditor and the CB representatives.

The scope of authority of the General Meeting of Shareholders covers issues of strategic importance such as the approval of amendments to the Bank's charter, reorganization of the Bank, appointment

of the Board of Directors, approval of the annual financial statements, approval of the payment of dividends and agreement on their amount, decisions to increase the authorized capital through increasing of the nominal value of shares and allotment of additional shares.

i. The Procedure for Calling Regular (Annual) and Extraordinary Meetings of Shareholders

The Annual General Meeting of shareholders (the “AGM”) has to be convened within six months of the end of each financial year. Any shareholder meeting other than the AGM is an Extraordinary General Meeting (“EGM”).

Any EGM may be held remotely by distance voting (sending voting ballots). The AGM however must be convened at a location at which the shareholders can attend in person.

The following persons shall have a right to participate in an AGM and EGM:

- a. owners of ordinary shares, with a vote that is equivalent to the quantity and nominal value of the shares they own;
- b. owners of preferred shares, in cases stipulated by the Charter, with a vote that is equivalent to the quantity and nominal value of the shares they own;
- c. members of the Board and the Executive Board of the Bank, with consultative vote;
- d. members of the internal audit, as observers;
- e. the external auditor, as an observer (if the auditor’s report is part of the materials presented in a meeting),
- f. a representative of the CBA, as an observer,
- g. the heads of the regional divisions of the Bank, as observers,
- h. other employees of the Bank for the purpose of presenting reports on the issues included in the meeting agenda,
- i. persons having expert knowledge with respect to the issues included in the meeting agenda.

The Board shall make decision on the date on which to hold the AGM and any EGM, as well as the agenda, procedure of notification and list of the materials and information to be furnished to shareholders in connection with the issues included in the meeting agenda.

EGM's are held following a decision by the Board, either at its own initiative or at the request of the Management Board, Executive Director, Chairman of Management Board, the external auditor, or any shareholder holding at least 10% of voting shares of the Bank at the date of filing such request.

The shareholders shall be notified of an AGM or EGM, as stipulated by law, by sending registered letters, delivered by hand, post or by e-mail. Notification may be also posted by public announcement on the Internet.

j. Rights and Obligations of Owners of Each Type of Shares

According to Armenian Law on Joint-Stock Companies and the Bank's Charter, a holder/owner of ordinary shares is entitled to:

- a. Personally or through an authorized person participate in the Annual or General Meeting, with the right to vote on all the issues decided upon by the meeting;
- b. Personally or through an authorized representative participate in the Bank's management;
- c. Receive dividends from the Bank profits when dividends are declared by the Board;
- d. Have pre-emptive rights in purchasing shares issued by the Bank, unless otherwise stipulated by law;
- e. Have access to the balance sheet, financial and tax reports, in the manner established in the Charter;
- f. Make proposals at any Annual or Extraordinary General Meeting;
- g. In the case of liquidation of the Bank receive its rightful share of any distributions to shareholders resulting from the liquidation;
- h. Assign or otherwise transfer his/her shares to third party;
- i. Enjoy other rights stipulated by the Charter.

According to Armenian law on Joint-Stock Companies and the Charter, a holder/owner of preferred shares is entitled to:

- a. Personally or through an authorized person participate in the Annual or General Meeting, with the right to vote on the issues decided upon within the limitations stipulated by law and the Bank's Charter;
- b. Receive dividends from the Bank's profits in accordance with the procedure and in the amount stipulated at the Annual Meeting;
- c. Personally, or through an authorized representative, participate in the an Annual or Extraordinary General Meeting;
- d. Obtain the information mentioned in Article 43 of Armenian law on Banks and Banking Activity;

- e. In the case of liquidation of the Bank receive its rightful share of any distributions to shareholders resulting from the liquidation;
- f. Assign or otherwise transfer the owned shares to third party;
- g. Enjoy other rights stipulated by the Charter.

All shareholders of the Bank shall be obliged to:

- a. Pay in full for shares within the term stipulated as part of the decision to issue new shares;
- b. Abstain from disclosing or otherwise making available to third persons of any confidential information related to the Bank's activities;
- c. Follow the requirements prescribed by the law and the Bank's Charter.

The rights and obligations of the shareholders may be amended only through a decision at General meeting to amend the Charter of the Bank and registering such amendments with the CBA.

According to the Article 154 of the Armenian law on the Securities Market any person who acquires, directly or indirectly, personally or through affiliated persons, more than 5% of the shares in a company with voting rights should notify the company and the CBA no later than 4 business days after crossing the thresholds of 5%, 10%, 20%, 50%, 75% and more, in accordance with the procedure defined by the CBA.

k. The Board

The Board of the Bank is responsible for the general management of the activities of the Bank. There have not been any changes to the Board since October 2014. Members of the Board are not affiliated persons.

There is no requirement for banks under Armenian legislation to have independent directors.

The members of the Board are elected at the Annual Meeting of the bank by those present for a period which shall not be less than one year.

The competencies of the Board are as follows:

- Determination of core activities of the bank, including the approval of the programme of prospective development of the bank;
- Convening the Annual and Extraordinary General Meetings, approval of agendas, ensuring the implementation of the correct procedures for convening and holding the meetings;
- Appointment of the members of the executive body of the bank, pre-term termination of their authority and approval of terms and conditions of their remuneration;

- Determination of standards of the internal control in the Bank;
- Internal audit of the bank, approval of its annual performance plan, pre-term termination of the authority of the internal auditors and approval of terms and conditions of their remuneration;
- Approval of the Bank's annual budget vs. actual;
- Approval of administrative and organizational structure of the Bank and of the list of members of its staff;
- Increase of statutory fund of the Bank, if the Board is entrusted with such competency by the charter or a decision of the Annual or General Meeting;
- Proposals at the Annual Meeting regarding the payment of dividends, as well as for each payment of dividends - drawing up the list of the Bank's shareholders who have a right to receive dividends; the list shall comprise those shareholders that are included in the Bank's share register as of the day of completing the list;
- Preliminary approval of Bank's annual financial reports and their submission to the Annual or General Meeting as appropriate;
- Presentation of the external auditor of the Bank for approval at the Annual Meeting;
- Determination of the fees of the external auditor of the Bank;
- The undertaking and implementation of measures to address any problems detected as a result of the audit or other examinations carried out in Bank;
- Adoption of the regulations determining the procedure of carrying out financial operations of the Bank under law;
- Approval of the charter of the Bank and its independent structural subdivisions, distribution of functions between them;
- Decision making on the allocation of bonds and other securities of the Bank;
- Use of reserve and other funds of the Bank;
- Establishment of branches of the Bank, representations and offices;
- Determination of Bank's accounting policies and principles;
- Decision making on other matters under law.

The decision-making on the above matters belongs to the exclusive competency of the Board of the Bank and shall not be deputed to other bodies of the Bank's management or other parties, except in cases regulated by law.

At least once a year the Board of the Bank reviews the auditor's report (the management letter), as well as discussing and reviewing, if needed, the core activities and trends of the Bank, its strategy and the regulatory environment in which it operates.

At least once a quarter the Board reviews the internal audit reports, management reports and accounting reports prepared by the chief accountant according to the principles and form set by the Board.

I. Meetings of the Board

Board meetings shall be convened at least once every two months. The procedure for convening and holding meetings is determined by the charter of the Bank. The Board can make decisions at a meeting with participants in the board meeting attending by telephone, video conference or other types of real time communication.

A quorum for Board meetings shall be determined by the charter of the Bank and shall not be less than the half of the number of Board members present. The decisions of the Board are made by a majority of the board members present at the meeting, unless otherwise stipulated by law, or agreed at the Annual or General Meeting. Each board member has only one vote. The assignment of a Board member's voting rights to another party (including to another member of the Board) is prohibited. In case of a situation where there are equal votes on an issue, the vote of the Chairman of the Board is decisive, unless otherwise stipulated in the charter.

m. Committees Attached to the Board

Audit and Risk Committee

Chairman – Chairman of the Board Gagik Zakaryan

Members: Board Member Ararat Ghukasyan, Board Member Hrahat Arzumanyan.

Observer/Secretary - Internal Audit Director Hayk Suvaryan.

The task of the Committee is to assist the Board in corporate governance and control connected with compliance with internal and external audit, internal control structure and risk management structure, legal regulations. Meetings are held at a minimum twice a year.

Investment Committee

The Committee is attached to the Board and consists of 4 members, including:

Chairman – Board member George Piskov.

Members: Chairman of the Board, Board member, Executive financial director.

The Committee executes functions on making resolutions on reserves and investments and control on implementation, as well as discussion of issues and financial analysis concerning the current coordination of investment activity.

Remuneration Committee

The Committee is attached to the Board and consists of 4 members, including:

Chairman – Board member George Piskov.

Members: Chairman of the Board, Board member, Director of Administration.

The committee's functions are

- improvement of HR policies of the Bank,
- making suggestions concerning HR policies to the Board,
- development of motivational and remuneration schemes for the Bank personnel.

n. Committees Attached to the Executive Board

The committees under the Executive Board are: the Tariff Committee, Assets and Liabilities Committee, Branch Network Management Committee, Business Evaluation Committee, Security Committee, Inventory, Procurement and Disposal Committee, Disciplinary Committee.

Tariff and Assets and Liabilities Committee Operations/Functions

The Tariff and Assets and Liabilities Committee defines the types of tariffs for the services provided by the Bank, the principles of definition and review of tariffs and rates and the definition of general and individual tariffs. In the case of a deviation from the agreed tariffs, any proposal is submitted for final approval of Executive Board after it is discussed and approved by the Committee. This Committee also coordinates the management of the Bank's assets and liabilities, focussing on the Bank's liquidity requirements, the target structure of Bank's liabilities and maturity margins, interest rates and interest rate margins and customer acquisition targets.

Business Evaluation Committee Operations/Functions

- Evaluate the current activity of subdivisions and employees in accordance with planned targets approved by the Board;

- Submit decisions to the Executive Board on the evaluation of employees' activities, incentive and disciplinary sanctions, motivations of employees as well as other recommendations and decisions related to the staff;
- Evaluate the performance of employees;
- Make recommendations and propose actions on business development and business process improvement;
- Supervise the performance of the recommendations made by the committee;
- Notify the Executive Board in the case of identifying violations of the current regulations that arises during the evaluation of personnel;
- Discuss employee applications, claims by the Bank's employees and submit them to relevant departments of the Bank.

Security Committee Operations/Functions

- Coordinate the Bank's security, and ensure that legal requirements regarding security are in place and operate efficiently;
- Other issues related to security including internal discipline;
- Organize the process of the Bank's IT and security of information;
- Analyse and approve the IT and information policy, distributing general responsibilities;
- Discuss the principal risks of IT and information resources;
- Approve the main approaches aimed at providing IT and information security.

Inventory, Procurement and Disposal Committee Operations/Functions

The recommendations on the following issues may be submitted for discussion by the Committee:

- Amendments to the annual budget; monthly, quarterly, semi-annual;
- Amendments to expenditure items;
- Amendments to the amounts under expenditure items;
- Amendments to the programmes, including the involvement of new programmes such as the procurement and disposal of the Bank's real estate assets;

- Other issues related to inventory management, procurement or disposal functions that may arise from time to time but are not specifically mentioned above.

Personnel Evaluation Committee

- Evaluation of the Bank employees according to the standards set by the Board;
- Evaluation of the Bank employees knowledge base, skills, and cooperation within departments;
- Investigation and solution to conflicts in the workplace;
- Disciplinary discussions and decision making;
- Review of any investigation results into employee grievances;
- Discussion and decision making on disciplinary actions;
- Discussion and decision making on employee incentives;
- Evaluation of the qualifications of the employees with respect to the positions taken.

Credit Committee

- Implementation and development of Bank lending policy;
- Management of banking risks;
- Effective and efficient organization and implementation of the Bank's lending procedures within its competencies.

Reserve Committee

The main objective of the Reserve committee is to mitigate the risks that may arise regarding loan repayments by the Bank's borrowers, re-evaluation and classification of these assets and advising on the levels of reserves that the bank should make in relation to its loan assets in accordance with guidelines provided by the CBA.

Dividend Policy

The Bank can declare and pay quarterly, semiannual and annual dividends.

The Bank can pay dividends of up to the 40% of the Bank's profit. The Board of the Bank or the shareholders at a General Meeting can propose dividend payments annually or at other intervals during the year.

Intermediate dividends cannot exceed 50% of the declared dividends in the previous financial year, as well as 40% of the net income of the bank as of the payment month.

Annual dividends cannot be less than the amount paid as intermediate dividends.

If the annual dividend amount equals the amount paid as an intermediate dividend according to the decision of the General Meeting, then shareholders will not receive any further dividends during the year in question.

If the annual dividend amount is declared at more than the intermediate dividend amount at a General Meeting, then the difference between the declared annual dividends and the intermediate dividends is paid to shareholders when the annual dividend is paid.

A decision can be taken at a General Meeting that dividends may be paid only on an annual basis. Dividends are paid in AMD.

The Bank is not required to pay dividends. At a General Meeting of the shareholders a decision may be taken to not pay dividends.

The decision to pay annual dividends and the terms of payment is made at the Annual Meeting based on a proposal by the Board which will detail the amount of the annual dividend, as well as the terms of their payment.

The decision on the payment of intermediate dividends is made by the Board of the Bank. The Board establishes the amount of the dividend, as well as the terms of their payment which should not be sooner than 30 days from the date of the decision to pay an intermediate dividend.

o. Preferred shares of the Bank

The Bank has issued and placed 32.010.000 (thirty-two million, ten thousand) preferred shares, each with AMD 100 (one hundred) par value.

The preferred shares have the following characteristics:

- annual dividends payable on the preferred shares shall be calculated at 5% of the par value of the preferred shares;
- payment of preferred dividends shall be made in cash;
- the liquidation value of the preferred shares is at par;

- dividends on preferred shares may be paid only from the Bank's net profit and/or from reserves accumulated from the net profit;
- the Bank's preferred shares are convertible into ordinary shares at one preferred share to one ordinary share. The conversion shall be carried out at the request of the holder of the preferred shares, no later than two months from the date of filing the request with the Bank;
- the term for submitting a conversion request is not limited. The conversion shall be effected through the offering of additional ordinary shares by the Bank, as a result of which preferred shares will be replaced by an equal number of ordinary shares;
- dividends on preferred shares are not subject to payment, either fully or partially, if such payment leads to breach of any of the Bank's regulatory requirements or ratios standards or the deterioration of the Bank's financial condition. Besides:
 - a. Preferred dividends are not cumulative and therefore full or partial dividends may not be accrued and paid out in the future;
 - b. no legal document signed between the Bank and the holder of the preferred shares may stipulate any restriction for the Bank due to non-payment of a preferred dividend either fully or partially, as well as no legal document may grant the holder of the preferred shares any right to make a provision for such restriction, except when it relates to the payment of dividends on ordinary shares. The restriction specified in this paragraph on the payment of dividends on ordinary shares may apply only to the period during which the dividends due on the preferred shares have not been paid fully or partially.

p. Professional Opinion of Expert, Appraiser, Adviser or Accountant and Information Obtained from Third Parties

This Prospectus includes the professional opinion of the following persons:

Business valuer

L&F Group LLC, not affiliated with Unibank.

Registered address: 19 Bagratunyats street, ap. 19, Yerevan, 0010, Armenia.

The valuator has conducted analysis, made conclusions, expressed opinions, and prepared the present report based on international standards and assessment IVSC TEGoVA, implementing discounted cash flow (DCF) method.

Brief information concerning the RA economy and banking sector reflected in the Prospectus is taken from official publications made by the CBA, other bodies and banks functioning in the RA.

q. Other Information

The Charter of the Bank is available:

- electronic copy – at the following link www.unibank.am,
- hard copy (photocopy) – at the head office and branches of the Bank.

The expert opinions or reports, independent assessments and analytical materials, which have been prepared by the order of the Bank and which fully or partially has been used in the Prospectus are available at the head office and branches of the Bank.

r. Participation in Statutory Capital of Other Legal Entities

The Bank does not have direct or indirect participation exceeding 5 per cent of share in other legal entities.

ABBREVIATIONS

CBA	Central bank of RA
ACRA	Armenian Credit Reporting Agency
ARCA	Armenian card closed joint stock company
IFAD	International Fund for Agricultural Development (IFAD)
SMEDNC	Small and Medium Entrepreneurship Development National Center
RA	Republic of Armenia
AMD	Drams of the Republic of Armenia

**The Bank's audited annual financial statements for 2013, 2014 and 2015, interim reports
2016**