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MISSION AND VALUES

“Unibank” OJSC is a dynamically developing and innovative bank that provides a full range of services to retail and corporate clients. The Bank sees its mission in promoting the economic development of the Republic of Armenia, increasing the financial well-being of customers, shareholders and partners, and meeting the public need for high quality financial services.

OUR VALUES

- attentive and honest attitude to customers
- strong team spirit and effectiveness
- society's trust
- high brand awareness
- reliability and stability

WE STRIVE

- strengthen its position and increase the financial market share
- to ensure a high culture of banking services
- to increase the availability of popular and high-tech banking services
- introduce a transparent business model and best practice of corporate culture
- to increase the investment attractiveness of the bank



„Normality is a paved road: It's comfortable to walk, but no flowers grow on it.“

Vincent van Gogh

PRIORITIES OF UNIBANK

- **Client-oriented approach**
Maintaining competitive advantage through innovative solutions and IT challenges
- **Professional team and motivated staff**
Staff of the bank is an asset and bank's success is impossible without personal growth and loyalty of each employee
- **Use of modern banking technology**
A step ahead of its competitors
- **Financial results**
Ensuring profit by the results of its activities, optimizing costs and adhering to the ratio of risk and income
- **Corporate Governance**
Building a strong, transparent and objective corporate culture for the benefit of shareholders
- **Corporate Social Responsibility**
The bank is a "citizen" of its country and must contribute to the development of society

BANKING SYSTEM OF ARMENIA: MAIN INDICATORS

The aggregate volume of assets of the banks of Armenia for 2018 comprised 4,958 billion Armenian drams, increased by 15% compared to 2017 (4,324 billion Armenian drams).

Assets growth rate is mainly due to growth rate of crediting. Based on the results of 2018 the aggregate volume of loan investments of the banking system of Armenia comprised 3,061 billion Armenian drams, increased by 15% compared to 2017. The liabilities of banks for the previous year comprised 4,193 billion Armenian drams, increased by 15%. Aggregate deposits of the Armenian banks at the end of December of 2018 comprised 2,813 billion Armenian drams which is more 10% or 267 billion Armenian drams more than the indicator of the December of 2017.

The profit of the banking system of Armenia for 2018 comprised 62.2 billion Armenian drams. The economic growth in Armenia in 2018 was 5.2%.

The volume of GDP in 2018 comprised 6,005 billion drams or \$12,4 billion. GDP in 2018 in Armenia comprised 2 025 246 AMD (\$4 187) per capita against 1 871 865 AMD (\$3 867) in 2017. Based on the results of 2018 the assets of the banking system in the GDP of Armenia reached 83%, and the loan investments – 51% against the 78% and 48% based on the results of 2017.

GROWTH TENDENCY

(2010-2018, MLN AMD)

ASSETS

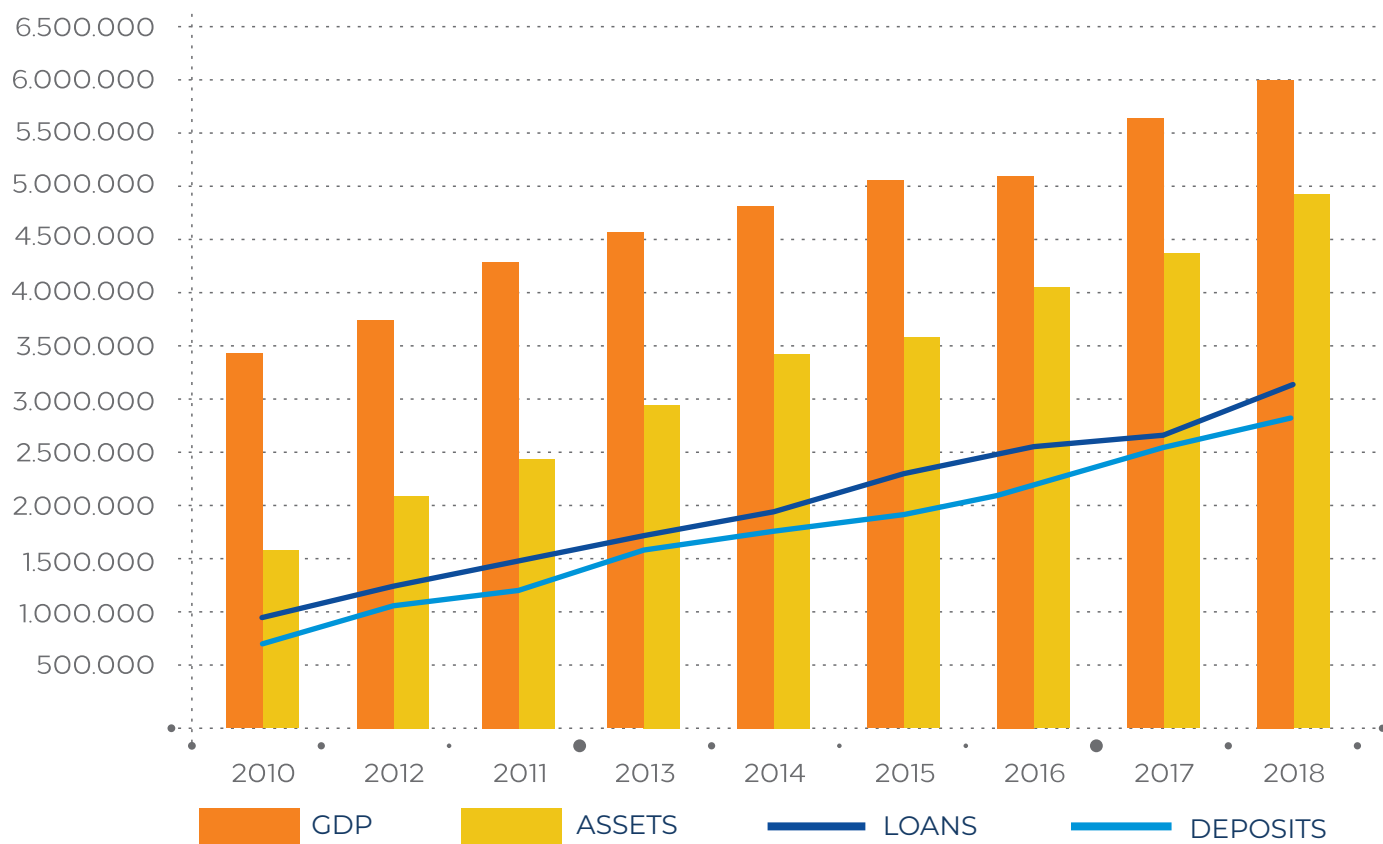
318%

CAPITAL

233%

CREDIT INVESTMENTS

323%



IMPORTANT EVENTS OF 2018

- In the framework of social responsibility, Unibank launched a program for financing works on the improvement and equipment of schools.
- Unibank and FMO started the implementation of “Women in Business” credit program.
- Unibank has successfully issued and placed 5 bond tranches worth 1 250 bln AMD and 10 mln USD.
- “Unibank Privé” received the SPEAR'S Russia Wealth Management Awards 2018 award for the best customer service of private banking services in the CIS countries.



„Without a Motherland, without love for the Native Earth,
man cannot find himself, find his Soul“

Martiros Saryan

KEY FINANCIAL INDICATORS FOR 31.12.2018

ASSETS

209.800

MLN AMD

LOAN PORTFOLIO

134.279

MLN AMD

BONDS ISSUED

8.576

MLN AMD

LIABILITIES

177.251

MLN AMD

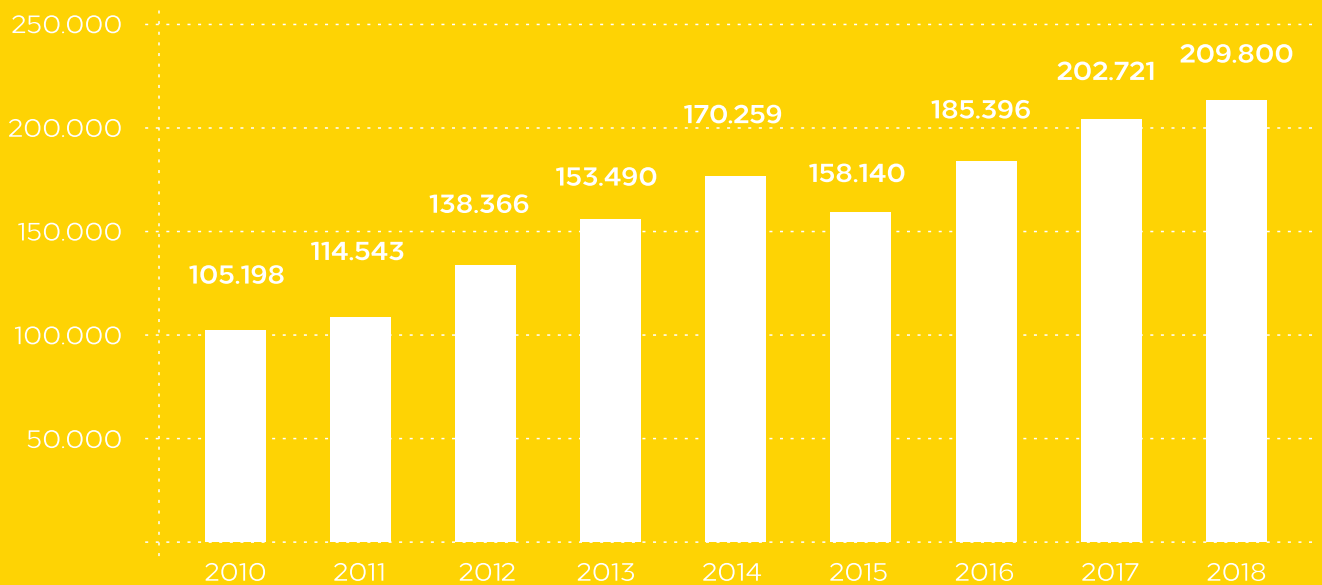
TOTAL CAPITAL

32.548

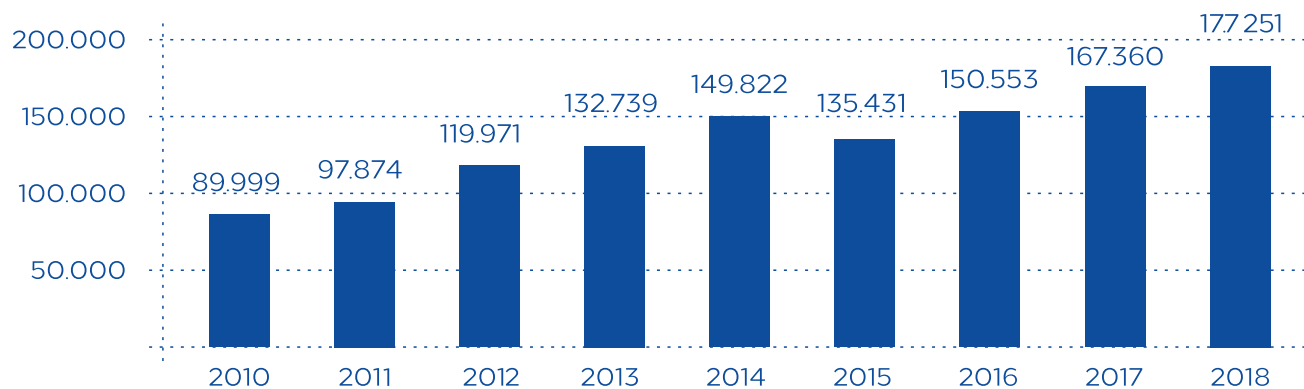
MLN AMD

Based on the results of 2018
Unibank ensured the following indicators:

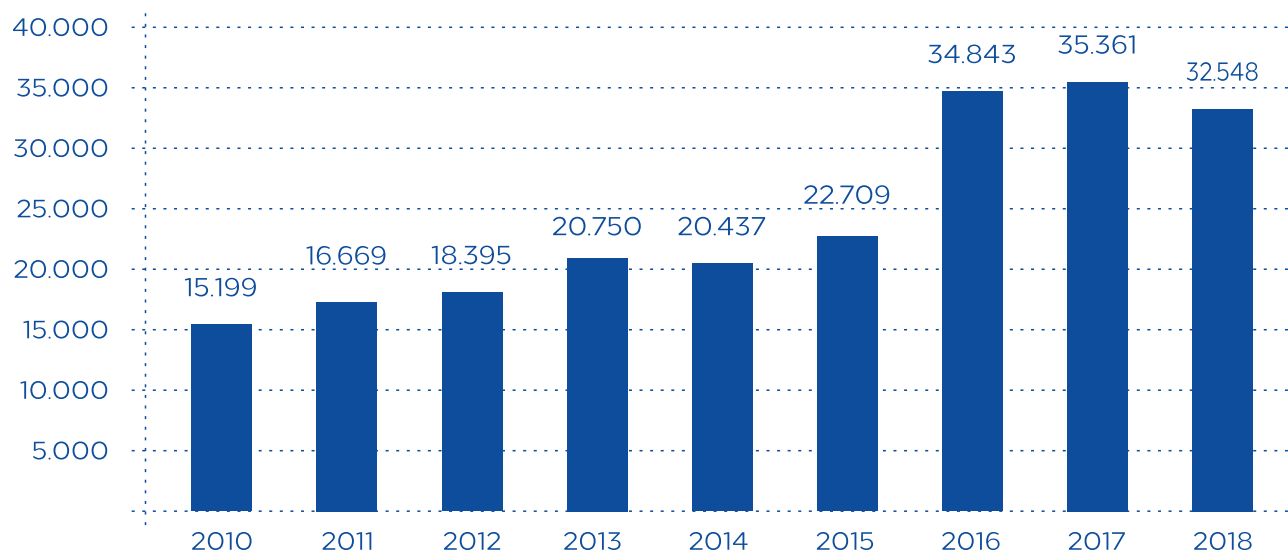
Assets (mln AMD)



Liabilities (mln AMD)



Total Capital (mln AMD)

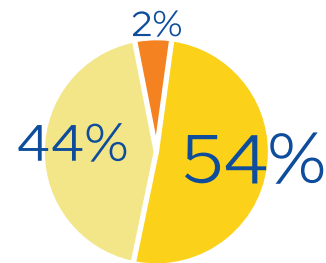


LOAN PORTFOLIO

As of 31.12.2018 total loans portfolio of the Bank comprised 64% of the total assets.
Loan portfolio in AMD comprised 54% of the aggregate loan portfolio.
Average rate of interest as of 31.12.2018 comprised 10.82%.

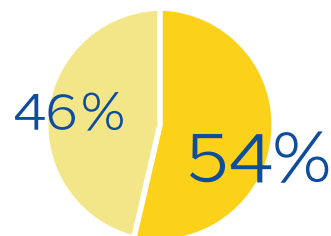
LOAN PORTFOLIO CURRENCY STRUCTURE

- AMD
- Freely convertible currency
- Non convertible currency



LOAN PORTFOLIO STRUCTURE

- Corporate loans
- SME loans



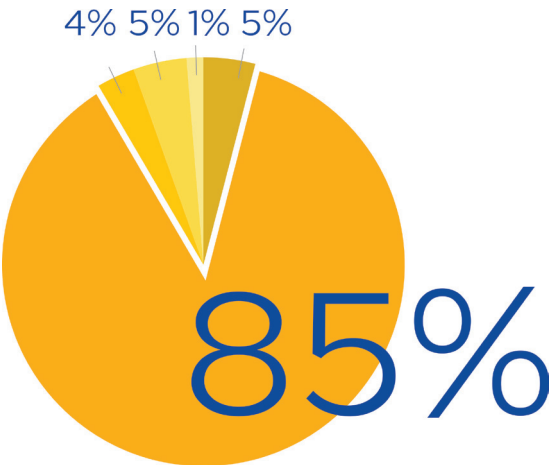
DEPOSIT PORTFOLIO

Demand deposits portfolio comprised 108.3 billion AMD at the end of the reporting year. Customer liabilities with the share of 81% - 87.8 billion AMD, prevailed in the structure of liabilities. Within 2018 the demand deposits increased by 25.2 billion AMD and comprised 43.2 billion AMD out of which the liabilities attracted from legal entities comprised 31.7 billion AMD and those from physical persons – 11.5 billion AMD.

In total the funding cost for attracted liabilities decreased by 1.9 percentage points.

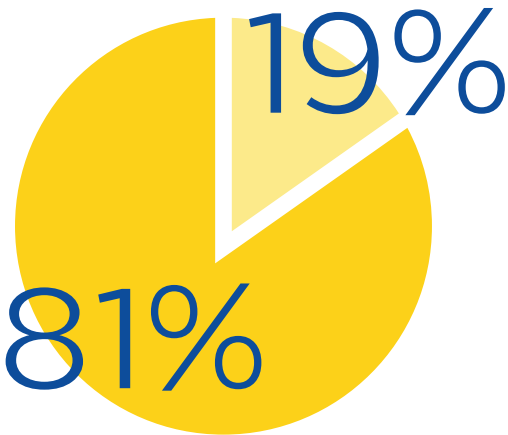
FUNDING STRUCTURE

- Liabilities to financial institutions
- Liabilities to customers
- Borrowings
- Bonds issued
- Other liabilities



DEMAND DEPOSITS

- Corporate clients
- Individuals



RETAIL BUSINESS

Unibank showed an active growth of indicators in all the segments of services for private clients. The portion of retail loans in the aggregate loan portfolio comprised 52% or 77.6 billion AMD without reserves. In 2018 the volume of retail loans issued by Unibank exceeded the result of 2017 by 14% mainly due to active sale of unsecured loans, card loans and gold-secured loans.

In 2018 the Bank confirmed the status of an active participant in the state programs of mortgage lending. Within the reporting year Unibank provided 188 mortgage loans credits amounting to 3.35 billion AMD, out of which 10 loans worth 80 million AMD were provided within the program of “National Mortgage Company”, and 10 loans worth 101 million AMD – within the program of “Housing for young families”.

In 2018 the weighted-average interest rate of the retail loan portfolio comprised 13.6%, decreased by 3.2 p.p.

In POS lending the bank cooperated with more than 220 companies enabling the bank to extend its services in 630 points of sale. Through such agreements bank generates joint product and marketing campaign creating an advantage over the competitors.



„Art is a line around your thoughts.“

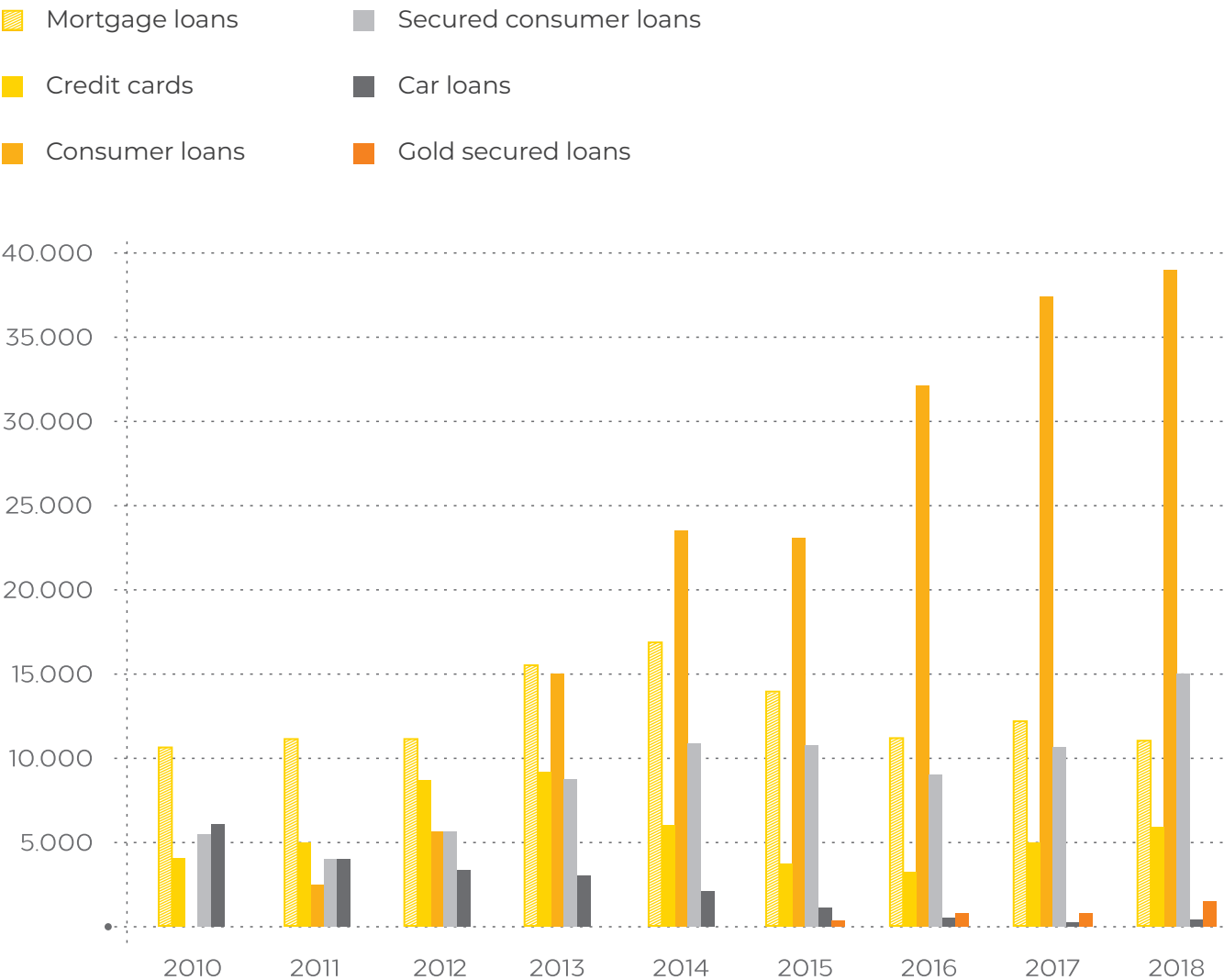
Gustav Klimt



High rates of retail lending for 2018 have been ensured
by the following events:

- expansion of the promo-points network to 80, through which 80,000 loans with the total amount of 14,8 billion AMD have been issued;
- increase in the number of branches providing gold-secured loans from 17 to 27;
- introduction of online application form for consumer loans.
- the number of online applications received in 2018 was 20,510 amounting to 10.7 billion AMD, out of which 5,535 applications amounting to 1.9 billion AMD were approved.

DYNAMICS OF RETAIL LOAN PORTFOLIO (MLN AMD)



CORPORATE BUSINESS

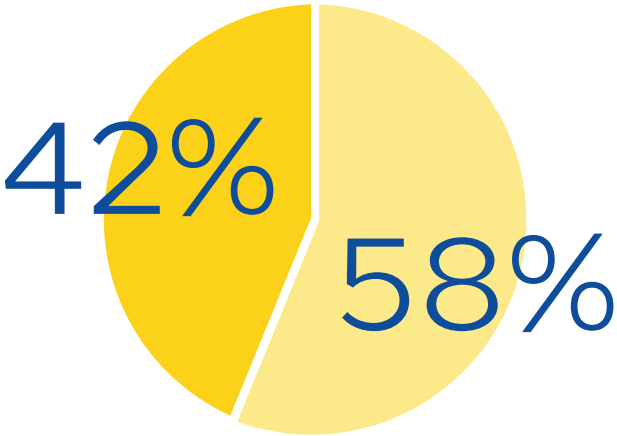
In 2018 «Unibank» continued its specialization in providing services to small and medium enterprises. Serious transformations took place in the form of defining main segments and products. This has been developed based on the historical performance and NPL data. Identified segments included small-scale manufacturing , trade, services and agro.

In addition, the process of provision of unsecured micro loans to small businesses is automated using modern CRM-system by “Protobase Laboratories”, enabling bank to reduce loan processing time.

The volume of business loans in the aggregate loan portfolio comprised 48%, or 70.7 billion AMD with-out reserves, including corporate loans - 58%, SME loans - 42%. The weighted-average interest rate of the business loans portfolio in 2018 reduced by 0.6 p.p. and comprised 11.7%.

BUSINESS LOAN PORTFOLIO STRUCTURE

- SME loans
- Corporate loans



RESOURCES FOR SME LENDING & TRADE FINANCE



“UNIBANK” OJSC STRATEGIC DIRECTIONS OF DEVELOPMENT FOR 2019 – 2021

Strategic priorities

Within the framework of the approved strategy Unibank set the key priorities for 2019:

- Increase in the volume of retail banking and rendering of services to small and medium enterprises with a focus on high-yielding segments;
- Automation of business processes, increase of their effectiveness;
- Expansion of the bond program with the increase of the specific weight of bonds in the structure of the liabilities of the Bank up to 7%, listing of bonds in the foreign market;
- Innovation technologies and management methods implementation;
- Increase in the level of satisfaction and customer loyalty;
- Ensuring of financial effectiveness and improvement of the position of Unibank in the banking system.

STRATEGIC GOALS 2019-2021

FINANCIAL



Reaching
USD
10mIn profit
by 2020



Increase
bank's
shares market
value

CLIENTS & SERVICES/ PRODUCTS



Increase
POS retail
lending market share
to 40%



Increase
SME/Corporate
lending
marketshare to 10%



Enhance product line
to maintain
competitiveness

BUSINESS ENGINEERING



Enhance
customer
services
quality



Automation
of
Micro/SME Lending



Enhance
Distant
Banking tools

HR



Enhance
staff
qualification



Improve staff
loyalty
and
retention

CORPORATE GOVERNANCE



Instill best
practice in
Corporate
Governance



Enlage
shareholders
team

COOPERATION WITH INVESTORS

Establishment of cooperation with the Export insurance agency of Armenia enhance export capacity for small and medium enterprises.

Signing an agreement with the Netherlands Development Bank FMO on attracting \$ 10 million under the “Women in Business” program, in which women entrepreneurs were granted loans of up to half a million dollars at 10.5% per annum, with a maturity of up to 60 months.

Continuation of the cooperation with International Finance Corporation, Black Sea Trade and Development Bank, International Fund for Agricultural Development, SME Development Fund, European Investment Bank (EIB) as well as KfW German bank.

Issuance and allocation of 3 AMD and 2 USD tranches of coupon bonds with annual returns of 10% and 5.5% respectively, with the repayment period of 24 and 36 months.
Volume of emissions – 1,250 mln AMD and 10 mln USD.
The bonds were listed on NASDAQ OMX ARMENIA.

Preparation for the listing of Unibank's bonds on the Russian stock exchange.

EXCHANGE MARKET

- ARMENIA SECURITIES
EXCHANGE
-

- PRICE PER SHARE
230 AMD
-

- 167
SHAREHOLDERS

- MARKET MAKER
«ARMENBROK»
-

- ACCOUNT OPERATOR
«UNIBANK»

OUR TEAM

UNIBANK BOARD



Gagik Zakaryan
Cofounder/Board Chairman

Cofounder/Board Chairman, Unistream OJSC CB, Board Member of the Association of Russian Banks, Member of the Supervisory Board of National Banking Journal. The laureate of the «Best Banker» in 2005 and 2007, «Person of the Year 2006» (Corporate Responsibility category). The laureate of Efficient Bank Management National Banking Award 2007.

Awarded with «St. Gregory the Illuminator» order of the Armenian Apostolic Church for the activity aimed at the prosperity of the nation and church.

In 2015 Gagik Zakaryan has been awarded with 2nd class Medal of the Order «For Merit to the fatherland».

Awarded with the «Vachagan Barepasht» medal for services rendered to the Artsakh Republic.



George Piskov
Cofounder/
Board Member

Cofounder/Board Member of the Unistream OJSC CB, Cofounder/Chairman of Protobase Laboratories.

Founder and President of Institute of Financial Planning (IFP). PhD Candidate in Economics .The laureate of the «Banking Manager of the Year - 2003» and «Financial Olympus 2009».



Eduard Zamanyan
Board Member

Board Member of “Unistream” OJSC CB. Has great experience in the banking sphere, held leading positions in big credit and financial companies.



Hrahat Arzumanyan
Board Member

Chairman of the Board of Directors
“Transstroibank” CJSC, Russia.



David Papazian
Board Member

Independent capital manager.



Vardan Atayan
Board Member

Shareholder and Board Chairman of
“Unileasing” company, Board Member of
“RESO” CJSC



Artem Konstandian
Board Member

Board of Directors Member Russian Export
Credit Agency EXIAR, Board of Trustees
Member Jurisdiction Armenia Foundation (RA).

UNIBANK EXECUTIVE BOARD



Mesrop Hakobyan
Executive
Board Chairman

Works at Unibank starting from 2004.
Over 16 years of financial sector experience.



Gohar Grigoryan
Executive Board Member
Financial Director - Chief Accountant

Board member of “Unileasing” CJSC.
PhD candidate in technical sciences.
Over 20 years of banking experience.



Ararat Ghukasyan
First Vice-Chairman
of the Executive Board

Over 23 years of banking experience.
Top management positions
in a number of banks in Armenia,
Ukraine and Malta.
2009-2011 led the Union of Armenian banks.



Ovsanna Arakelyan
Vice-Chairman
of the Executive Board

Legal Service and Overdue Liabilities Collection
Director 17 years of legal experience.
Board member at “RESO” CJSC, “Unileasing” CJSC.
Awarded with a diploma of Armenian banking
Association and CBA for active and effective work
in regulating the banking system of RA.



David Petrosyan
Executive Board
Member

Corporate Business Promotion and Sales
Director 15 years of banking experience.
Phd candidate in Economics.



Tigran Badanyan
Executive Board
Member

Risk Management Director. Over 23 years
of banking experience.



Gurgen Ghkasyan
Executive Board-
Member

Retail Business Promotion and Sales Director.
Over 13 years of banking experience.
Participated in a number of international
programs on qualification enhancement,
including programs by USAID and KfW bank.



Hayk Suvaryan
Internal Audit
Director

Phd candidate in Economics.
Over 13 years of banking experience.

CORPORATE GOVERNANCE

Corporate Governance overview

The Bank has fully structured corporate governance that includes the Shareholders Annual General Meeting, Bank's Board, Bank's Executive Board, Internal Audit, Committees attached to the Board, Committees attached to the Executive Board, Credit Committee and Reserves Committee.

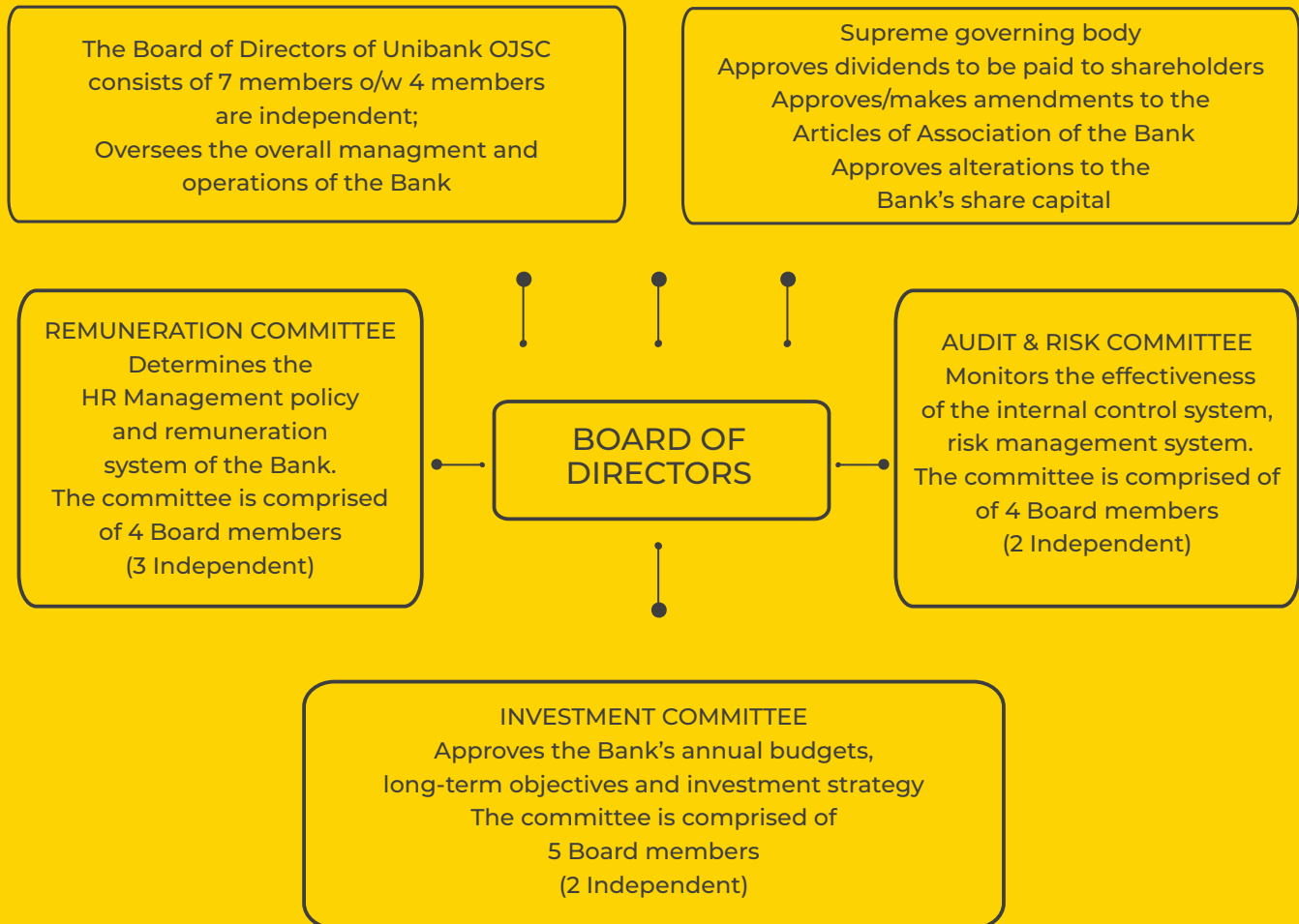
Shareholders Annual General Meeting is the highest body of the Bank, that makes decisions on the Bank's fundamental issues. Shareholders Annual General Meeting is held on an annual basis, as well as based on the Board's decision an Extraordinary Meeting may take place. The Board decides the date of the Shareholders Annual General Meeting. The Bank informs shareholders about the Shareholders Annual General Meeting on the official website or through mass media, no later than 15 days prior to Shareholders Annual General Meeting, and 30 days prior to Extraordinary Meeting. Decisions taken by the Shareholders Annual General Meeting, as well as the voting results are communicated to the shareholders in the same manner.

The Board of the Bank is a collegial management body of the Bank, which defines the main strategic directions of the Bank's activities in the long term, determines the approaches to the organization of internal control. The Board of the Bank, in carrying out its activities, is accountable to the Shareholders General Meeting of the Bank, acts in the interests of the Bank and its shareholders, as well as ensures that the interests and legal requirements of all other interested parties are met.

The Executive Board of the Bank manages the current and operational activities of the Bank within the framework of its authority, as determined by the legislation of the Republic of Armenia and the Bank's charter. The Executive Board is accountable to the Shareholders Annual General Meeting of and the Board of the Bank.

Internal audit has an independent status and operates under the direct control of the Board. Performs verification and assessment of the effectiveness of the Bank's internal control system

SHAREHOLDERS GENERAL MEETING



CORPORATE SOCIAL RESPONSIBILITY

Unibank takes an active part in the social life of the country, following the principle of social responsibility and directing efforts to the development of infrastructures and the creation of new jobs. Unibank is an active and responsible participant of economic and social programs. The Bank actively supports charity and sponsorship programs aimed at improving financial literacy, as well as supporting education, culture and sports.

CORPORATE ETHICS

Cooperation in the Bank is based on respect for the individual and focus on results in order to successfully solve professional tasks and maintain constructive relations within the team. We strive to comply with the highest principles of professional ethics, comply with existing laws, as well as the rules and regulations established in the Bank.

ENVIRONMENTAL PROTECTION

In its activities, the Bank aims to follow the principles of respect for the environment. When implementing credit programs, the Bank takes into account compliance with environmental standards and prioritizes lending to environmentally friendly industries and resource-saving projects. In its activity, Unibank seeks to minimize the financing of projects that have a negative impact on the environment.



„Only put off until tomorrow
what you are willing to die having left undone.“

Pablo Picasso

HUMAN RESOURCE MANAGEMENT AND PERSONNEL POLICY

The objectives of the personnel policy of “Unibank” OJSC are the formation of a highly professional and efficient team, the development of a personnel training system, the creation of motivational programs for employees, and the maintenance of a corporate culture that implies compliance with service standards and business communication.

The personnel policy of the Bank is aimed at the careful selection and training of personnel, and the formation of highly qualified personnel potential ensuring the achievement of planned results. This policy is implemented within the framework of the Bank’s corporate interests and by attracting the most qualified specialists, encouraging initiative employees and their promotion to senior positions. Special attention is paid to the growth of the professional level, the maximum fulfillment of each employee and the construction of an optimal organizational structure

In the process of selection, testing and interviews, responsible, progressive and goal-oriented specialists that are sharing the values of the bank and ready to move forward are identified. To determine compliance with the positions held and the level of qualification, the Bank periodically conducts personnel certification and rotation.

In 2018, the main areas of work were:

- changing the organizational structure of the Bank in order to improve the efficiency of business units;
- development of systematic training and staff qualification enhancement;
- implementation of internship programs and attracting students from leading universities in Armenia.

The number of Bank’s employees as of the end of 2018 comprised 891 (including workers of promo points).

INTERNATIONAL RATING

International rating agency upgraded Unibank's local-currency and foreign-currency deposit ratings of B2. The bank's ratings are based on its Baseline Credit Assessment (BCA) of b3 and long-term Counterparty Risk Assessment -CR Assessment - B2(cr)/NP(cr). Outlook - Stable.
Ratings upgrade is mainly due to capital replenishment and bank's asset quality improvement.

BANK CORRESPONDENTS

CB UNISTREAM

ALFA BANK

BANK OF GEORGIA

RAIFFEISEN INTERNATIONAL AG

RAIFFEISEN BANK MOSCOW

TRANSSTROIBANK

TRANSCAPITAL BANK