

UNIBANK EQUITY FLASHNOTE UPDATE, Q2 2017

NASDAQ OMX Armenia: (UNIB) \$0.48 USD/AMD 478.83



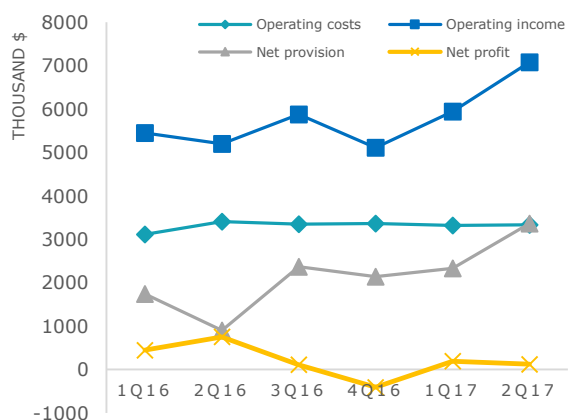
UNIBANK OJSC

Listing:	NASDAQ OMX Armenia
Moody's:	B2, «Stable» Upgraded
Thomson Reuters:	Best Dealing Bank 2012
Raiffeisen Bank Int.:	RBI STP Quality Awards
ISO 27001:2013	Information Security Standards

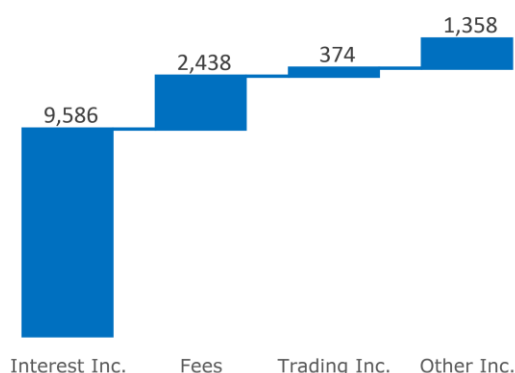
Unibank's common stock

Ticker:	UNIB
Market Cap (mln USD):	82.98
Shares Outstanding, mln:	172.88
Free Float:	6.8%
Trading Value (thous USD):	75.1
Number of Securities traded:	156,200
Last Price (USD):	0.48

Unibank's income statement overview for Q2, 2017



Total income composition of Q2, 2017 (in thousand \$)



Event

Unibank announced the release of 2nd quarter financial statements of 2017.

Overall Impact: Positive

Unibank reported an increase in revenue over the previous quarter from all operating activities. Operating revenue is comprised of net interest income, net fee and commission income, net trading income and other operational income, that grew by 3.8%, 8.3%, 65.3% and 106.3% respectively. As a result, Bank's operating income has increased by 19.1% over the previous quarter and 36.2% over the same period of 2016. On the contrary, Bank's operating costs increased by only 0.4% over 1st quarter of 2017 and decreased by 2.2% over the same period of the previous year bringing cost to income ratio to 47.02% from 55.75%.

Unibank's profit before taxation climbed by 29.5%, however, the profit after taxation decreased by 37.2% due to an increase in income tax expense. Tax expense is by 142.2% higher, compared to the previous quarter. Various provisions can cause deviations in quarterly effective tax rate; however, annual average rate will likely remain on long-term trend, thus produce higher net earnings for forthcoming quarters.

Banks Assets increased by 4% throughout the quarter, which is attributable to 5.3% increase in liabilities and 1.4 decrease in equity compared with previous quarter. Interest earning assets grew by 10.8% and loan portfolio grew by 8.2%. Deposits from customers increased by 2.3% relative to previous period.

Trading activity

In Q2 2017 Unibank's stock trading volume comprised 21.3% of the total market volume, which amounted to 5.3% of the total market traded value of the period. Trading volume grows in the market period-over-period. Trading volume in 2nd quarter of 2017 increased by 11.7 times over the same period of the previous year. Increasing trading activity produces market liquidity, and capital markets become informationally efficient and incur lower costs for its participants.

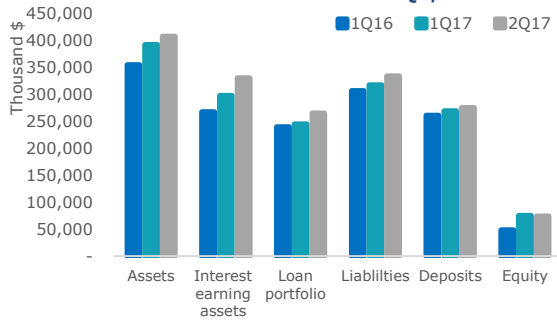
Bank's development

Unibank launched its online banking service on May 15, 2017. Mobile applications for iOS and Android systems are also available for the clients of the bank, which further improves customer experience and enhances accessibility of services. The Bank opened new a branch in Shengavit District, Yerevan in March 2017 and relocated branch Privé for VIP clients to the Northern Avenue.

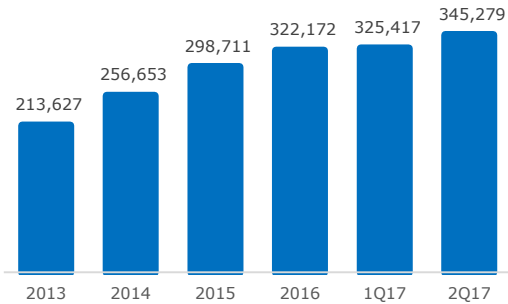
Unibank successfully implemented automation of system for processing applications for unsecured retail loans. During the 2nd quarter the number of customers of Unibank increased by around 20,000.

Unibank announced the appointment of David Papazian as Independent Member of the Board of Directors.

Unibank's balance sheet overview for Q2, 2017



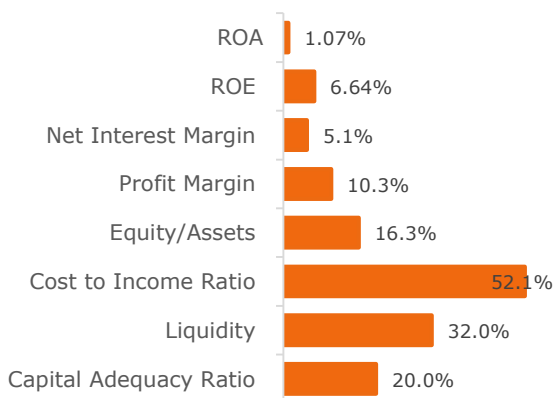
Number of customers



Selected operational data as for Q2, 2017

Retail clients:	341,951
Corporate clients:	3,328
Branches:	47
Number of Employees:	841

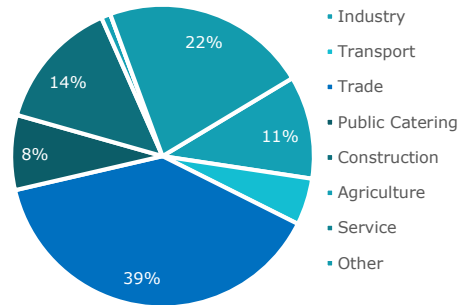
Banking sector indicators for Q2, 2017



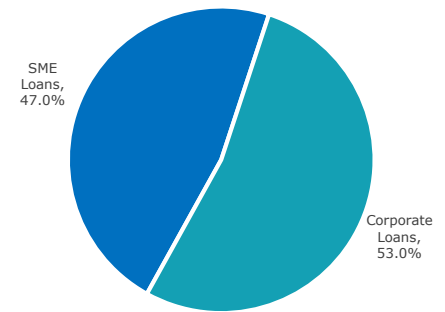
Loan portfolio

The total loan portfolio of Unibank as of 30 June 2017 amounts to \$ 264.8 mln, which comprises 65.09% of the total assets. The bank continues to focus on enhancing number of retail customers and small/medium sized business clients. Unibank's Point of Sale (PoS) customer loans increased by 10 times compared with 2011. Currently, Unibank's PoS loans cover 30% of the market share.

SME Portfolio By Sector 2Q17



Commercial Portfolio Structure as of 2Q17

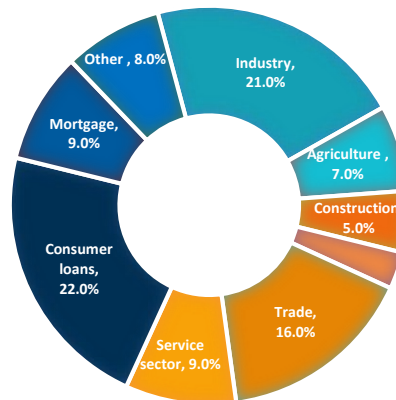


Bank's Commercial and Retail loans comprise 53% and 47% of the total portfolio respectively. Growing number of Retail customers, SMEs and PoS will further diversify bank's loan portfolio, which will decrease provision expenses of the company.

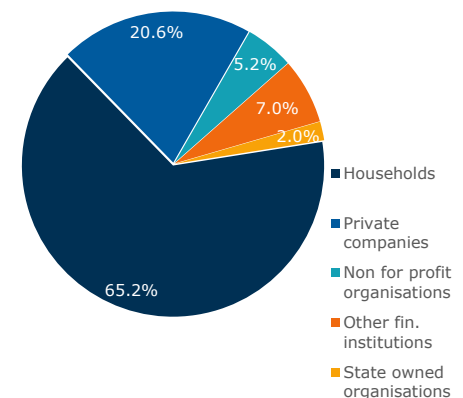
Banking sector update

Banking sector remains the largest part of the financial system as of March 31, 2017. The sector encompasses 17 commercial banks with nearly 525 operating branches and 11,000 employees. The sector assets grew by 16.7% compared to the same period of 2016 and amounted to \$ 8.37 bln. The ROE and ROA were 6.64% and 1.07% respectively. During the reporting period amount of loans in commercial banks increased by 17.8%, deposits increased by 22% and equity grew by about 18.3% in comparison to the first quarter of 2016. Total income increased by 10.3% and profit increased by 3.5 times relative to parallel period of previous year. Cost-to-income ratios summed to 52.1%, net interest margin amounted to 5.1% and profit margin amounted to 10.3% for the reporting period.

Banking sector loan structure for 2Q17



Banking sector deposit structure for 2Q17

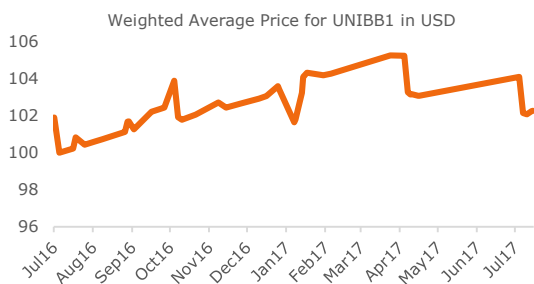


Macroeconomic update

Overall, economic activity grew by 6.4% for the period of January to May of 2017 compared to the same period of 2016. Industrial production increased by 14.4%, domestic trade turnover increased by 11%, electricity generation grew by 4.6%. On the contrary, gross agriculture product and construction decreased by 3.5% and 12.1% respectively. Average monthly payroll grew by 1.9% and consumer price index increased by as little as 0.4%. Import and export amounted to \$ 1470.3 mln and \$ 797.54 mln respectively resulting in trade deficit of \$ 672.75 mln. Export and import grew by 20.9% and 24.4% respectively in comparison to the same period of 2016 (USD/AMD = 488.88).

UNIBANK FIXED INCOME FLASHNOTE UPDATE, Q2 2017

Weighted average price for UNIBB1 in USD



Trading data for UNIBB1

Issuer:	UNIBANK
Ticker:	UNIBB1
List:	Abond
Last:	4.9701%
Avg:	4.6795%
Cur:	USD
Trading VOL:	1,388
Trading VAL:	144,532.36

Trading data for UNIBB2

Issuer:	UNIBANK
Ticker:	UNIBB2
List:	Bbond
Last:	12.25%
Avg:	12.25%
Cur:	AMD
Trading VOL:	26
Trading VAL:	545.91

Ticker	Currency	Quantity out.	Maturity	Coupon(%)	YTM	Coupon rate
UNIBB1	USD	50,000	08.04.2018	8.00%	4.50%	Quarterly
UNIBB2	AMD	25,000	23.11.2016	13.50%	12.25%	Quarterly

Unibank's fixed income securities as of 25 July, 2017

Unibank issued AMD denominated nominal coupon bonds that were listed in NASDAQ OMX Armenia, the bonds were added to the secondary Bbond list. Securities have a face value of AMD 10,000 with 13.5% quarterly coupon payments and a repayment period of 24 months.

Unibank also issued USD denominated bonds with \$ 100 face value that will mature in April of 2018; the bonds were added to the primary Abond list. The price of the securities was \$ 102.265 as of July 18, 2017. We expect the price of the securities to reach a resistance level of 105.7 dollar by the end of the 3rd quarter of 2017.

Credit quality improvement of the bank will maintain low yields on Unibank's fixed income securities.

During the second quarter of 2017 Unibank's corporate bond trading volume comprised 4.17% of the total volume, which amounted to 7.12% of the total traded value for corporate fixed income securities during the reporting period.

Unibank's selected ratios

Ratios	2017 Q2	2017 Q1	2016
Capital Adequacy Ratio	18.24%	18.80%	17.40%
Liquidity Ratio	30.34%	29.06%	29.10%
Cost to Income Ratio	47.02%	55.75%	61.16%
Loan Portfolio/Assets	65.09%	62.53%	63.34%
Equity/Assets	18.10%	19.10%	19.15%
Profit Margin	0.86%	1.49%	1.80%
Net Interest Margin*	3.92%	4.18%	4.10%
ROE*	0.64%	1.09%	1.42%
ROA*	0.12%	0.20%	0.24%

*Net Interest Margin, ROE, and ROA for 2017 Q1 and 2017 Q2 are annualized.



ARMENBROK Research
Investment Company I Member NASDAQ OMX
Armenia
#32/1 Tigran Mets avenue, 0018 Yerevan,
ARMENIA
Telephone: +37410 538700 I Facsimile:
+37410 528986
Mobile: +37499 538700 I E-mail:
research@armenbrok.com
www.armenbrok.am I www.armenbrok.com

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no IDEAS
WE HAVE

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