



UNIBANK

Unibank - Investment opportunity in Armenia



2016

Republic of Armenia - The place to invest

Armenian Banking sector- Emerging opportunity

Unibank- From milestones to success

Unibank- The way forward

Republic of Armenia- The place to invest

Full name – The Republic of Armenia

Population - 3,006,154

Capital – Yerevan

Area – 29.743 sq. km (18.481 sq. miles)

Major languages –Armenian (official),

Russian (common), English (growing)

State religion – Christianity

Life expectancy : male -70.9, female -78.6

Monetary unit – Armenian dram (AMD)

Exchange rate - As of April ,201: 475AMD/USD

Main segments of economy

Agribusiness

Mining

Tourism

Health & Pharma

Jewelry, Watchmaking& Diamonds

IT Engineering

Sovereign Country Ratings:

Fitch – B+, stable (February 2, 2015)

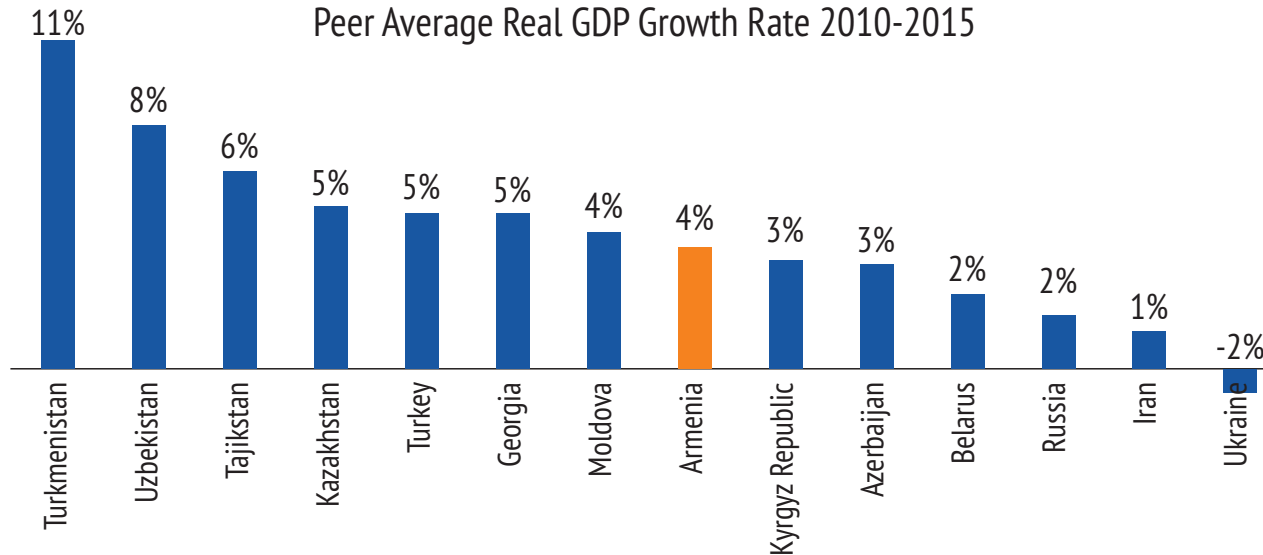
Moody's – Ba3 ,stable (January 16, 2015)

Global competitiveness report 82 (World Economic Forum)

Human development index 85 (UNDP)

Comparative advantage

Peer Average Real GDP Growth Rate 2010-2015



With a 5 year compound annual growth rate of 4.2% outpacing peer countries.

2015

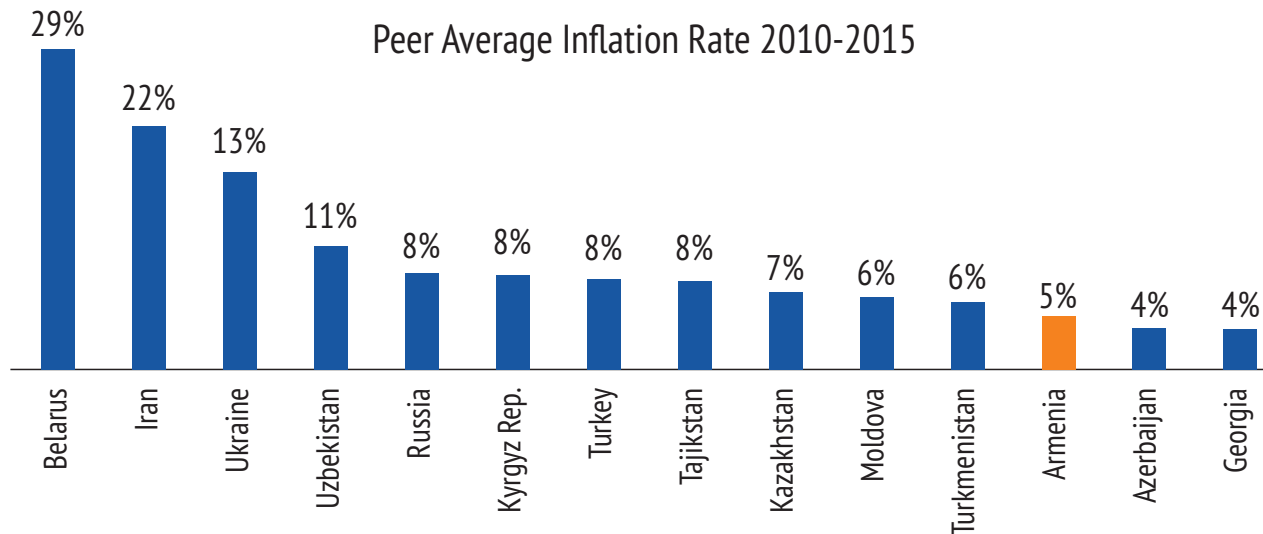
\$11 billion GDP

\$3,515 GDP per capita

\$24.3 billion GDP (PPP)

\$8,070 GDP (PPP) per capita

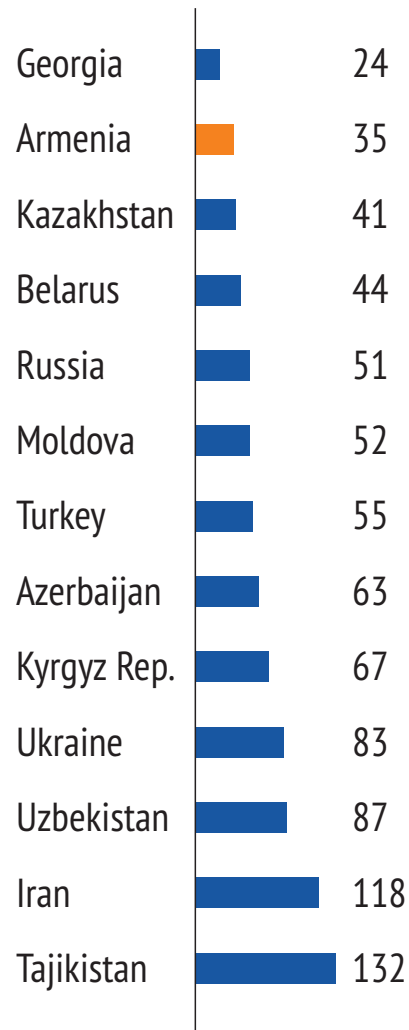
Peer Average Inflation Rate 2010-2015



CPI

Armenia has one of the lowest inflation rates in the region with a 5 year average annual inflation rate of 5%.

Ease of Doing Business



Out of 189 countries

Armenia	Rank
Starting a business	5
Dealing with construction permits	62
Getting electricity	99
Registering property	14
Getting credit	42
Protecting minority investors	49
Paying taxes	41
Trading across borders	29
Enforcing contracts	28
Resolving insolvency	71

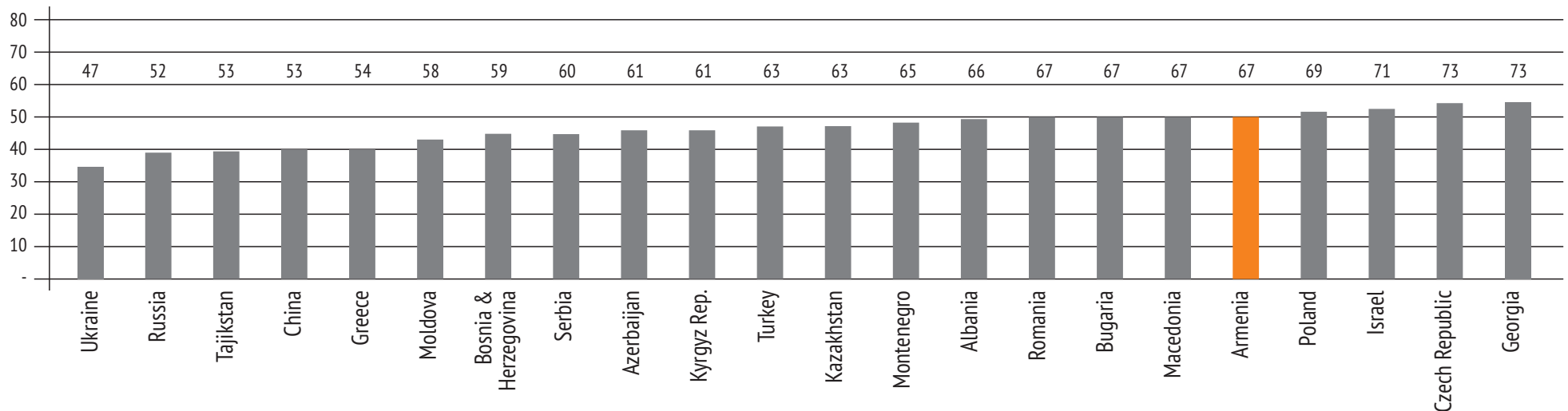
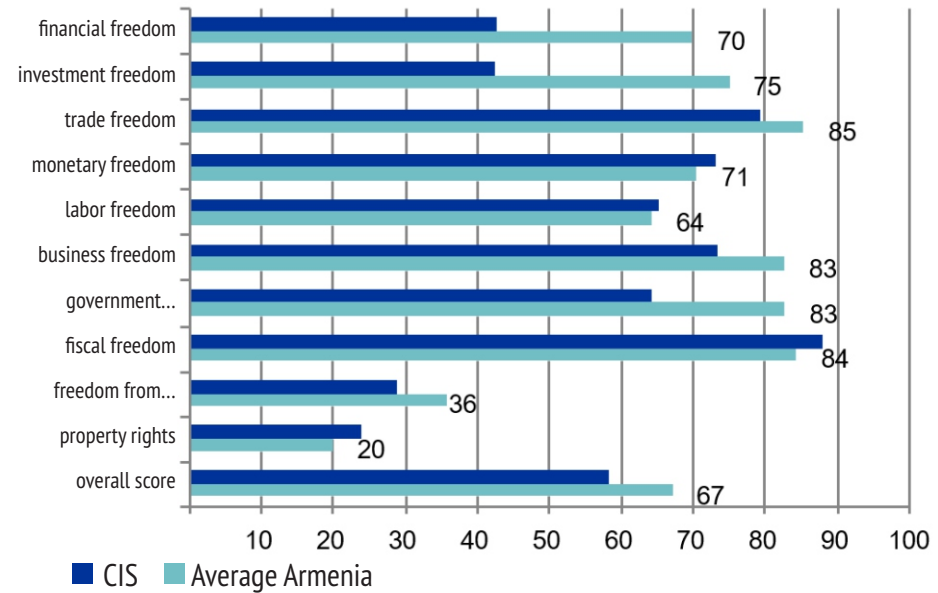
- Armenia is continuously improving its positions in the ranking of WB on the ease of doing business.
- By the ease of doing business Armenia ranked 43rd in 2010, while in 2016 the country is the 35th.



Economic Freedom Index

Economic freedom overall score: Armenia vs. CIS

- Economic Freedom Score: 67.0
- Economic Freedom Status: Moderately Free
- Global Ranking: 54th
- Regional Ranking in Europe: 23rd
- CIS Ranking: 1st



Taxation regime in Armenia

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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.

Armenian Banking sector- Emerging opportunity

- **20 commercial banks, 541 branches**
- **Developing financial sector with adequate technological tools**
 - Internet and Mobile Banking, e-Commerce
 - Good network of ATM-s and POS-terminals
 - National Electronic Payments System
- **Unified regulatory system (Central Bank) with professional and trained staff**
- **Proven cooperation with international financial organizations, such as EBRD, IFC , ADB, EIB, IMF, WB, KfW**
- **National payment system - ARCA**
- **ACRA central credit bureau - over 90% of data on banks and credit organizations**
- **Well functioning legislative and procedural framework protecting investors rights**
- **Well developed corporate bonds market:**
 - Central Depository system, safeguarding ownership title
 - Secondary Market operating on Nasdaq OMX Armenia platform

55% of EBRD investment portfolio
is in financial sector

Taxation of not-residents:

Dividend/	Legal entities/ Individuals	
Capital gain	10%	No
Interest	10%	10%

Armenian Banking Sector Background

As of 31.12.2015

Revenue /USD

385.533 mln

Assets (Banking) /USD

3.548 bln

Assets to GDP (Banking)

70.3%

Employees

11473/0.92

of workforce (2015)

Percent of GDP

4.2%

Equity (Banking) /USD

561.952 mln

Loans to GDP (Banking)

43.2%

Number of Banks

20

ROE

5%

Key Trends – Growth Rates (2008 to 2015)

Total Bank Assets

346%

Total Bank Equity

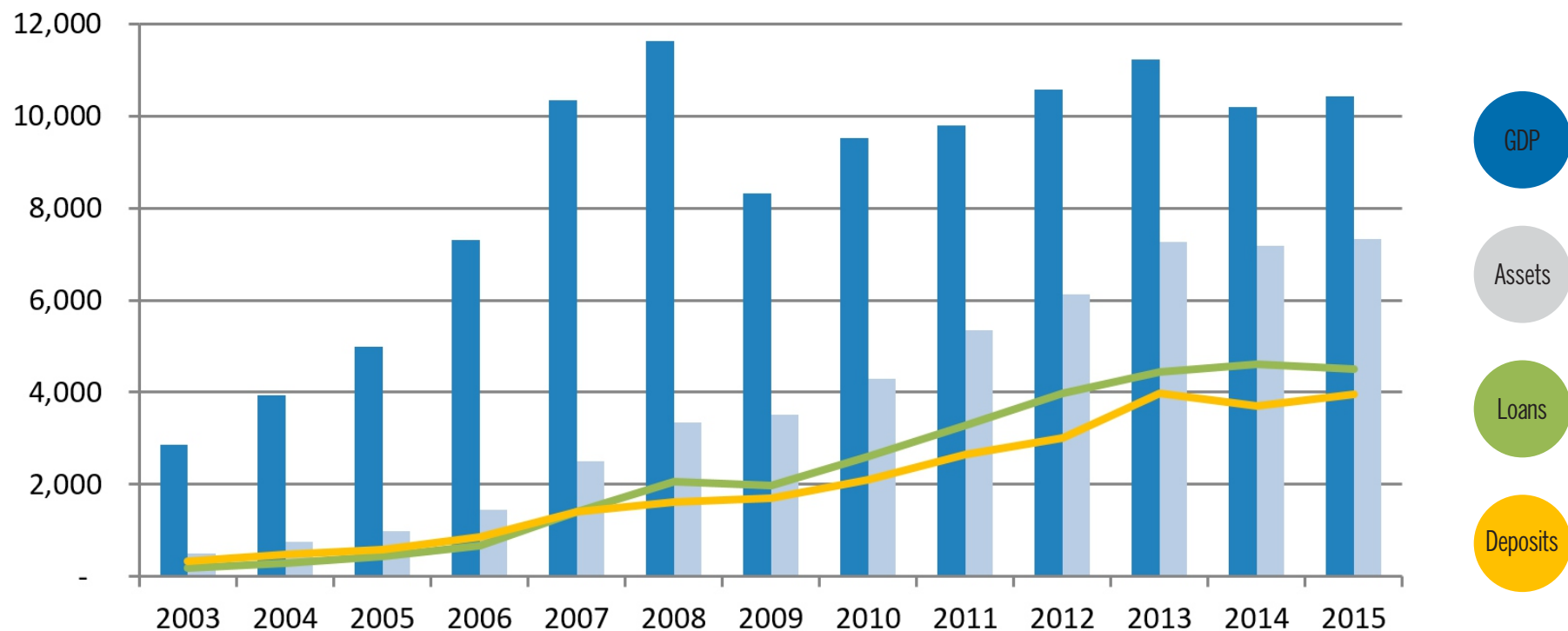
236%

Total Bank Loans

344%

Armenian Banking Sector Background

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- › 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%

Unibank- From milestones to success

Unibank at a glance

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◆
Unibank was founded
in 2001

(Licence N81, 09.10.2001
Central Bank of Armenia)

◆
Structured branch network -
key regional coverage

45 branches

◆
First bank in RA listed
its shares through an IPO at
**Nasdaq OMX
Armenia**

◆
Moody's Investors Service rating
Outlook

Stable

◆
Total Equity
USD 58.1 mln

◆
Over
300000
customers

◆
Top 100
taxpayers list

◆
Full scale banking services: Retail, Corporate and Private Banking,
International and Domestic transfers, Cards, Internet Banking

2001

Getting Banking Licence by CBA

2002

Launching international
Unistream Money Transfer System

2003

Joining ArCa local
payment system

2004

Joining Visa International
payment system

2005

Intensive mortgage and car lending,
second and first place in the
local market

2006

Participating in International Fund for Agricultural
Development (IFAD) and SME Business
Development National Center lending program

2007

Increasing Share Capital to AMD 8 599 mln
Launching Corporate Governance
Program with ABN AMRO bank

2008

Joining Armenian NASDAQ OMX
stock exchange

2009

Launching Central online database

2010

Obtaining Moody's Investors Service Rating -
Financial stability E+, long-term rating of Ba3,
short-term rating of NP on deposits
in national and foreign currency with Outlook Stable.

2011

Participating in Asian Development
Bank's Trade Finance Program
Increasing Share Capital to 1 AMD 1 400 mln
Receiving a subordinated loan of AMD 2 801 mln
Getting "Best Cooperating Bank" Award from Financial System Mediator

2012

Getting Dealing Bank award from
Thomson Reuters

2013

Launching own processing center,
Introducing cloud based credit scoring
Participating in Loan Guarantee Fund
program

2014

- Cooperating with IFC and BSTDB – USD 15 mln loan to expand SME lending
- Concluding Advisory services agreement with IFC for improving SME credit underwriting and risk management
- Launching “One Window” service at branches
- Joining Intel Express Money Transfer system
- Expanding active customer database up to 250 000
- Launching Unibank Prive service

2015

- Reorganizing into Open Joint Stock Company
- Revised Moody’s Rating – B2 with Stable Outlook
- Getting RBI STP Quality Award from Raiffeisen Bank International for high quality international SWIFT transfers
- Introducing ISO 27001:2013 information security standard
- Getting status of Account Operator in the Depository system and a member of Unified System of Security Registry Maintenance and Settlement
- Getting Annual Mercury Award- People’s Bank.
- Completing first tranche of IPO- AMD 2.5 bln

2016

- SPO of additional common nominal stocks equaled to AMD 5.2 bln
- Issuance of USD 5 million worth nominal bonds
- Participation in Cbond Emerging Markets Bond Conference
- Profit for the results of 1-st quarter 2016 equals to 212 mln AMD



Mercury Award



Banking accounts

Individuals
Legal entities



Loans

Business
Mortgage
Car
Consumer finance



Deposits

AMD
USD
EUR
RUB



Cards

Debit cards
Credit cards



Money transfers

Unistream
Intel Express



FX

Individuals
Legal entities



Trade finance

LC
Banking guarantees



Deposit boxes

Small
Medium
Large



Other

Utility payments
Online banking

As of 31.03.2016



Consumer loans

Over 650 points of sales at the branches and partner's stores
54 Promo points with 91 employees
17 000 applications were provided by promo points during 1st quarter 2016 via Proto-CRM automated credit scoring.



Mortgages

Cooperation with National Mortgage Company and Home for the Youth Fund



Car loans

Close cooperation with major car dealers
Car loans at primary and secondary markets



Debit and Credit cards

Local ArCa and Visa cards, as well as Visa multi-currency chip cards emitted via the Bank's own processing Center.



Salary Projects:

252 salary projects
for 16000 employees



Magnis Loyalty program

68.300 cardholders

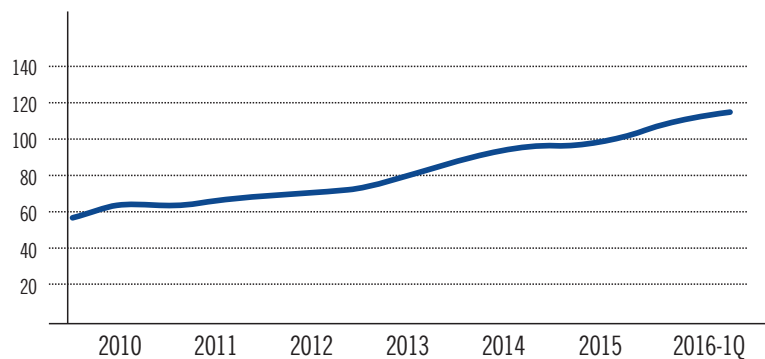


Internet banking

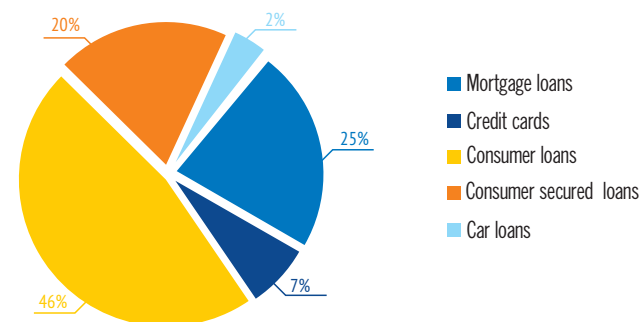
1240 applications for USD 882.000 were processed during 1-st quarter 2016.

Retail Business – Dynamic Growth

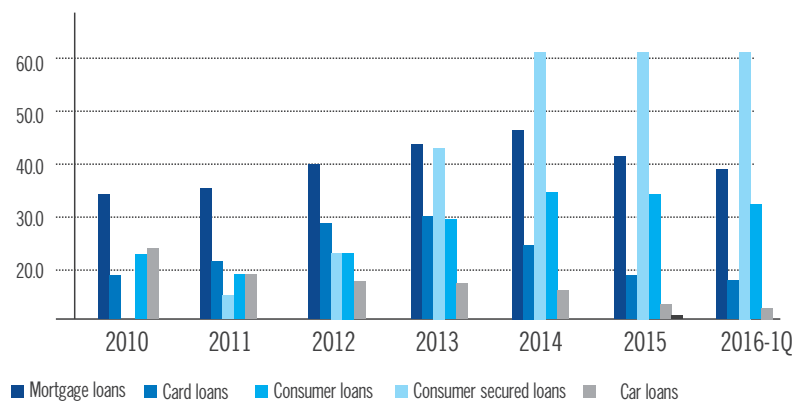
Retail portfolio dynamics(mln USD)



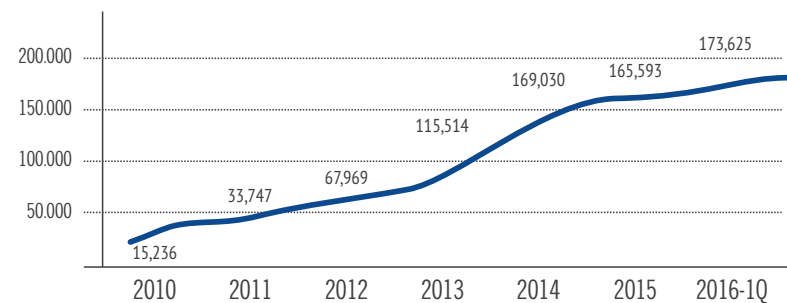
Retail credit portfolio structure as of 31.03.2016



Retail credit portfolio dynamics and structure (mln USD)



Retail credits dynamics (quantity)



Unibank has succeeded in the SME sector owing to its ability to develop bespoke products for individual businesses, ensure competitiveness, high quality service and up-to-date technologies

■ Working Capital and Credit Lines to support SME

Number of borrowers - 317
Total volume - USD 42.8million

■ Term Loans

Providing longer term loans to support companies capital investments
Number of borrowers - 1620, total volume - USD 88 million

■ Project Finance

Larger companies projects to build up export capacities
Total volume - USD 10.9 million

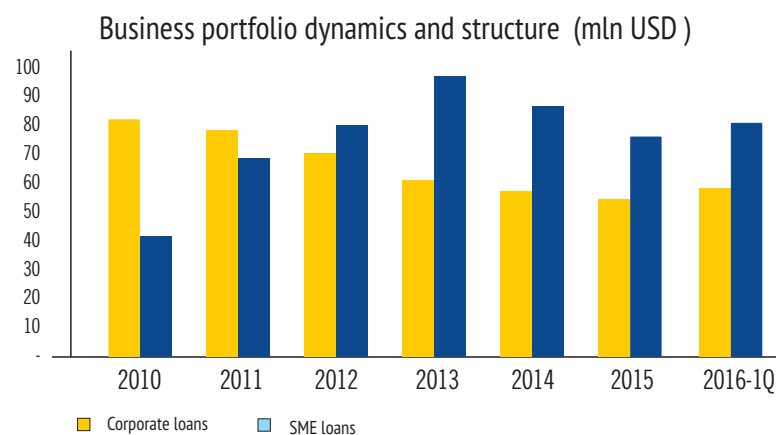
■ Trade Finance

Domestic and International Guarantees
Letters of Credit to support Trade

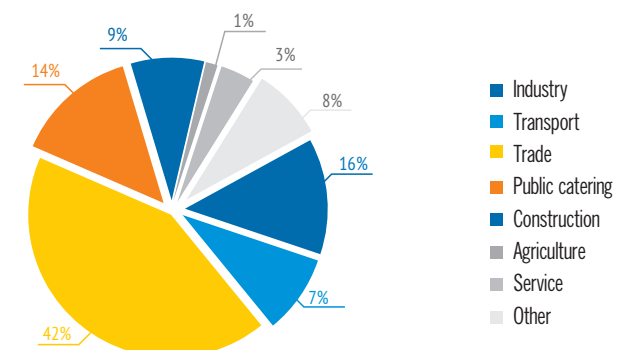
Unibank has attracted credit resources from World Bank's International Finance Corporation (IFC), Black Sea Trade and Development Bank (BSTDB), European Investment Bank to expand SME and trade financing.



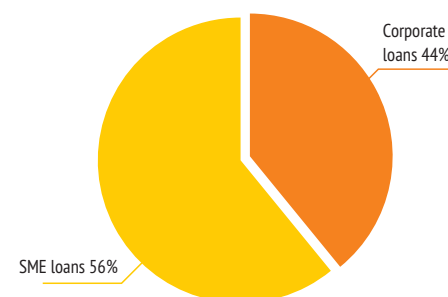
Commercial Business - Cautious Strategy



SME portfolio by sectors as of 31.03.2016



Commercial portfolio structure as of 31.03.2016

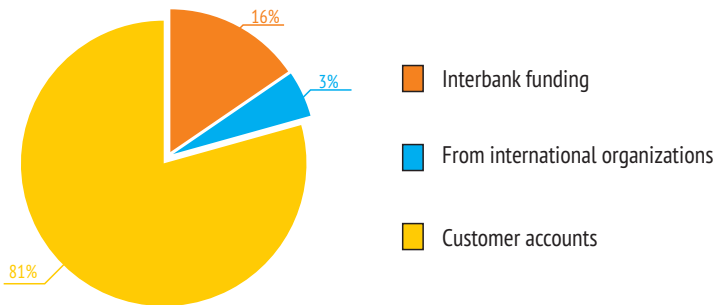


Customer Base

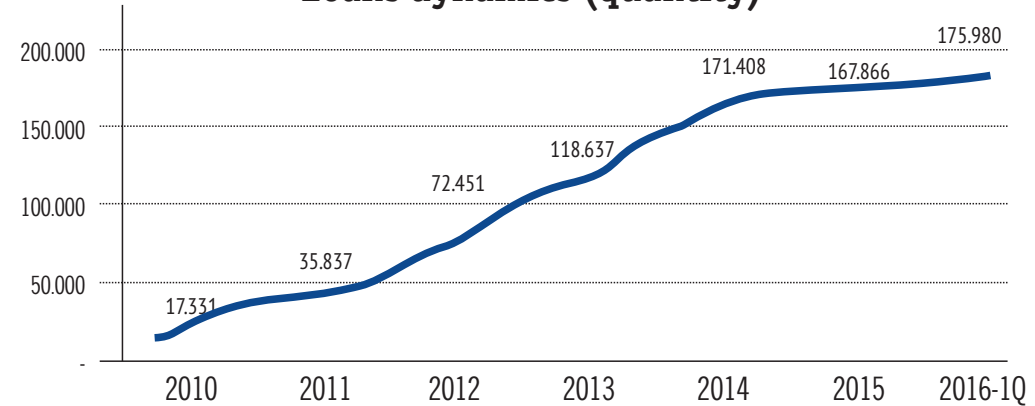
% net growth of retail deposits

Wide range of deposits in various currencies and different options of maturity, over 4% net growth of retail deposits in 2015.

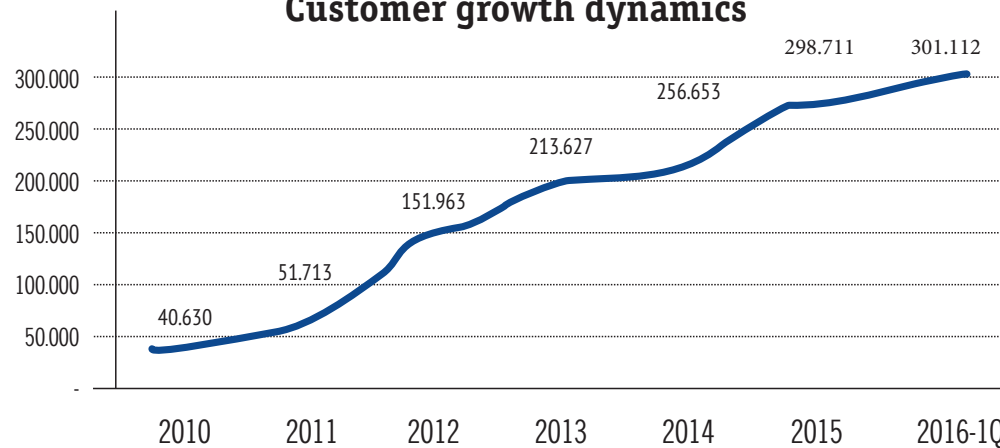
Attracted liabilities structure (%) 31.03.2016



Loans dynamics (quantity)



Customer growth dynamics



Our brand - Unibank Privé

We ensure

- Maximum confidentiality
- Individualized approach, exclusive service
- Personal manager services, available at any time
- An opportunity to contact Unibank management directly
- A structured approach to the capital management, financial planning

Benefits:

“Prive” privileged deposit account
VISA Gold and Infinite multicurrency cards
Priority pass
International insurance
Individualized approach and exclusive service



UNIBANK | PRIVÉ



As of 31.03.2016

Position

Share

Assets

8

7.03%

Liabilities

8

7.97%

Total equity

10

4.07%

Credit investments

8

3.98%

Deposits

7

11.60%

Mortgage loans

6

7.54%

Consumer loans

4

10 %

Plastic cards

5

8.1%

Profit

9

212 mln AMD

* according to the data provided by ARKA analytical agency

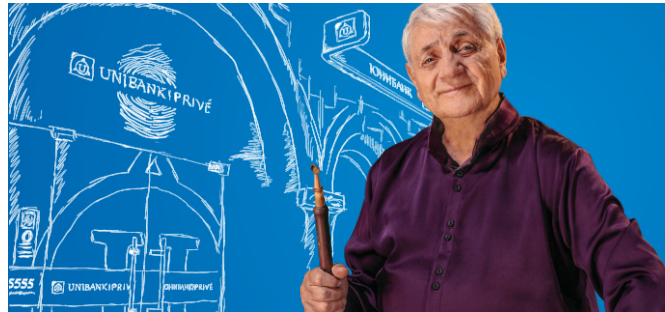
Corporate Social Responsibility



- **Children Healthcare:** Charity for “Gift of Life” Fund and Armenian Support Fund for the treatment of children with life-threatening diseases



- **Sport:** sponsorship for the youth sambo championship, “Adrenalin” extreme sport federation, Arthur Abraham boxing matches broadcasting, tennis cup through Armenia Diaspora



- **Art and Cultural Heritage:** Preservation and Armenian historical heritage, concert and event sponsorship for famous singers and actors in Armenia and abroad such as Ruben Hakhverdyan, Jivan Gasparyan, Rafayel Kotanjyan, Gari Kyosayan. Financial partner of Armenian State Philharmonic and Armenian State Youth Orchestra, Financial partner and broadcasting sponsor of the Children Eurovision – 2012, Financial partner of documentary film “Garegin Njeh” Financial partner of book publication - “Spiritual Treasures of Artsakh”, Kim Bakshi



- **Education:** Scholarships to talented children, opening of G. Gasparyan’s school of duduk.



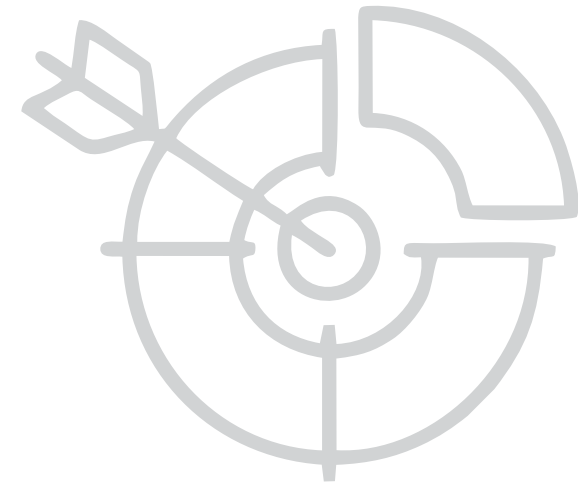
- **Construction:** Municipal programme on Yerevan improvement, programme on Yerevan and regional schools improvement, Erebuni-Yerevan festivities



- **Hayastan Armenian Fund:** Cooperation since 2005, funding various crucial projects in Nagorno Karabakh Republic

Our mission

- Providing high level financial services to customers
- Maintaining competitive service advantage via innovative operational and IT solutions
- Building strong, transparent and fair corporate culture for benefit of the shareholders
- Contributing to the society via Corporate Social Responsibilities projects and initiatives



Our values

- Over 15 years of continuous growth
- Widely recognized brand
- Customer focused approach and high ethical standards
- Growing positions on the SME and Retail businesses

Our Team: Board

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Gagik Zakaryan

Board Chairman of Unibank, Armenia
Chairman of the Board of Directors, Unistream Bank, RF
Member of the Presidium, Interregional Banking
Board of the Federation Council
Member of the Council, Association of Russian Banks
Member of Supervisory Board, National Banking Journal
President of the International Association of
Money Transfer Networks (IAMTN)



George Piskov

Board Member, Unibank of Armenia
Chairman of Protobase Laboratories, RF
Member of the Board of Directors,
Unistream Bank, Russia
Founder and President of Institute of
Financial Planning (IFP), RF
Representative of the Association of
Russian Banks (ARB) in London, United Kingdom



Eduard Zamanyan

Board Member of Unibank, Armenia,
Board Member of
“Unistream” OJSC CB



Hrahat Arzumanyan

Board Member of Unibank, Armenia,
Chairman of the Board of Directors
“Transstroybank” CJSC, Russia



Ararat Ghukasyan

Board Member of Unibank, Armenia

Our Team: Executive Board

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**Vardan
Atayan**

Chairman of the
Executive Board



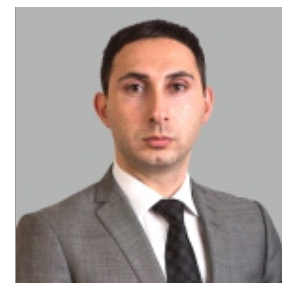
**Zakar
Boyajyan**

First Vice-Chairman
of the Executive Board -
Risk Management Director



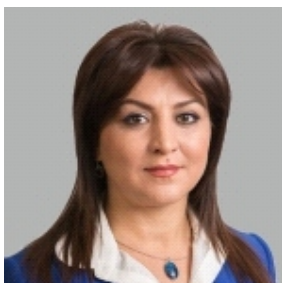
**Gohar
Grigoryan**

Financial Director-
Chief Accountant



**David
Petrosyan**

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



**Ovsanna
Arakelyan**

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



**Gurgen
Ghukasyan**

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



**Mesrop
Hakobyan**

Vice- Chairman of the Executive
Board - Operational and Information
Systems Director

Unibank- The way forward

What we have

- Strong recognized brand
- 15 years of continuous profitability
- Over 35 000 new clients annually
- 5.85 % market share on deposits
- 9.35 % market share on retail business
- 4.15 % market share on SME business
- Up to date and innovative IT base
- Professional management team
- Total equity- USD 47.2 mln

What we aim to have

- Best common practice in corporate governance
- Increase of profit up to USD 10.6 mln by 2020
- Expansion of customer database to 430.000 by 2020
- Increase of deposits share up to 9% by 2020
- Increase of retail business share up to 13% by 2020
- Increase of SME business share up to 9.5% by 2020
- Optimization of business processes
- Creation of large team of loyal shareholders
- Total equity- USD 85.7 mln by 2020

Forecast for 2016-2020

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Forecast for financial position

in thousand USD	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20
Assets	334,230	356,443	376,969	393,811	399,364
Credit portfolio	239,447	263,289	288,871	306,921	315,180
Business portfolio	116,115	123,425	132,300	137,242	140,106
Retail portfolio	123,332	139,864	156,571	169,679	175,073
Liabilities	266,112	284,207	301,065	313,334	313,676
Treasury liabilities	10,112	17,426	11,810	4,665	581
Deposits from customers	238,629	248,710	266,761	281,547	288,618
Equity	68,118	72, 236	75,903	80,477	85,688
Accumulated profit	6,768	10,580	12,182	14,223	17,486

Forecast for 2016-2020

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Forecast for P&L statement

in thousand USD	2016	2017	2018	2019	2020
Net interest income	15,005	19,615	24,654	29,086	31,817
Net fee and commission income	6,925	6,551	6,702	6,943	7,210
Operating income	25,028	29,223	34,454	39,154	42,161
Net provision from losses	(5,648)	(9,678)	(12,502)	(14,340)	(15,372)
Administrative expenses	(12,486)	(12,715)	(12,967)	(13,224)	(13,489)
Profit for the year after tax	5,504	5,464	7,188	9,272	10,640

Forecast for Retail and SME Segment Efficiency

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*Share of Retail and SME Business in total expected profit of the Bank for 2016-2020.

	2016		2017		2018		2019		2020	
	Retail	SME	Retail	SME	Retail	SME	Retail	SME	Retail	SME
Net Interest Income	9,309	5,840	10,464	7,053	12,179	9,323	14,374	10,996	15,428	12,153
Fees & Commissions	6,158	909	5,750	938	5,904	938	6,151	938	6,423	938
Administrative expenses	(6,373)	(1,912)	(6,490)	(1,947)	(6,619)	(1,986)	(6,750)	(2,025)	6,885	(2,066)
Net Provisions	(5,429)	(2,368)	(4,919)	(6,751)	(8,177)	(8,335)	(9,447)	(8,942)	(10,159)	(9,283)
Net Profit	4,301	2,855	5,167	341	3,961	877	4,807	1,703	5,192	2,326

Join our success

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