

2017

UNIBANK
ANNUAL
RESULTS

Reliability



BANKING SYSTEM OF ARMENIA: MAIN INDICATORS

The aggregate volume of assets of the banks of Armenia for 2017 comprised 4,329 billion Armenian drams, increased by 6% compared with 2016 (4,086 billion Armenian drams).

Assets growth rate is mainly due to growth rate of credits. Based on the results of 2017 the aggregate volume of loan investments of the banking system of Armenia comprised 2,660 billion Armenian drams, increased by 3.4% compared to 2016.

The liabilities of banks for the previous year comprised 3,634 billion Armenian drams, increased by 6%. Aggregate deposits in the banks of Armenia as of the end of December of 2017 comprised 2,553 billion Armenian drams which is more 11% or 249 billion Armenian drams more than the indicator of the December of 2016.

The profit of the banking system of Armenia for 2017 comprised 33.7 billion Armenian drams.

The economic growth in Armenia in 2017 was 7.5%. The volume of GDP in 2017 comprised 5,569 billion drams or \$11,5 billion. GDP in 2017 in Armenia comprised 1 873 348 AMD (\$3 870) per capita against 1 696 960 AMD (\$3 507) in 2016.

Based on the results of 2017 the assets of the banking system in the GDP of Armenia reached 78% and the loan investments – 48% against the 81% and 51% based on the results of 2016.

Universal

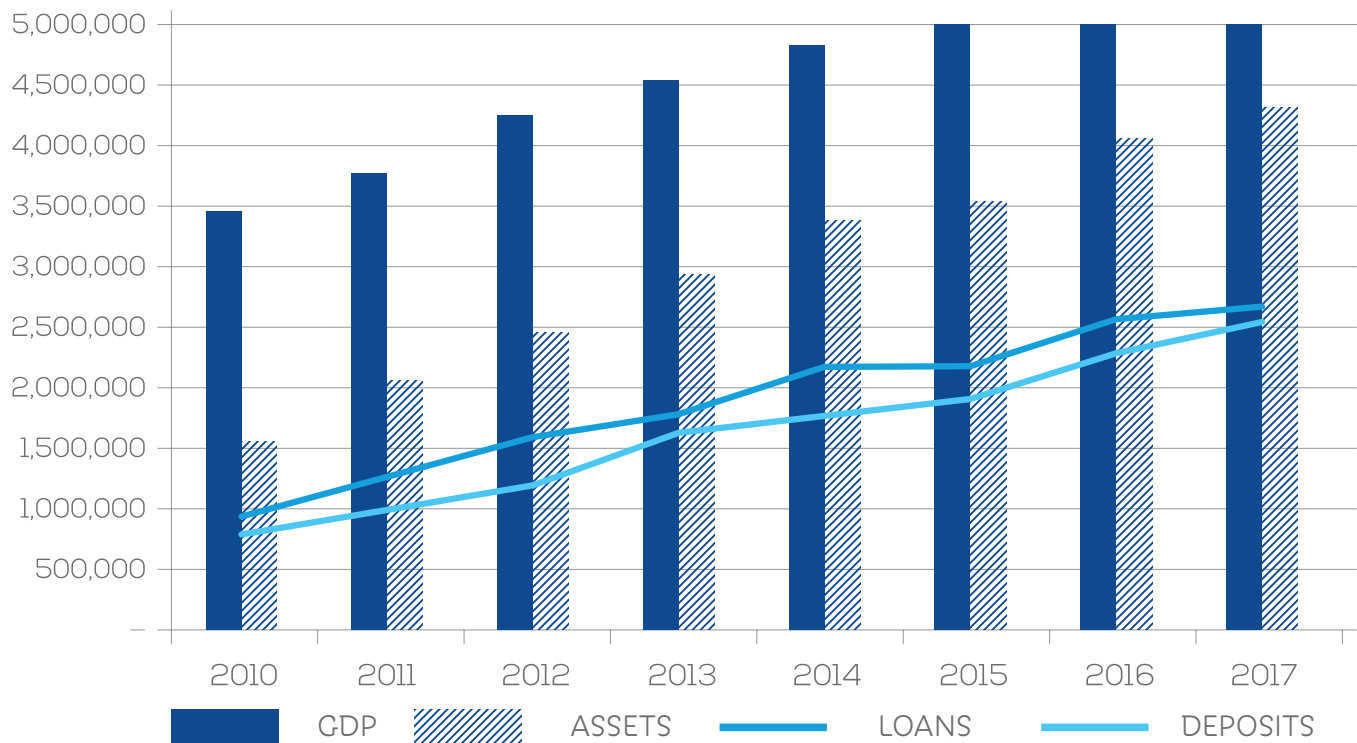


Growth tendency (2010–2017, million AMD)

ASSETS
277%

CAPITAL
211%

CREDIT INVESTMENTS
280%



THE MOST IMPORTANT EVENTS OF 2017

• • •

Appointment of Mesrop Hakobyan, the new Executive Board Chairman of Unibank and joining of David Papazyan the Board.

• • •

Payment of the first interim dividends to the shareholders of the Bank in the form of common nominal stocks based on the calculation of 420 stocks for the obtained 4 348 stocks which is equivalent to 13% annual yield for the shareholders.

• • •

Increase of the rating of the long-term deposit of the Unibank in AMD and foreign currency up to B2 by Moody's International Rating Agency changing the outlook to "stable". The basic credit estimation is set at b3 level. Increase of the rating is stipulated by continuous improvement of the quality of the Bank assets.

• • •

Expansion of the branch network and client base. As of the end of 2017 the service network of the Bank incorporated 46 branches in Yerevan and Regions. Within one year the client base got expanded and had around 370,000 clients.

• • •

Implementation of modern customer handling system, automation of CRM based loan processing system for small ticket SME loans, designed by the company "Protobase Laboratories".

• • •

Successful certification for SWIFT payment system security for the first time in Armenia

• • •

Annual accreditation audit of data security for card payments.

KEY FINANCIAL INDICATORS

Unibank's rankings by main banking data

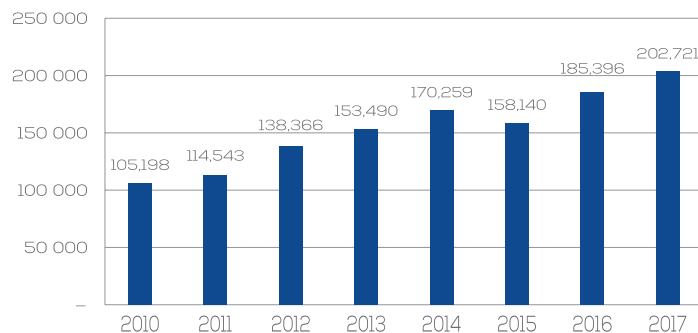
	Unibank's position		Unibank's share
	31/12/17	31/12/16	
Assets	10	11	9.35%
Loan portfolio	8	10	13.91%
Liabilities	10	11	11.16%
Bonds issued	8	5	13.75%
Capital	11	8	1.49%

Stability

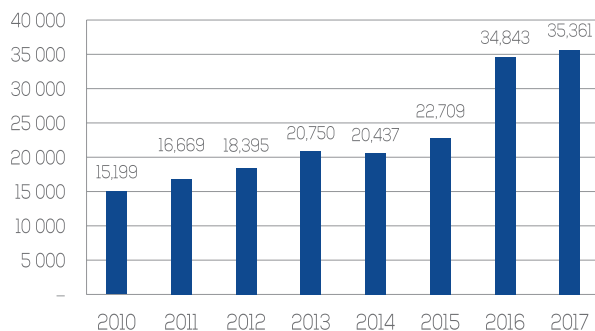


Based on the results of 2017 Unibank ensured the following indicators

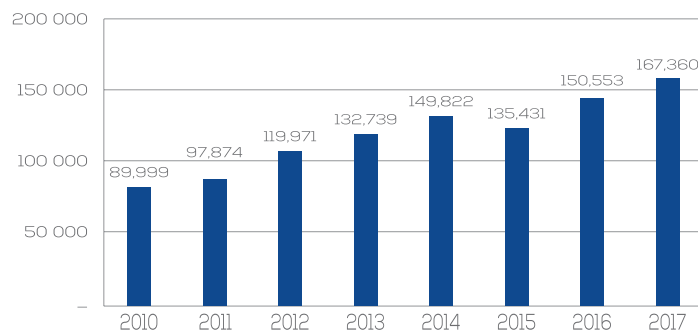
Assets (mln AMD)



Total capital (mln AMD)



Liabilities (mln AMD)

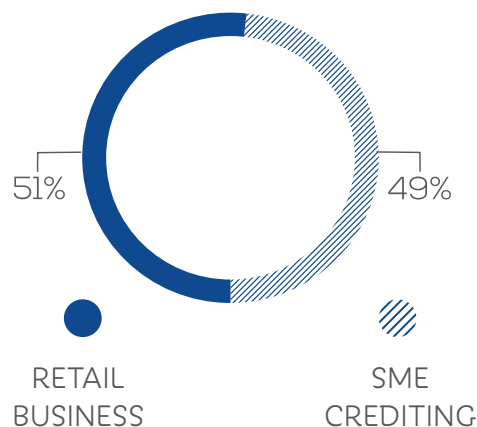


LOAN PORTFOLIO

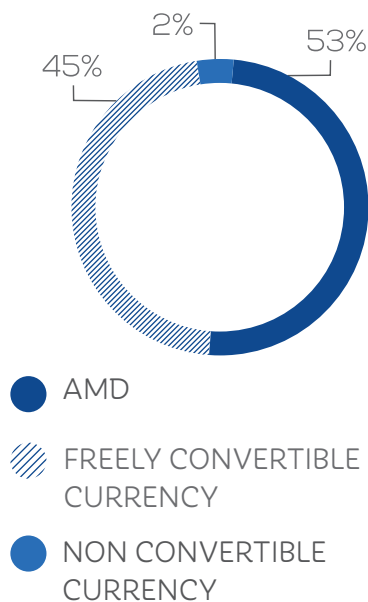
As of 31.12.2017 total loans portfolio of the Bank comprised 67% of the total assets. Loan portfolio in AMD comprised 53% of the aggregate loan portfolio. Average rate of interest of crediting as of 31.12.2017 comprised 13.54%.

The situation with the volume of arrears was improved, the level of «bad» loans decreased from 18% to 16% within one year thanks to measures taken (automation of business processes, restructuring, activation of collection processes, strengthening of loan processing through centralization, segmentation of the credit products).

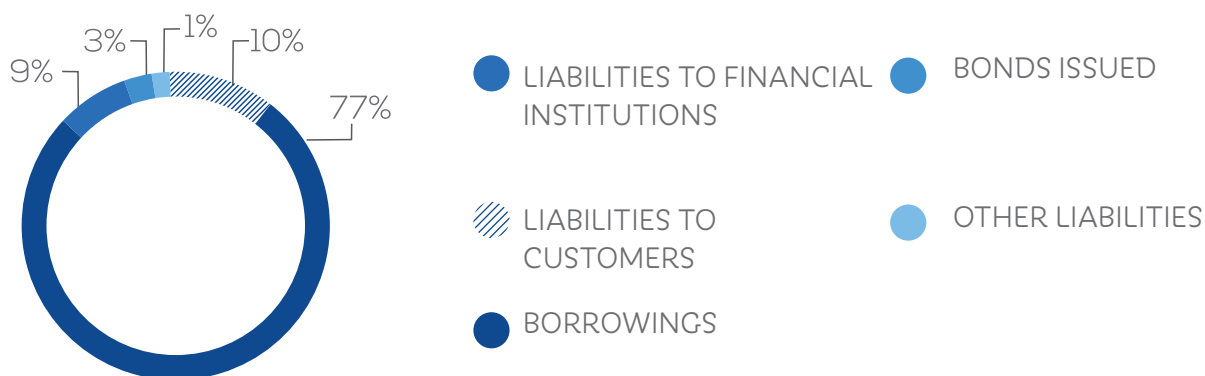
Loan Portfolio structure



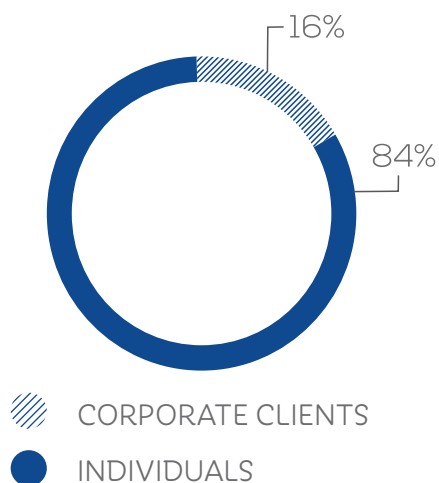
Loan portfolio currency structure



Funding structure

DEPOSIT
PORTFOLIO

Term deposits



Demand deposits portfolio by the end of the reporting year comprised 110.5 billion AMD. Customer liabilities with the share of 84% - 92.3 billion AMD, prevailed in the structure of liabilities.

For 2017 the term deposits increased by 4.7 billion AMD and comprised 17.9 billion AMD out of which the liabilities attracted from legal entities comprised 7 billion AMD and those from physical persons - 10.9 billion AMD.

In total the funding cost for attracted liabilities decreased by 1.4%.

Transparency



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 51% or 71.4 billion AMD without reserves. In 2017 the volume of retail loans issued by Unibank exceeded the result of 2016 by 34% mainly due to active sale of consumer and card credits, gold-secured loans.

In 2017 the Bank confirmed the status of an active participant in the state programs of mortgage lending. Within the reporting year Unibank provided 169 mortgage credits amounting to 4.4 billion AMD, out of which 21 credits 203 million AMD were provided within the program of "National Mortgage Company", and 17 credits worth 168 million AMD – within the program of "Housing for young families".

The received number of applications within one year for consumer loan was 11,734 with the total amount of 5.1 billion AMD, out of which 3,860 loans with the amount of 1.2 billion AMD were approved.

In 2017 the weighted-average interest rate of the retail loan portfolio comprised 16.8%, decreased by 1.4 p.p., interest income comprised 14.7 billion AMD (66% of the interest yields of the Bank).

The profit gained from the retail business increased by 62% compared to the indicator of the previous year.

High indicators of retail crediting for 2017 were due to the following measures:

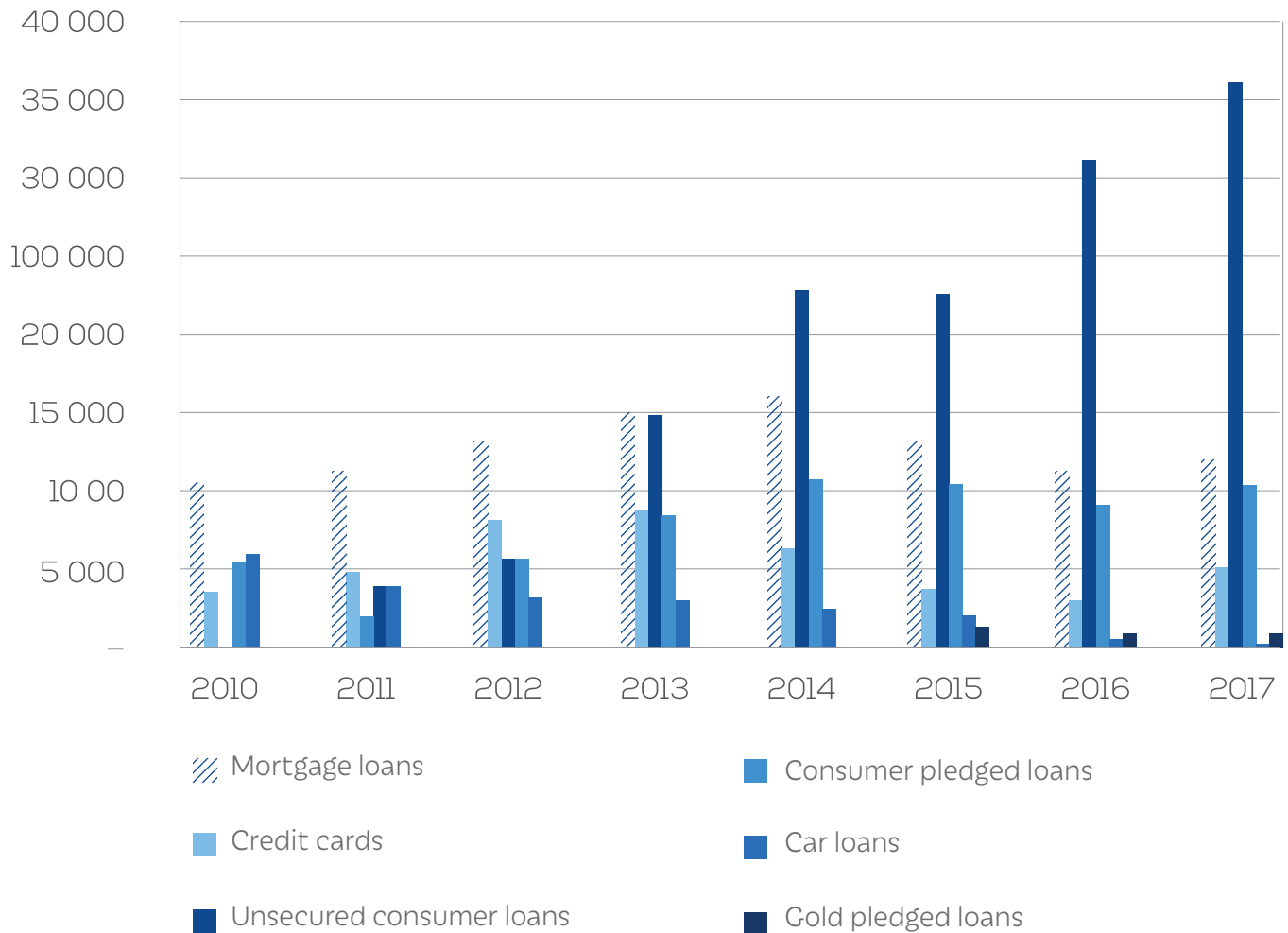
In POS crediting the bank cooperated with more than 270 companies enabling the bank to extend its services in 650 points of sale. Through such agreements bank generates joint product and marketing campaign creating an advantage over the competitors. The following actions have been realized during 2017:

- expansion of the network of promo-points up to 74, which issued 74,000 loans with the total amount of 13,9 billion AMD;
- increase in the number of branches providing gold-secured loans from 14 to 18;
- introduction of online application form for consumer loans. The number of online applications received in 2017 was 12,000 with the total amount of 5.1 billion AMD, out of which 3,900 applications with the amount of 1.2 billion AMD were approved.

Uniqueness



Dynamics of retail loan portfolio (mln AMD)



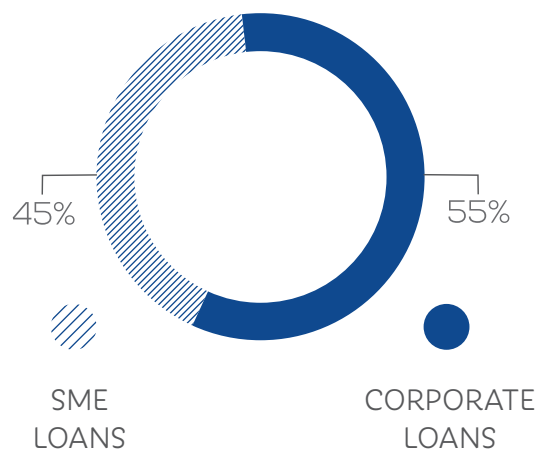
CORPORATE BUSINESS

In 2017 «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.

Besides, 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 49%, or 69.5 billion AMD without reserves, including corporate loans - 55%, SME loans - 45%. The weighted-average interest rate of the portfolio of business loans in 2017 reduced by 1 p.p. and comprised 12.3%, the interest income comprised 5.4 billion AMD (24% of the total interest yields).

Business loan portfolio structure
as of 31.12.2017



Proven cooperation with international financial institutions:

Selected sources for SME and trade financing



STRATEGIC DIRECTIONS OF DEVELOPMENT OF «UNIBANK» OJSC FOR 2018 – 2020

Within the approved strategy Unibank set
the key priorities for 2018:

• • •

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 10%, quotation of stocks in the foreign market;

• • •

Innovation technologies and management methods implementation;

• • •

Increase in the level of satisfaction and loyalty of clients;

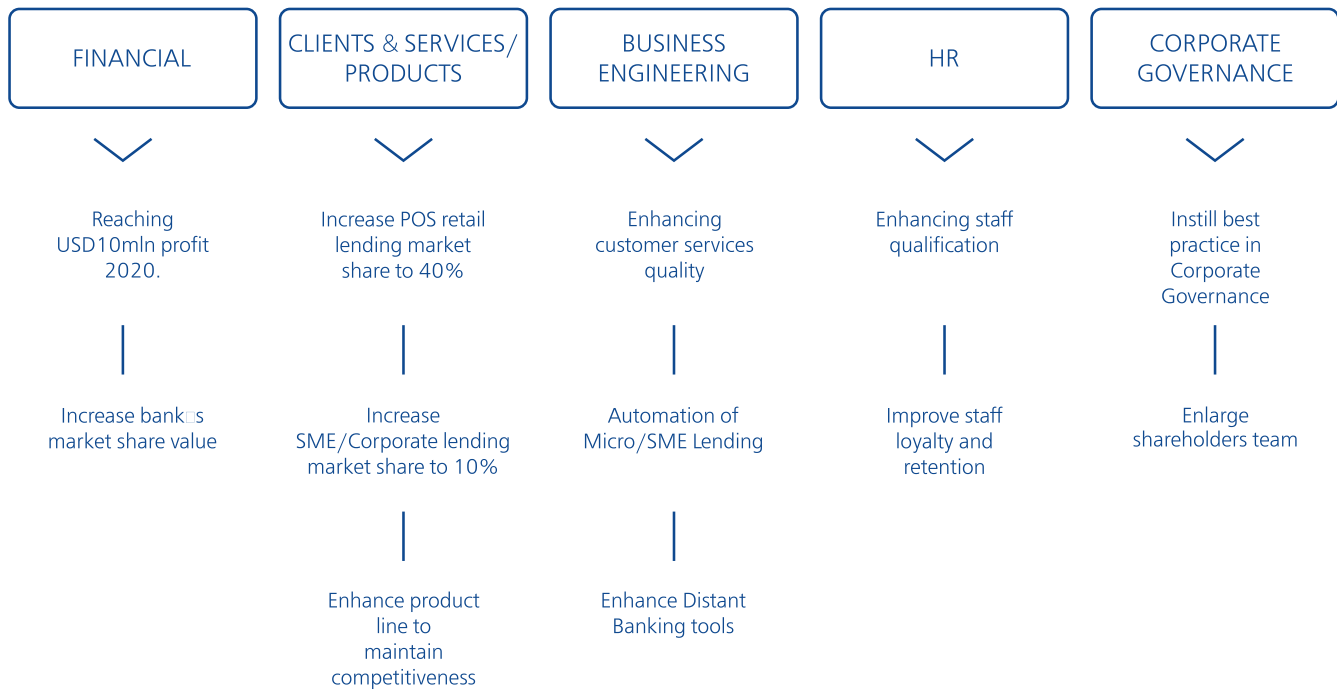
• • •

Ensuring of financial effectiveness and improvement of the position of Unibank in the banking system.

Focus



Strategic Goals 2018-2020



COOPERATION WITH INVESTORS

• • •

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

• • •

Conduct of negotiations with one of the most famous financial organizations on the attraction of financial means within “Women in business” program and conclusion of a corresponding agreement during the reporting year.

• • •

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.

• • •

Emission and allocation of registered coupon bonds in AMD and USD with annual returns of 10% and 5.75%, respectively, with the repayment period of 24 and 36 months, volume of emissions - 250 million AMD and 10 million USD. The stocks were listed on NASDAQ OMX Armenia.

Stock Market

Nasdaq OMX
Armenia

Market Maker

«Armenbrok»

Cost per share

230 AMD

Account Operator

Unibank OJSC



Loyalty

Our Team

Unibank Board



**GAGIK
ZAKARYAN**

Cofounder/Board
Chairman

Cofounder/Board Chairman, Unibank OJSC,
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.

In 2008 Gagik Zakaryan has been awarded for
creating the Best Russian Brand.

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». In 2017 Gagik
Zakaryan has been awarded with the «Vachagan
Barepasht» medal for services rendered to the
Artsakh Republic.



**GEORGE
PISKOV**

Cofounder/Board
Member

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

Founder and President of Institute of Financial
Planning (IFP).

The laureate of the «Banking Manager of the Year
- 2003» and «Financial Olympus 2009».



**EDUARD
ZAMANYAN**

Board Member

Board Member of Unibank OJSC, Armenia, Board
Member of «Unistream» OJSC CB.

Has great experience in the banking sphere,
held leading positions in big credit and financial
companies.



UNIBANK

Unibank Board



**HRAHAT
ARZUMANYAN**
Board Member

Board Member of Unibank OJSC.
Chairman of the Board of Directors "Transstroy-bank" CJSC, Russia. Has great experience in the banking sphere. Awarded with diploma of Association of Russian Banks for "Contribution to development of Russian banking system and 20th anniversary of Bank foundation".



**DAVID
PAPAZIAN**
Board Member

Board Member of Unibank OJSC, Armenia.
Independent capital Manager.

Unibank Executive Board



**MESROP
HAKOBYAN**

Executive Board
Chairman

Works at Unibank starting from 2004. Over 15 years of financial sector experience.



**GOHAR
GRIGORYAN**

Financial Director -
Chief Accountant

Financial Director - Chief Accountant. Over 24 years of banking experience.

Started career with ArmEconomiBank and progressed to Chief Accountant. Joined Unibank in 2001, Board Member of Unileasing UCO. ACCA Affiliate member, MBA from Synergy Business School.



**ARARAT
CHUKASYAN**

First Vice-Chairman of
the Executive Board

First Vice-Chairman of the Executive Board
Over 23 years of banking experience.

Top management positions in HSBC operating units, CEO at Converse bank, Byblos Bank Armenia Launched HSBC operations in Armenia.



**OVSANNA
ARAKELYAN**

Vice-Chairman of the
Executive Board

Vice-Chairman of the Executive Board, Legal Service and Overdue Liabilities Collection Director 17 years of legal experience Board member at RESO Insurance, Unileasing, Williams Incorporation LLC.

Unibank Executive Board



**DAVID
PETROSYAN**

Executive Board Member

Corporate Business Promotion and Sales Director
15 years of banking experience. Previously worked
in Unistream Bank.



**GURGEN
CHUKASYAN**

Executive Board Member

Retail Business Promotion and Sales Director. Over
13 years of banking experience.
Started his career at Unibank at loan department
progressing to his current position, General Director
of Unileasing UCO.



**TIGRAN
BADANYAN**

Executive Board Member

Risk Management Director. Over 23 years of
banking experience.



**HAYK
SUARYAN**

Internal Audit Director

Over 15 years of banking experience.

Aspiration to growth



MOODY'S INVESTORS SERVICE SUMMARY RATING RATIONALE

BANK CORRESPONDENTS



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.

Rating's upgrade has been conditioned with the capital replenishment and material improvements in the bank's asset quality.

CONTACT INFORMATION

We'll be glad to provide you with a more detailed information about the activity and services of «Unibank», discuss the possibilities of cooperation and investment and agree on the time of the meeting convenient for you.

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