



UNIBANK

Unibank - Investment opportunity in Armenia

Armenia NASDAQ OMX: UNIB
Bloomberg: UNIB AY
Reuters: UNIB

2017

Republic of Armenia: Investment map

Armenia: Main Indicators

Full name – The Republic of Armenia

Population - 3,017,712

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 Sep.30,2017: 478.41AMD/USD

Sovereign Country Ratings: Fitch – B+, stable (January 20, 2017)

Moody's – B1 , stable (Sep 8, 2017)

Global competitiveness report 82 (World Economic Forum)

Human development index 85 (UNDP)

Ease of Doing Business Rank: 38

Economic Freedom Index: 33

Main segments of economy

Agribusiness , Mining , Tourism

Health & Pharma, IT Engineering

Jewelry, Watchmaking & Diamonds

Investment regime

RA promotes foreign investments 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
- Special investment incentives for foreign investors
- 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 Background

Recapitalization Completed:

Sector grew by nearly AMD 164bn in 2015-2016 (the Armenian banking system has one of the highest CARs in the region).

Sector Consolidation:

The recapitalisation requirements affected mostly the mid-sized and small banking segments, triggering M&A activity.

Growth Trends Mixed:

Expansion by a few domestically owned banks added 10% to sector loan growth in the 4Q16. Transactions with non-residents accounted for over 70% of this

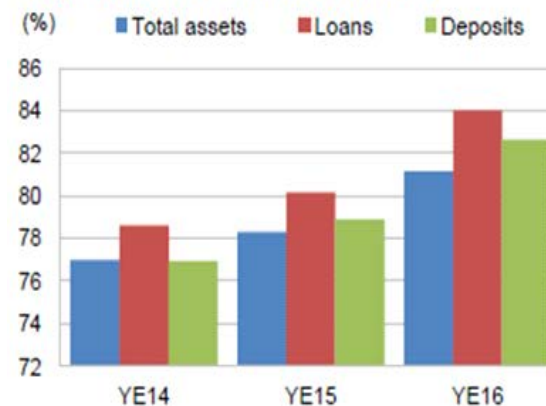
Capitalisation Trends



^a To meet new minimum capital requirement effective from 2017

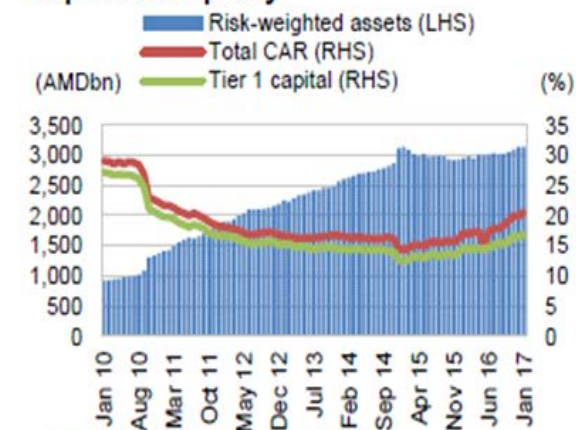
Source: Central Bank of Armenia, KPMG

Top 10 Banks: Market Shares



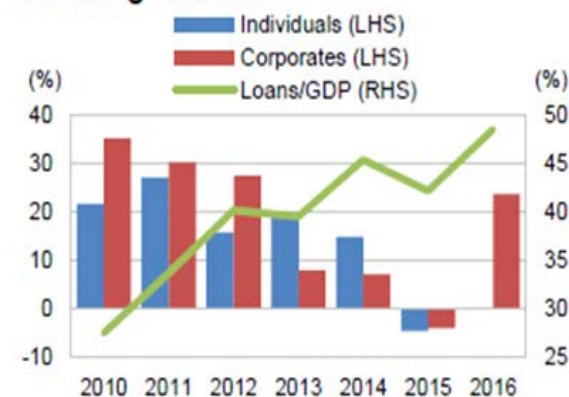
Source: Central Bank of Armenia, KPMG

Capital Adequacy



Source: IMF, Central Bank of Armenia

Lending Growth^a



^a Adjusted for FX-effects

Source: Central Bank of Armenia

Unibank key facts

◆ Unibank was found
in 2001
(Licence N81, 09.10.2001
Central Bank of Armenia)

◆ Structured branch
network - key regional
coverage
46 branches

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

◆ Moody's Investors
Service rating
**B2, Outlook -
Stable**

◆ Market Cap.
USD 82.67 mln

◆ Over
350,000
customers

◆ **Top 100**
taxpayers list

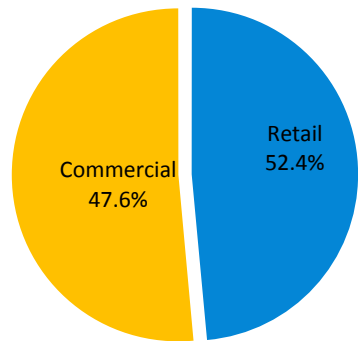
Full scale banking services: Retail, Corporate and Private Banking, International and Domestic transfers, Cards, Internet Banking

Unibank's Competitive Advantage

- Widely recognized brand among consumers
- The shares and bonds of the Bank are traded at NASDAQ OMX Armenia
- Strong key shareholders and professional management
- Expanded branch network. 46 retail offices (4th largest), 105 PoS outlets (the largest), 132 PoS terminals and 116 ATMs (5th largest)
- One of three VISA processing centers in Armenia (other banks use local ARCA processing center)
- Proprietary in-house IT solutions with continuous improvement
- Loan application Scoring system
- Flexible interest and tariff policy
- Transparent and fair reporting policy
- Flexibility to integrate new retail and SME business partners fast

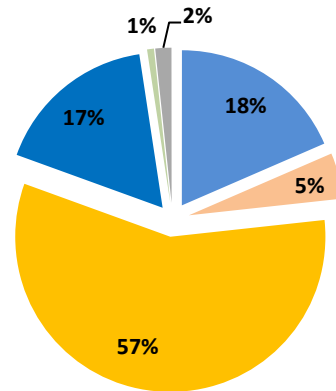
Unibank Retail Business: Dynamic Growth

Loan portfolio structure



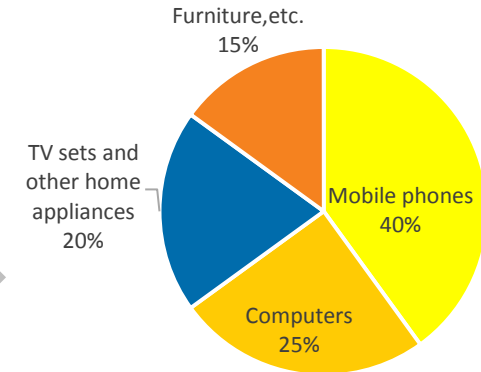
Source: Company data

Retail loan portfolio structure



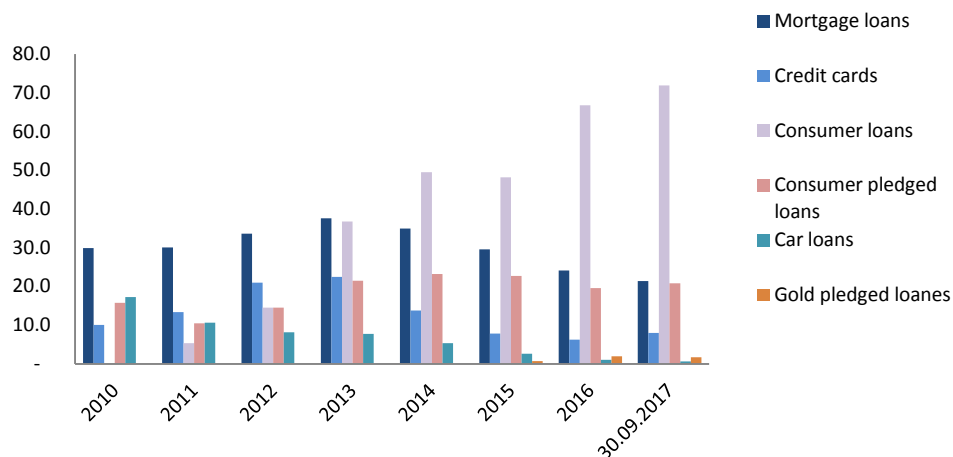
Source: Company data

PoS loans structure



Source: Management estimate

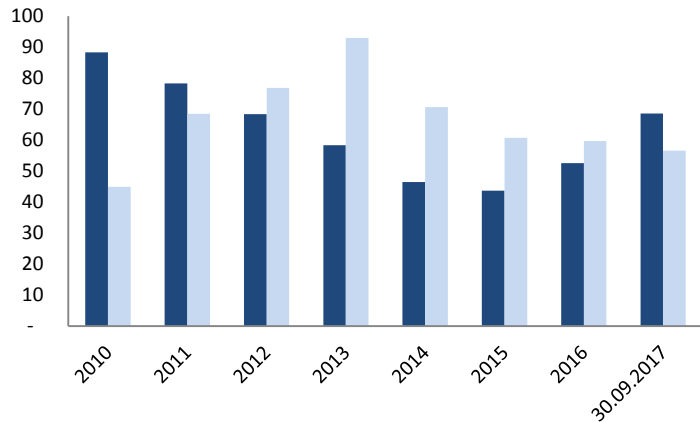
Retail loan portfolio dynamics (\$mln)



- Unibank plans to grow consumer loans with a focus on PoS loans
- POS loans customers grew by more than 10 times since 2011
- Volume of Unibank's PoS loans cover nearly 30% of the market
- Unibank's CRM culture allowed to create a database with more than 320 000 unique records, that is about a quarter of the active population of the country
- Immediate cash payment to retail partners instead of factoring within 3-4 days

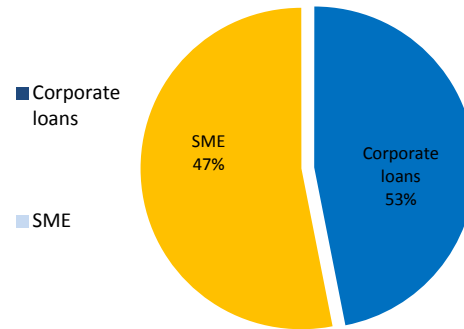
Unibank Commercial Business Overview

Dynamics and structure of SME portfolio (mln USD)



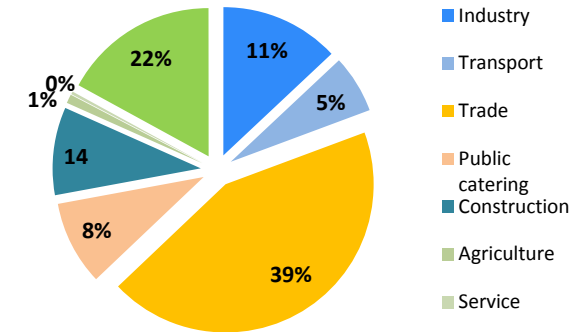
Source: Company data

Commercial portfolio structure as of 30.09.2017



Source: Company data

SME portfolio by sectors as of 30.09.2017



Source: Company data

Proven cooperation with international financial institutions : Selected sources for SME and trade financing



Moody's rating agency's overview

Domicile	Yerevan, Armenia
Long Term Deposit	B2
Long Term Dept	Not Assigned
Outlook	Stable
Type	LT Bank Deposits –Fgn Curr

Credit Strengths

- Recent equity injections supported the bank's capital position
- Higher retail loan origination and strong growth in fees and commissions support recurring profitability
- Liquidity buffer is comfortable and funding base is granular

Factors that could lead to an upgrade

- Material improvements in the bank's asset quality, profitability and capital profile would be positively credited to its BCA

Unibank's Market makers overview

Market maker (Armenbrok Investment company) increases trading liquidity in the market

Ticker:	UNIB
Market Cap (mln USD):	82.67
Shares Outstanding, mln:	172.89
Free Float:	6.80%
Trading Value (thous USD):	33.2
Number of Securities traded:	68,995
Last Price (USD):	0.48

As of 30.09.2017 Market Maker's Equity Flashnote indicates the following growth in operational results of the Bank in comparison to 3Q 2016:

Operating income	12.2%
Assets	7.9%
Interest earning assets	12.3%
Loan portfolio	9.9%
Deposits	7.0%
Equity	10.7%
Charter capital	16.0%
Net profit after taxes	36.0%

Unibank: Board



Gagik Zakaryan

Cofounder/Board Chairman, Unibank; Cofounder/Board Chairman, Unistream Bank; Board Member of the Association of Russian Banks Member of the Supervisory Board of National Banking Journal
Over 23 years of banking experience



George Piskov

Cofounder/Board Member, Unibank
Cofounder/Chairman of Protobase Laboratories, Cofounder/Board Member of the Unistream Bank
Over 23 years of banking experience



Eduard Zamanyan

Board Member of Unibank, Armenia, Board Member of "Unistream" OJSC CB
Over 18 years of banking experience



Hrahat Arzumanyan

Board Member of Unibank
Chairman of the Board of Directors "Transstroybank" CJSC, Russia
Over 18 years of banking experience



David Papazyan

Board Member of Unibank, Armenia
Independent capital Manager
Over 11 years of banking experience

Unibank: Executive Board



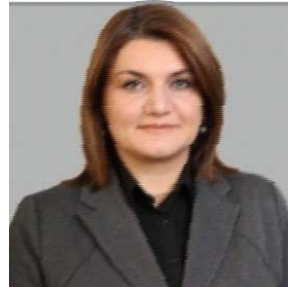
Mesrop Hakobyan
Executive Board Chairman



Ararat Ghukasyan
First Vice-Chairman
of the Executive Board



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



Gohar Grigoryan
Financial Director- Chief Accountant



Gurgen Ghukasyan
Retail Business Promotion and Sales
Director



David Petrosyan
Corporate Business Promotion and Sales
Director

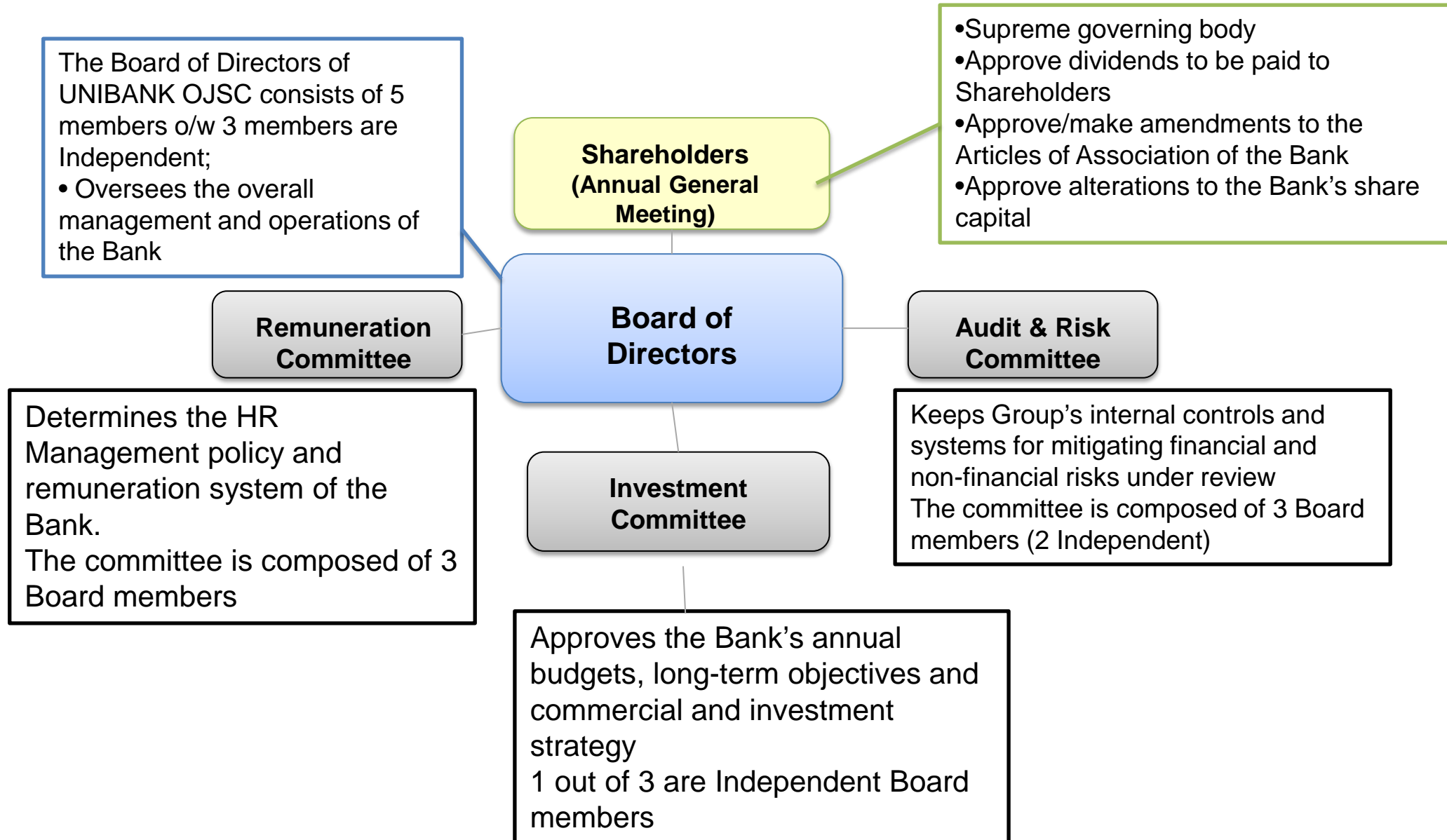


Tigran Badanyan
Risk Management Director










Unibank Strategic Goals 2017-2020



Unibank: Corporate Governance



Unibank: Supervisory Board Committees

	Investment Committee	Remuneration Committee	Audit & Risk Committee
Gagik Zakaryan			
George Piskov			
Eduard Zamanyan			
Hrahat Arzumanyan			
David Papazian			



Chairman



Member

Unibank's Priorities

Client orientated approach:

Maintain competitive service advantage via innovative operational and IT solutions

Professional team and motivated staff:

Provide equal career development and personal growth to maintain staff loyalty

Improve technology base:

A step ahead of the main competitors

Financial performance: Improve profitability ratios through expenditure optimization and adherence to risk reward principle

Corporate Governance: Effective, fair and transparent corporate culture for the benefit of the shareholders

Corporate and Social Responsibility: Contribute to the society through CSR projects and initiatives.

Unibank Forecast for 2017-2019

Forecast for financial position

in thousand USD	31/12/17	31/12/18	31/12/19
Assets	397,459	405,016	431,029
Credit portfolio	280,821	298,035	321,575
Business portfolio	135,833	140,669	153,593
Retail portfolio	144,988	157,366	167,983
Liabilities	331,260	335,419	355,056
Treasury liabilities	36,087	26,745	21,352
Deposits from customers	270,407	289,430	314,840
Equity	66,199*	69,597	75,973

* Market Cap as of 30.09.2017 equals to USD 82.67 mln

Unibank Forecast for 2017-2019

Forecast for P&L statement

in thousand USD	31/12/17	31/12/18	31/12/19
Net interest income	13,641	19,184	21,978
Net fee and commission income	13,846	14,831	15,655
Operating income	27,487	34,015	37,632
Net provision from losses	(11,863)	(15,323)	(15,218)
Administrative expenses	(13,822)	(14,031)	(14,031)
Profit for the year after tax	1,202	3,728	6,707

Join our success

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