

January 19, 2018

UNIBANK EQUITY FLASHNOTE UPDATE, Q4 2017

NASDAQ OMX Armenia: (UNIB) \$0.48

Outlook: **Positive**

4th quarter of 2017 was yet another successful period for Unibank. The Bank released its quarterly results, in which the latter reported growth in all key segments of the business.

In the income statement, Unibank reported total interest income of USD 11,799,238, which exceeded the 3rd quarter figure (USD 9,686,126) by 21.82%. Relative to interest income of the 4th quarter of 2016 (USD 9,309,681) the number grew by 26.74%. Loan portfolio, which comprised 84.10% of total interest earning assets, increased by 6.72% over 3rd quarter of 2017 and 14.53% over 4th quarter of previous year. Interest margin (IM), which is the ratio of interest income to interest bearing assets, amounted to 3.72% for the 4th quarter and 12.75% for total year of 2017. IM increased by 17.37% since 3rd quarter of 2017 and 9.18% since 4th quarter of 2016.

UNIBANK OJSC

Admission to trading:	NASDAQ OMX Armenia
Moody's:	B2, «Stable» Upgraded
Raiffeisen Bank Int.:	RBI STP Quality Awards
ISO 27001:2013	Information Security Standards

Unibank's common stock

Ticker:	UNIB
Market Cap (mln USD):	82.33
Shares Outstanding, mln:	172.89
Trading Value (thous USD):	22.62
Number of Securities traded:	47,496
USD/AMD	483
Last Price (USD):	0.48

*Does not include preferred shares

Other side of the fence is the interest expense, which was reported to amount USD 5,583,143 at the end of the 4th quarter of 2017. The latter figure decreased by 4.87% since the 3rd quarter of 2017 and by 15.96% since 4th quarter of 2016. Deposits from customers comprised 80.74% of interest incurring liabilities and increased by 1.02% since previous quarter of 2017 and by 2.07% over similar period of previous year. Interest spending margin (ISM), which is the ratio of interest expense to interest incurring liabilities, comprised 1.72% at the end of the 4th quarter and 7.55% for the total year of 2017. ISM declined by 7.44% since previous quarter and by 23.14% over the same period of previous year.

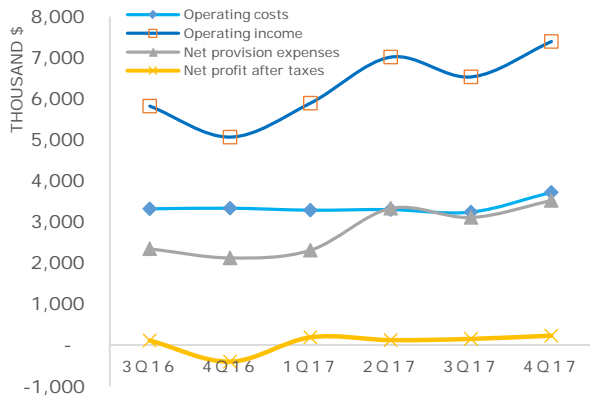
The spread between interest income margin and interest spending margin comprised 1.99% for the 4th quarter and 5.20% for the year. The spread in 4th quarter increased by 58.78% since previous quarter and 71.59% over 4th quarter of 2016. As a result, the net interest income for the quarter, which comprised 84.04% of total operating income, showed significant increase of 62.85% since 3rd quarter of 2017 and 133.11% over 4th quarter of 2016.

Financial leverage of the Bank summed to 5.71, which grew by 7.05% and 9.35% over 3rd quarter of 2017 and over 4th quarter of 2016 respectively.

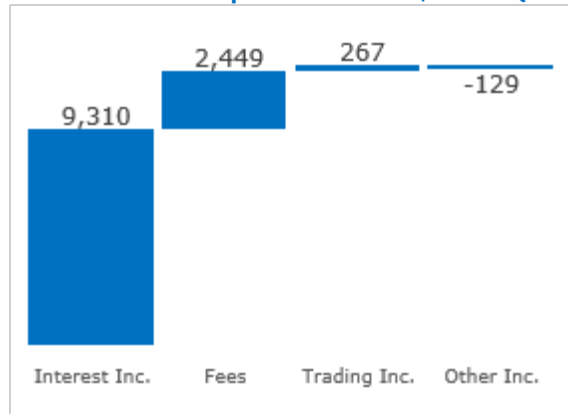
Main Financial Indicators 4Q17/3Q17 4Q17/4Q16

Operating costs	14.82%	11.57%
Operating income	13.21%	46.03%
Assets	7.59%	8.97%
Interest earning assets	6.01%	16.16%
Loan portfolio	6.72%	14.53%
Liabilities	9.23%	11.18%
Interest incurring liabilities	9.24%	11.32%
Total income	4.56%	10.73%
Interest income	21.82%	26.74%
Interest expenses	-4.87%	-15.96%
Deposits from customers	1.02%	2.07%

Unibank's income statement overview for Q4, 2017



Total income composition of Q4, 2017 (in thousand \$)



Unibank's stock trading activity

In Q4 2017 Unibank's stock trading volume comprised 2.44% of the total market trading volume, which amounted to 0.48% of the total market traded value of the period in USD terms. Although Unibank's stock trading volume decreased by 43.87% as a percentage of total market volume, the stock's trading value as a percentage of total market value increased by 129.89%. The figure shows that overall trading liquidity of the stock is increasing period over period.

	Trading Volume	4Q17/ 3Q17	Trading Value	4Q17/ 3Q17
Total Market	2,119,293	22.65%	4,682,367	-70.23%
UNIBB	47,496	-31.16%	22,617	-31.57%
UNIBB (%)	2.24%	-43.87%	0.48%	129.89%

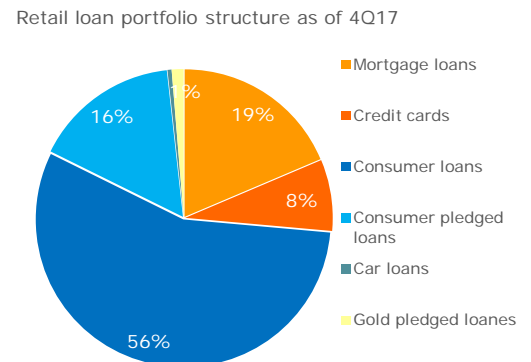
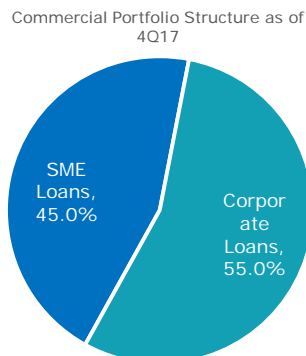
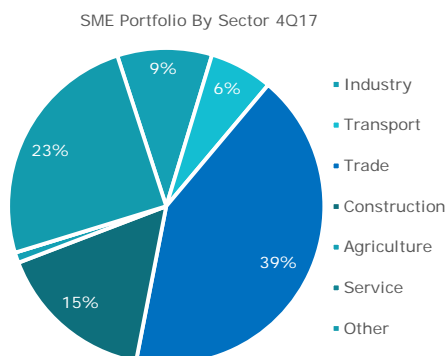
Bank's developments for 4th quarter of 2017

Unibank is the first Bank in Armenia, which successfully passed the certification of compliance with security requirements developed by SWIFT payment system. Customer Security Controls Framework 1.0. is standard that contains mandatory and recommended controls for information security, cyber security, and information infrastructure protection. For that purpose, SWIFT has developed a certification process that banks need to pass by the end of 2017.

On December 18 of 2017, the nominal coupon bonds of Unibank were listed at "NASDAQ OMX ARMENIA" and included in the Abond list of bonds. The bonds have face value of USD 5 mln. and quarterly coupon payments 5.75%.

Loan portfolio

Unibank's total loan portfolio amounted to USD 280 mln. at the end of 4th quarter of 2017. The latter grew by 6.72% relative to previous quarter and 14.53% over 4th quarter of 2016. The loan portfolio comprised 66.57% of the total assets of the Bank. Unibank 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 more than 10 times compared with 2011.



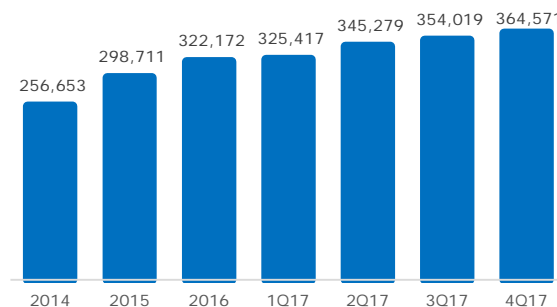
Currently, Unibank's PoS loans cover nearly 30% of the market share. Bank's Commercial and Retail loans comprised 55% and 45% of the total portfolio respectively. Growing number of Retail customers, SMEs and PoS will further diversify bank's loan portfolio, which will decrease provision expenses of the company. The increase in interest income of the Bank is mainly due to the growth in lending volumes, a properly diversified portfolio in business areas and client segments, as well as higher operating efficiency and improved profitability ratios.

Bank's strategic plan is to achieve growth in retail lending by 44% and corporate lending by 37% by 2020. Advancing risk management and lending standards of the Bank allows borrowers to receive loans in a timely manner without unnecessary barriers.

International rating agency Moody's Investors Service in 2017 approved the rating of "Unibank" at B2 level; with the outlook remaining stable.

Retail clients:	361,333
Corporate clients:	3,238
Branches:	46
Number of Employees:	904

Number of customers



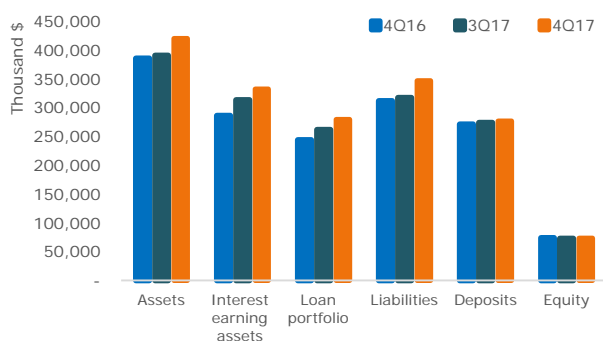
Banking sector update

During 4th quarter of 2017 the banking sector assets grew vigorously relative to the 3rd quarter of the year. On average, total assets of the banks grew by 6.7%, which was financed by 6.8% increase in liabilities and by 5.8% increase in shareholders' equity. As a result, banking sector assets summed to USD 9.03 bln., liabilities and equity of the sector amounted to USD 7.58 bln. and USD 1.45 bln. respectively at the end of the 4th quarter of 2017. The profit in the banking sector grew by outstripping 15.6% and amounted to USD 79.3 mln.

Macroeconomic update

National Statistical Service of RA reported unprecedented economic growth of 7.5% for the year 2017. Domestic trade increased by 14.0% and total trade volume increased by 26.9% in 2017. As it was reported, the exports grew by 25.2% and imports increased by 27.8%. Total service volume grew by 14.4% and industrial production volume grew by 12.6% throughout the year. According to Central Bank of Armenia, annual inflation comprised 2.6% for the year 2017. Projected real GDP growth is 2.9% and projected Consumer Price Index growth is 3.5% for 2018.

Unibank's balance sheet overview for Q4, 2017



Unibank's strategic targets

- Reach up to USD10mln profit by 2020,
- Increase bank's market share value: SME/Corporate lending market share to 10%,
- POS retail lending market share to 40%,
- Enhance product line, customer services quality, as well as staff qualification,
- Enhance Distant Banking tools,
- Automate of Micro/SME Lending,
- Instill best practice in Corporate Governance,
- Enlarge shareholders team.

Main Financial Indicators

Main Financial Indicators (USD)	4Q17	3Q17	4Q16
Operating costs	3,718,522	3,238,687	3,332,961
Operating income	7,396,230	6,533,172	5,065,010
Assets	420,746,745	391,054,422	386,116,925
Interest earning assets	333,037,776	314,149,317	286,713,114
Loan portfolio	280,092,224	262,448,487	244,562,656
Liabilities	347,065,909	317,747,702	312,179,329
Interest incurring liabilities	343,320,037	314,281,089	308,411,081
Deposits	277,188,290	274,388,644	271,575,867
Equity	73,680,836	73,306,720	73,937,596
Charter capital	42,421,642	42,421,642	39,530,803
Total income	13,172,921	12,598,600	11,895,942
Interest income	11,799,238	9,686,126	9,309,681

Unibank's selected ratios

Ratios	2017	4Q17	3Q17	2Q17	1Q17	2016
Capital Adequacy Ratio	17.04%	17.04%	17.92%	18.80%	18.80%	17.40%
Liquidity Ratio	25.30%	25.30%	28.00%	29.06%	29.06%	29.10%
Cost to Income Ratio	50.46%	50.28%	49.57%	47.02%	55.75%	61.16%
Loan Portfolio/Assets	66.57%	66.57%	67.11%	65.09%	62.53%	63.34%
Equity/Assets	17.51%	17.51%	18.75%	18.10%	19.10%	19.15%
Profit Margin	1.30%	1.72%	1.17%	0.86%	1.49%	1.80%
Interest Earning Margin	12.75%	3.72%	3.17%	3.20%	3.37%	13.92%
Interest Spending Margin	7.55%	1.72%	1.86%	2.09%	2.19%	9.07%
Spread	5.20%	1.99%	1.31%	1.11%	1.18%	4.85%
ROE	0.92%	0.31%	0.20%	0.16%	0.27%	1.42%
ROA	0.17%	0.06%	0.04%	0.03%	0.09%	0.24%

UNIBANK FIXED INCOME FLASHNOTE UPDATE, Q4 2017

Ticker	List:	Cur.	Quantity	Maturity	Coupon (%)	YTM (%)	Coupon payments	Trading VOL:	Trading VAL:
UNIBB1	Abond	USD	50,000	08.04.2018	8.00%	4.95%	Quarterly	42	4,288.69
UNIBB3	Abond	USD	50,000	11.09.2020	5.75%	5.40%	Quarterly	85	8,514
UNIBB2	Bbond	AMD	25,000	23.11.2018	13.50%	11.50%	Quarterly	140	2,953.51

Unibank's bond securities update as of 4rd quarter of 2017

In November of this year, Unibank successfully completed the issue and allocation of USD 5.75% annual nominal coupon bonds. The latter issue comprised USD 5 million in par value. The bond coupon will be paid quarterly, and bonds repayment will be made on 11.09.2020.

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

Unibank's bonds are quoted on stock exchange market everyday through market maker, which provides liquidity for the market participants. During the 4th quarter of 2017 Unibank's Bonds trading volume and trading value as a percentage of total market comprised 0.58% and 0.54% respectively during the quarter.

Weighted average price for UNIBB1 in USD

