



UNIBANK OJSC

Armenia Securities Exchange: UNIB

Bloomberg: UNIB AY

Reuters: UNIB

2020

REPUBLIC OF ARMENIA: GENERAL INFORMATION

MAIN INDICATORS

The unique geographical location and liberal foreign trade regime, which provides a strategic opportunity to enter the main markets of Russia / CIS, the EU and the Middle East



Full name – The Republic of Armenia

Population - 2.96 mln (as of December 2019)

Area – 29.743 sq. km (11.5 sq. miles)

Major languages – Armenian, Russian, English

Life expectancy: male 71.2, female - 78.1

Monetary unit – Armenian dram (AMD)

Exchange rate - As of Dec 31, 2019 : 479.70AMD/USD

Sovereign Country Ratings:

Fitch – BB-, outlook- stable (23 November, 2019)

Moody's – Ba3, outlook- stable (27 August, 2019)

Global competitiveness index: 69 (World Economic Forum), out of 141 countries

Ease of Doing Business Rank: 41, out of 190 countries

Economic Freedom Index: 47, out of 180 countries

Basel AML Index Ranking(FATF Rating): 1st place in the region, out of 134 countries

REPUBLIC OF ARMENIA: INVESTMENT MAP

INVESTMENT REGIME

RA promotes foreign investments and follows an “open door” policy, including :

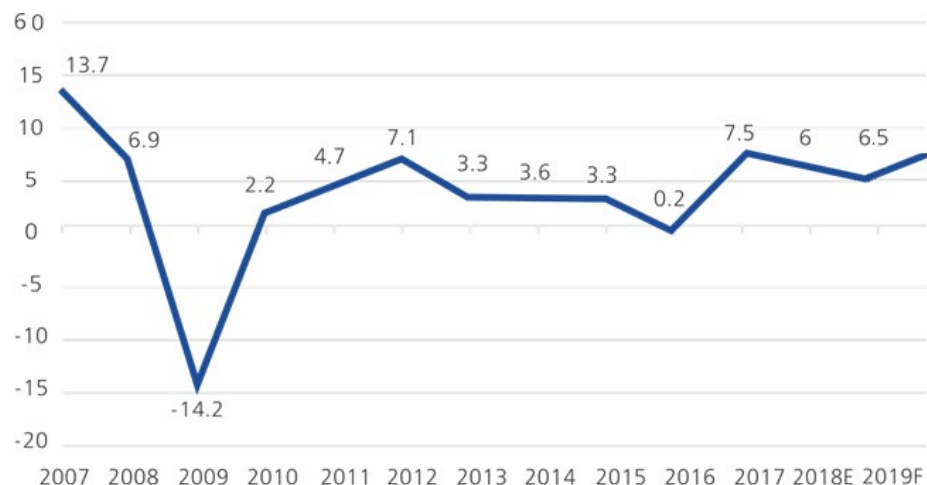
- Equal treatment for both foreign and domestic investors;
- 100% foreign ownership is permitted;
- No limitations on size and type of foreign ownership
- Special investment incentives for foreign investors
- Alternative dispute resolution mechanisms for foreign investors (ICSID);
- Guarantees for legislative changes (a five -year “grandfather-clause”);
- No restrictions for capital and revenue transfer and repatriation;
- Liberal regime on employment of foreign workers.

MAIN SEGMENTS OF THE ECONOMY

- | | |
|--|-----------------------------|
| ✓ Trade & Services | ✓ Tourism |
| ✓ Agriculture | ✓ Health & Pharma |
| ✓ IT Engineering, Research & Development | ✓ Jewelry & Precious stones |

REPUBLIC OF ARMENIA: MACROECONOMIC ENVIRONMENT

Stable developing economy



GDP growth in Armenia
2016 – 0.4%
2017 – 9.8%
2018 – 8 %
3Q2019-7.9%

Source: Moody's Investors Service

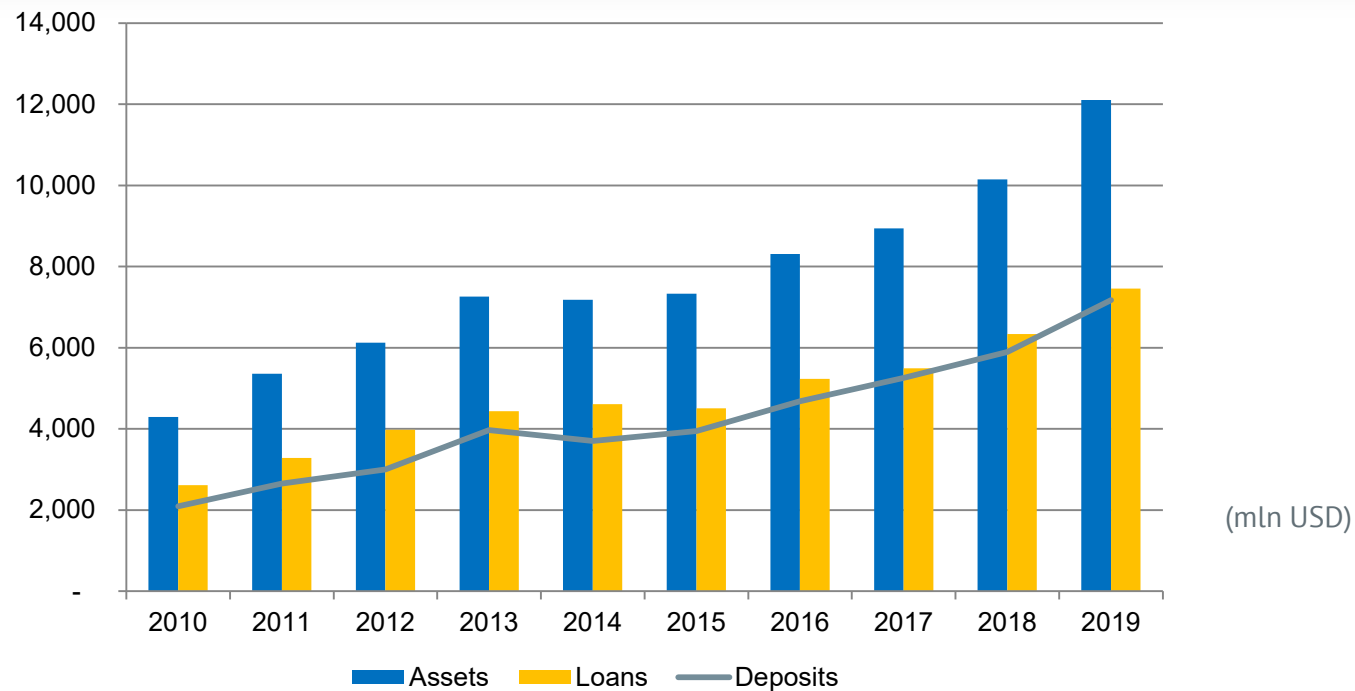
MAINTAINING SECTOR MACROECONOMIC STABILITY:

- The stability of the Armenian dram and de-dollarization tendency of the financial sector
- GDP per capita in PPP terms has demonstrated stable continuous growth since 2009
- High internal and external demand

RECENT TRENDS:

- Economic and fiscal reforms to increase economic competitiveness and attract foreign investment.
- Government's capacity to support banks when needed is improving.
- Trade and services support economic growth whilst the slowdown was mainly due to reduced output in the agriculture and mining sectors.

ARMENIAN BANKING SECTOR BACKGROUND



COMPARATIVE ADVANTAGES:

- Sound, reliable, well capitalized financial system
- High level of transparency and accountability
- Repatriation of capital and profits
- Armenian banking system has one of the highest CARs in the region

SUSTAINABLE FUNDING AND CREDIT GROWTH

- Ample liquid assets provide a good cushion against funding volatility
- Stable economic growth and exchange rate leads to further improvements in loan quality
- Securities portfolios mainly comprise sovereign bonds, while equity investments are insignificant

UNIBANK: KEY FACTS

Unibank was established
in **2001**

(license N 81, 09.10.2001, Central Bank of
Armenia)

First bank in RA that listed its shares
through an IPO at
Armenia Securities Exchange (AMX)

Market Cap.
USD 100 mln

Structured branch network - key
regional coverage
51 branches

Moody's Investors
Service rating
B2, Stable

Over
350.000
customers

Top 100
taxpayers list

FULL SCALE BANKING SERVICES:

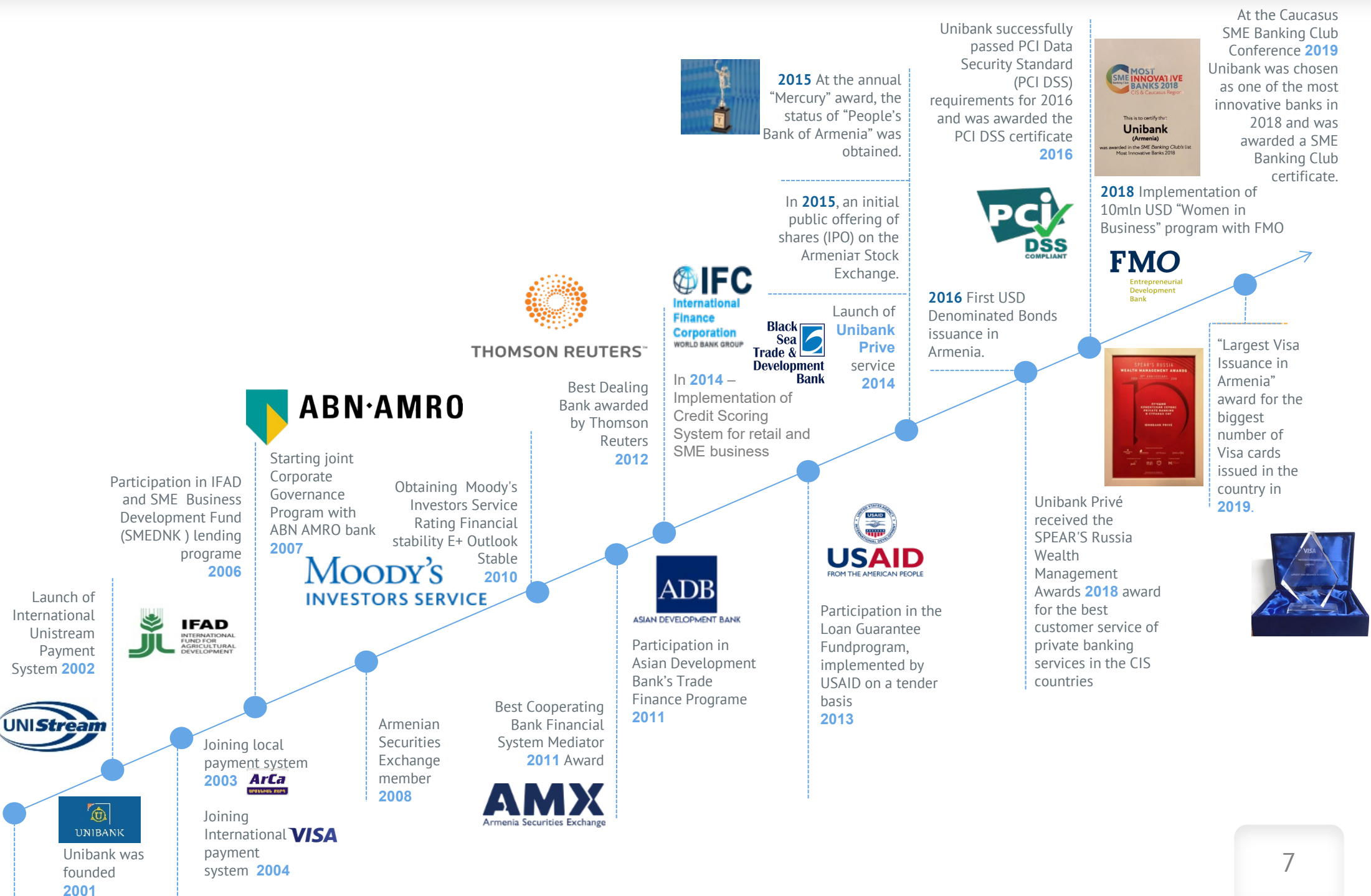
Retail business Corporate business Private banking

International transfers Online & Mobile Banking Investment instruments

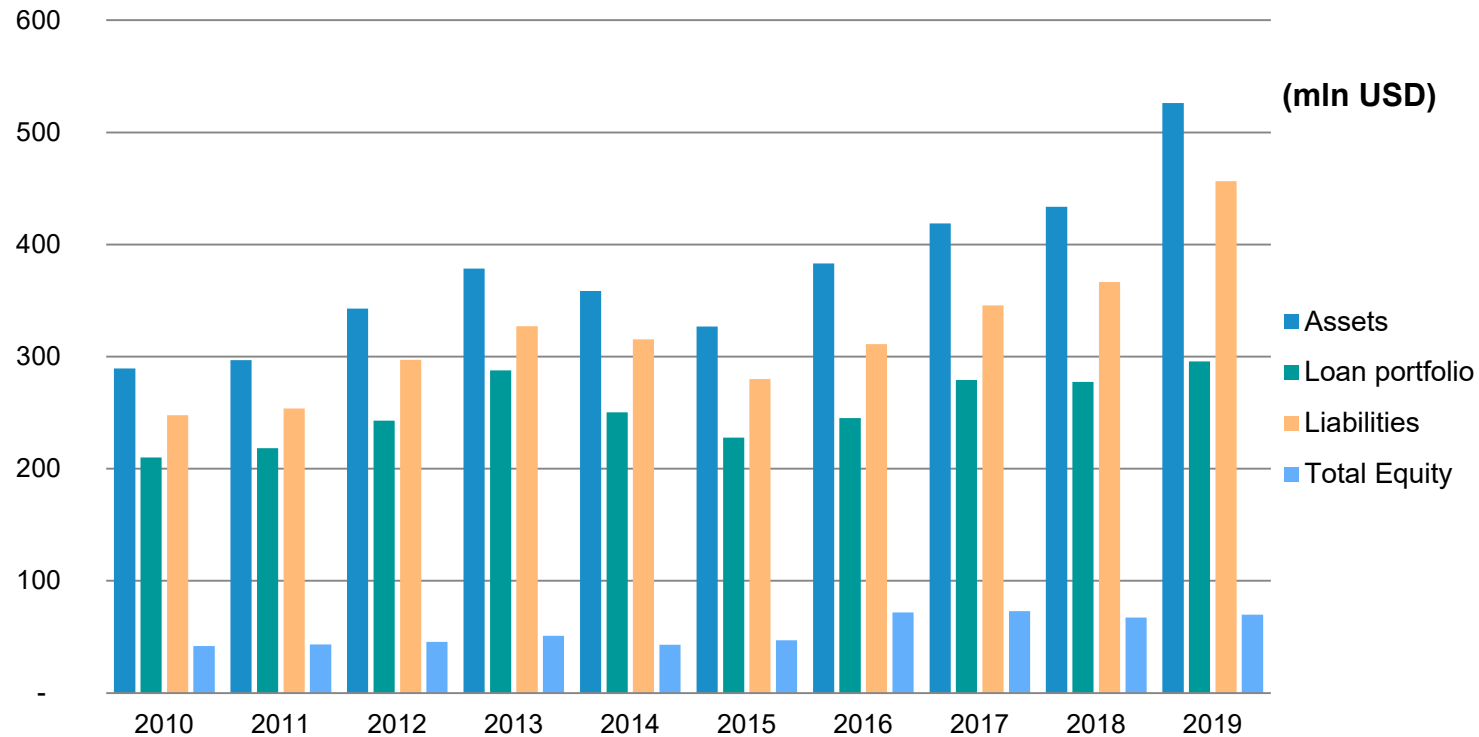
SPEARS'

Wealth Management Award 2018

UNIBANK MILESTONES



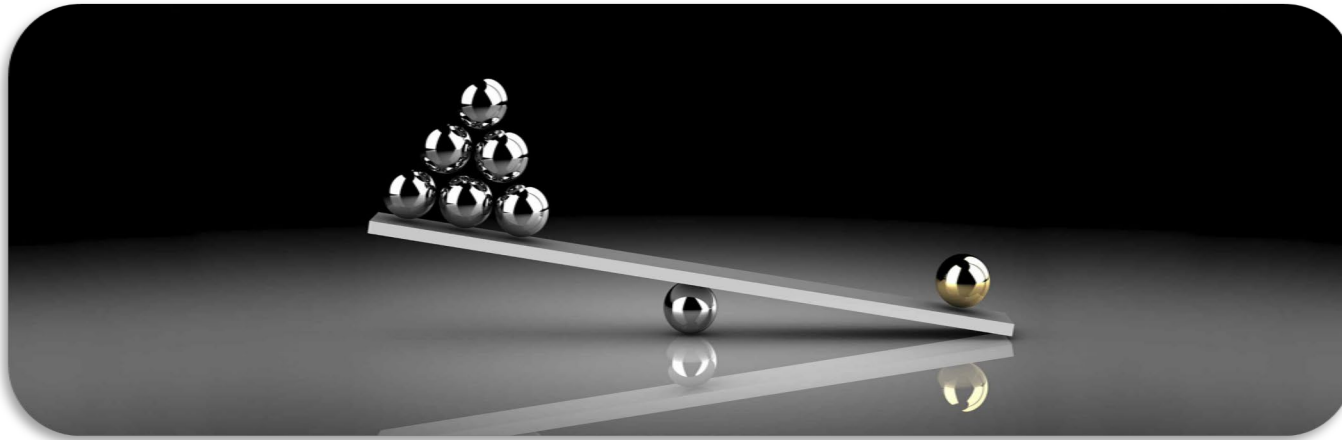
UNIBANK: MAIN INDICATORS



- Bank's assets increased by 21%* (more than the banking sector assets average growth)
- The volume of Bank's credit investments increased by 7% on par with GDP growth*
- Bank's liabilities increased by 25%*
- Net profit after taxes for 2019 stood at USD 3 mln, 54% more the same period of 2018

*compared to 31.12.2018

UNIBANK: COMPETITIVE STRENGTHS



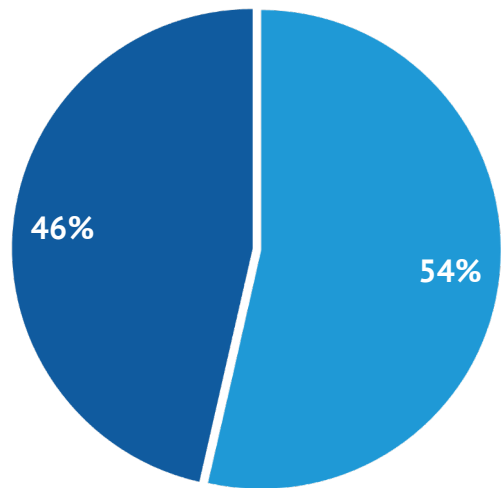
- ✓ Over 19 years of progressive growth (a comprehensive package of corporate, investment and retail banking services)
- ✓ Widely recognized brand among customers in Armenia and abroad
- ✓ Expanded network – 51 branches (7th largest), 93 promo points (the largest), 210 PoS terminals and 122ATMs
- ✓ Key Retail lender in Armenia: 40% of the POS lending market
- ✓ Shares and bonds of the Bank are traded at Armenia Securities Exchange (AMX)
- ✓ Strong key shareholders and professional management
- ✓ International business development. High scale Private banking
- ✓ One of three VISA processing centers in Armenia
- ✓ Proprietary in-house IT solutions
- ✓ Credit conveyor based on CRM system

SPEARS

Wealth Management Award 2018

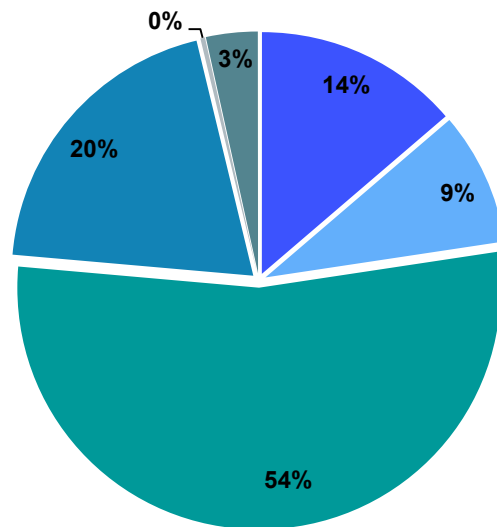
UNIBANK: RETAIL BUSINESS DYNAMICS as of 31.12.2019

LOAN PORTFOLIO STRUCTURE
313 mln USD



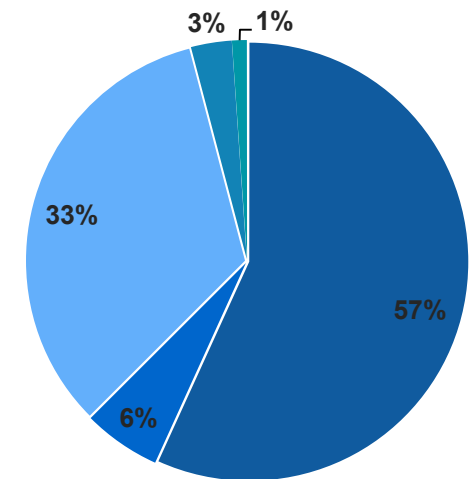
- Business (144 mln USD)
- Retail (169 mln USD)

RETAIL LOAN PORTFOLIO STRUCTURE
169 mln USD



- Mortgage loans
- Credit cards
- Consumer loans
- Consumer secured loans
- Car loans
- Gold secured loans

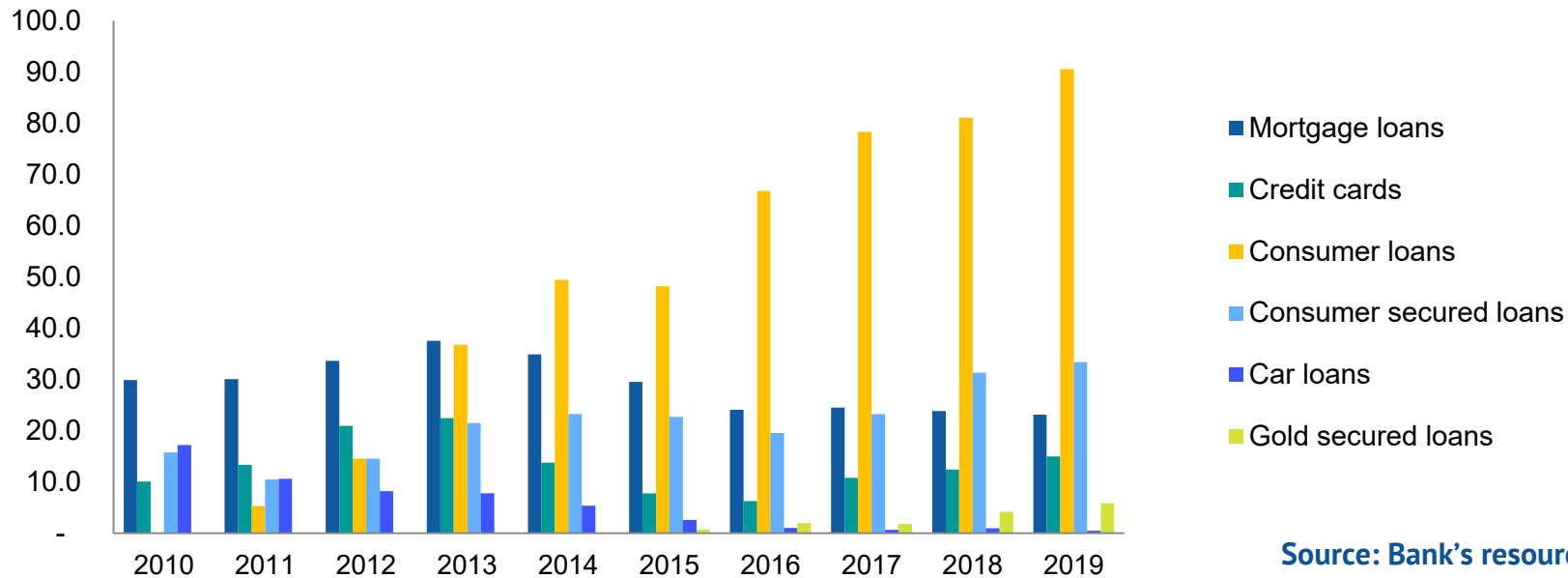
POS LOANS STRUCTURE
38 mln USD



- Mobile phones
- Computers
- Home appliances
- Furniture
- Other

UNIBANK: RETAIL BUSINESS DYNAMICS as of 31.12.2019

Dynamics and structure of Retail credit portfolio (mln USD)

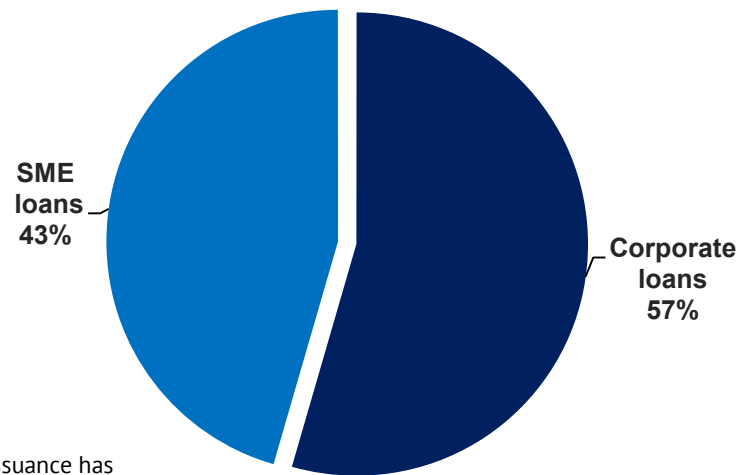


Source: Bank's resources

- ✓ POS loans customers grew by more than 10 times since 2011
- ✓ Volume of Unibank's POS loans cover nearly 40% of the market
- ✓ Unibank's CRM culture allowed creation of a database with over 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

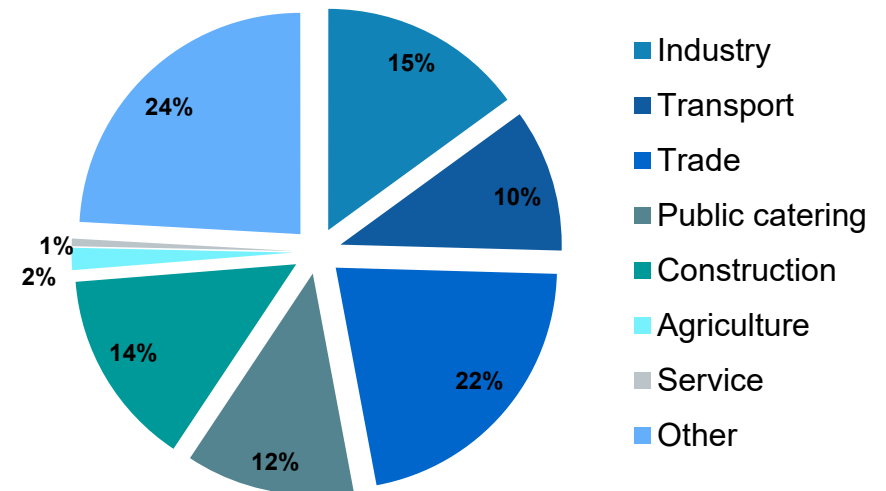
UNIBANK: BUSINESS LOAN PORTFOLIO as of 31.12.2019

Business loan portfolio structure



SME loans issuance has increased by 24% throughout the year.

Business loan portfolio by sectors (144 mln USD)



Customer tailored Micro and SME lending products covering capital and WIC needs



Historical long-standing relationships with key corporates players in trade and retail industries



Payroll, local and international payment services

COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS

Selected sources to support SME, Micro business and Trade Financing



ASIAN DEVELOPMENT BANK

Participation in loan programmes



- Recovering Energy Development Program
- Sustainable Housing Finance Market Development Program
- Small and Medium Entrepreneurship Development Program



- Rural areas economic development program
- Marketing opportunities for farmers
- Agricultural reforms support program



- Program of National Center for Small and Medium Entrepreneurship Support

ACTIVE COOPERATION WITH MAJOR PAYMENT SYSTEMS



Affiliated member of **Master Card Europay**



Principal member of **Visa International payment system**



Shareholder of **SWIFT International Financial Telecommunication System**



Full member and shareholder of **“ArCa” processing Company**

Strong growth of fee and commission income supported by strong transactional banking and remittances business as of 31.12.2019



- Over USD 160 mln USD card payments
- Over 1.6 mln card transactions



- Over USD 317 mln USD remittances
- Over 13,000 remittance transfers



“Largest Visa Issuance in Armenia” award for the biggest number of Visa cards issued in the country.

UNIBANK: INVESTMENT PROPOSAL – CORPORATE BONDS

Portfolio in circulation

Ticker	Cur.	Quantity	Volume	Maturity	Coupon (%)	YTM (%)	Coupon payments
UNIBB3	USD	50,000	5,000,000	11.09.2020	5.75%	5.70%	Quarterly
UNIBN4	USD	50,000	5,000,000	13.05.2021	5.5%	5.5%	Quarterly
UNIBB5	AMD	25,000	250,000,000	13.02.2020	10.00%	10.00%	Quarterly
UNIBB6	USD	50,000	5,000,000	22.10.2021	5.5%	5.5%	Quarterly
UNIBB7	AMD	50,000	500,000,000	22.10.2020	10.00%	10.00%	Quarterly
UNIBB8	AMD	50,000	500,000,000	12.11.2020	10.00%	10.00%	Quarterly
UNIBB9	USD	10,924	1,092,400	20.02.2022	5%	5%	Quarterly
UNIBBA	USD	10,000	1,000,000	15.11.2022	5.25%	5.25%	Quarterly

BOND SPECIFICATIONS

- ✓ No restriction on investment repatriation
- ✓ No foreign exchange restrictions
- ✓ Higher return compared to deposits
- ✓ Income tax exemption for listed corporate bonds

Planned issue Q1-Q2/2020

ISSUER	UNIBANK
Type	Nominal Coupon Bonds
Issue Volume	Up to USD 20 mln
Maturity	3-5 years
Coupon Periodicity	3 months
Stock Market	Armenia Securities Exchange
Stocks list	Main list Class A
Account operator/Broker	Unibank OJSC
Market Maker	ArmenBrok OJSC

UNIBANK: INVESTMENT PROPOSAL – PREFERRED SHARES

Over the past 10 years, dividends on preferred shares of Unibank have been paid.

ISSUER	UNIBANK
Type	Non documentary preferred shares
Nominal price	AMD 100
Preferred share number	32,010,000

In 2Q2020 the Bank plans to issue additional 10,990,000 preferred shares.

PREFERRED SHARES SPECIFICATIONS

- ✓ In the short term prospect - 12% fixed dividend payable following each financial year in line with RA legislation (taxable at 5%)
- ✓ In the long term prospect - capital gain, which is tax exempt
- ✓ Right of voting on key issues
- ✓ Partial sale of shares is possible
- ✓ Protection against legislative changes for 5 years

* The amendments to Tax Code entering into force on March 1, 2020 stipulates the following:

- VAT exemption of intermediation services in securities markets, including CSD related services and services of market-making;

UNIBANK: SUBORDINATED LOAN

Currency	USD/EUR
Amount	10 mln
Term	5.5 – 10 years
Rate (USD)	5.5 years – 6% 6 years – 6.5% 7 years – 7% 8 - 10 years – 8%
Rate (EUR)	5.5 years – 3% 6 years – 3.5% 7 years – 4% 8 - 10 years – 5%
Legislation	Republic of Armenia https://www.cba.am/EN/laregulations/Regulation_2.pdf (see Appendix 10)
Potential Buyer	Physical or Legal Entity

UNIBANK: INTERNATIONAL SETTLEMENTS

BUSINESS MODEL

Broad customer base and 2000+ international transfers per month

COMPLIANCE PROCEDURES

Operates in full compliance with KYC and EU 4th AML Directive requirements

EXPERIENCED TEAM

Professional team with many years of banking services experience within EU and Eurasian Union

THE PRINCIPLES ON WHICH UNIBANK IS ORIENTED





MOODY'S RATING AGENCY'S OVERVIEW as of 27 August, 2019

DOMICILE	YEREVAN, REPUBLIC OF ARMENIA
Long Term Deposit	B2
Long Term Dept	Not assigned
Outlook	Stable
Type	LT Bank Deposits – Fgn Curr

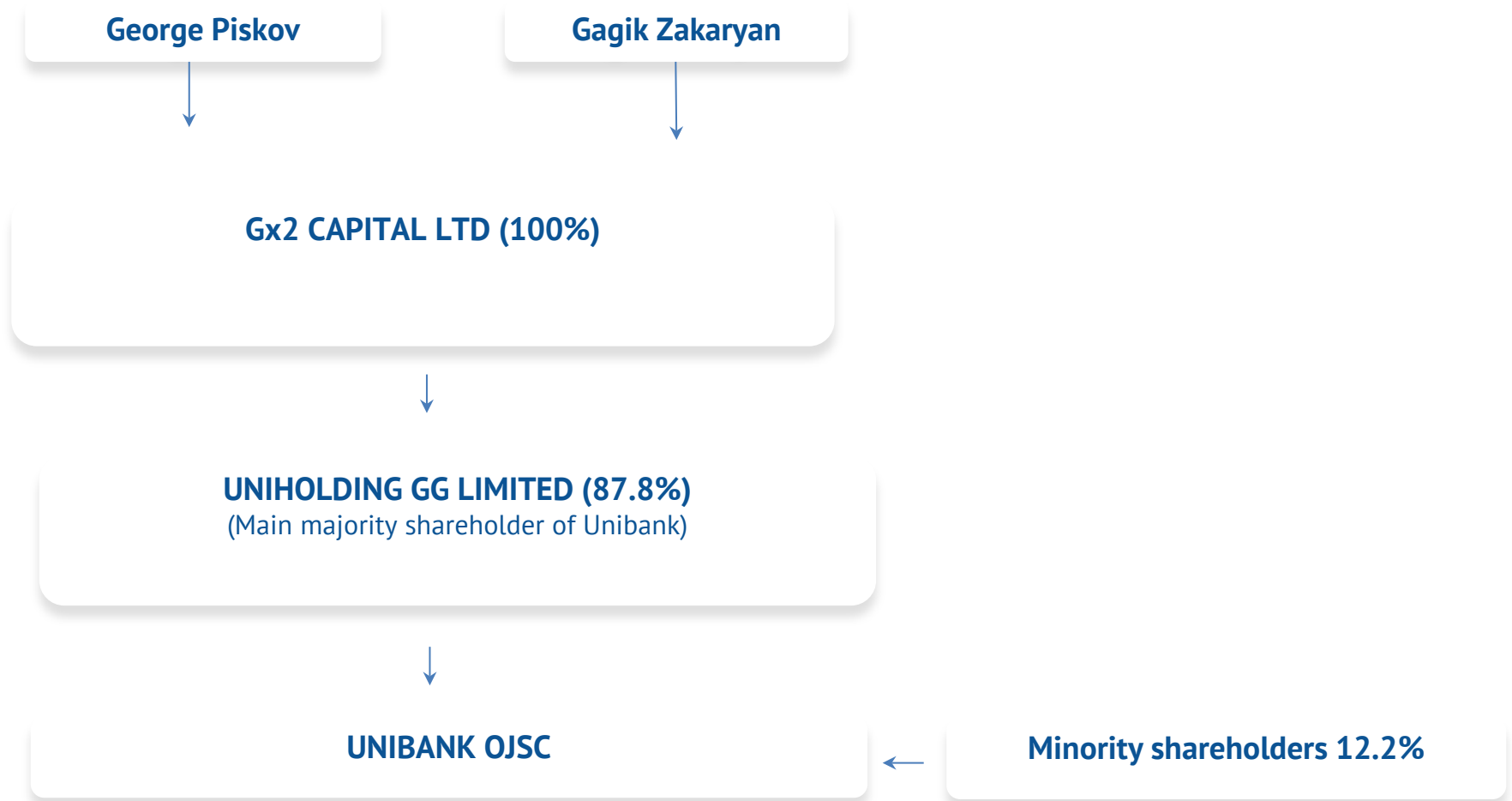
CREDIT STRENGTHS

- ✓ Higher retail loan origination and reduced funding costs support recurring profitability
- ✓ Liquidity buffer is comfortable and funding base is granular

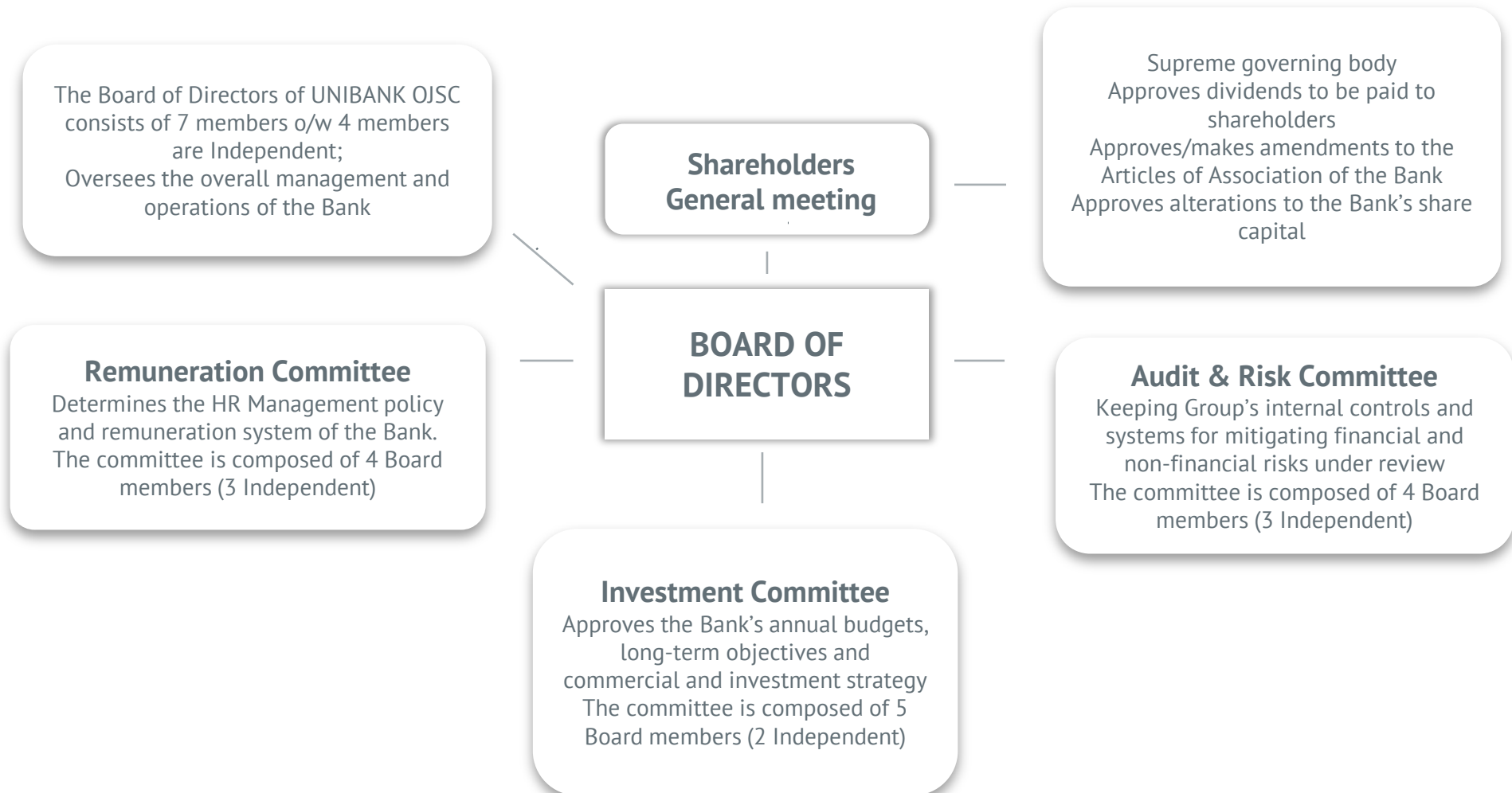
FACTORS, THAT COULD LEAD TO AN UPGRADE

Continuous material improvements in the bank's asset quality, profitability and capital profile would be credit positive for its BCA.

UNIBANK: SHAREHOLDING STRUCTURE



UNIBANK: CORPORATE GOVERNANCE



UNIBANK STRATEGIC GOALS 2020-2022



FORECAST FOR FINANCIAL POSITION AND P&L STATEMENT

FINANCIAL POSITION in mln USD

	A: 31/12/19	E: 31/12/20	E: 31/12/21	E: 31/12/22
Assets	526	606	666	746
Credit portfolio	313	344	368	397
Business portfolio	144	153	161	172
Retail portfolio	169	191	207	226
Liabilities	456	530	584	656
Deposits from customers	396	449	494	555

P&L STATEMENT in thousand USD

	A: 31/12/19	E: 31/12/20	E: 31/12/21	E: 31/12/22
Net interest income	19,956	21,947	26,076	28,251
Net fee and commission income	5,747	5,410	6,065	6,838
Operating income	32,668	34,484	39,825	43,420
Net provision from losses	- 7,424	- 8,543	- 9,204	- 10,345
Administrative expenses	- 21,092	- 20,388	- 21,203	- 21,415
Profit for the year after tax	2,956	4,441	7,534	9,328

A: Actual
E: Expected

UNIBANK: BOARD OF DIRECTORS



GAGIK ZAKARYAN

Co-founder Gx2 Capital Ltd
Cofounder/Board Chairman, Unibank OJSC,
Cofounder/Board Chairman, Unistream OJSC CB,
Board Chairman, RESO CJSC
Board Member of the Association of Russian Banks
Member of the Supervisory Board of National Banking Journal



GEORGE PISKOV

Co-founder Gx2 Capital Ltd
Cofounder/Board Member, Unibank OJSC,
Cofounder/Board Member, Unistream OJSC CB
Chairman at Protobase Laboratories,
Owner and Founder at MoneyTO



VARDAN ATAYAN

Board Member of “Unibank” OJSC, shareholder and
Board Chairman of “Unileasing” company
Board Member of “RESO” CJSC



HRAHAT ARZUMANYAN

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



EDUARD ZAMANYAN

Board Member of Unibank OJSC,
Armenia
Board member of National
Bureau of Credit Histories
Advisor to president
“Globeksbank”



ARTEM KONSTANDIAN

Board Member of “Unibank” OJSC
Supervisory Board member of the MSP Bank
Member of the Presidium in the OPORA of Russia
Member of the Board of Directors of the Russian Agency
for Export and Investment Insurance
Board of Trustees Member Jurisdiction Armenia Foundation (RA)



DAVID PAPAZYAN

Board Member of Unibank OJSC,
General Director of Armenian National
Interests Fund

UNIBANK: EXECUTIVE BOARD



MESROP HAKOBYAN
Executive Board Chairman



GOHAR GRIGORYAN
Financial Director - Chief Accountant



ARARAT GHUKASYAN
First Vice-Chairman
of the Executive Board



GURGEN GHUKASYAN
Retail Business Promotion and Sales Director



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



DAVID PETROSYAN
Corporate Business Promotion and
Sales Director



ARTUR APERYAN
Operational services and information
systems Director

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