



# UNIBANK OJSC

Armenia Securities Exchange: UNIB

Bloomberg: UNIB AY

Reuters: UNIB



# 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 March 2020)

**Area** – 29.743 sq. km (11.5 sq. miles)

**Major languages** – Armenian, Russian, English

**Life expectancy:** male 71.6, female - 78.3

**Monetary unit** – Armenian dram (AMD)

**Exchange rate** - As of June 30, 2020 : 500.80 AMD/USD

Sovereign Country Ratings:

**Fitch** – BB-, outlook- negative (03 April, 2020)

**Moody's** – Ba3, outlook- stable (20 April, 2020)

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

**Ease of Doing Business Rank:** 47 out of 190 countries

**Economic Freedom Index:** 34, 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

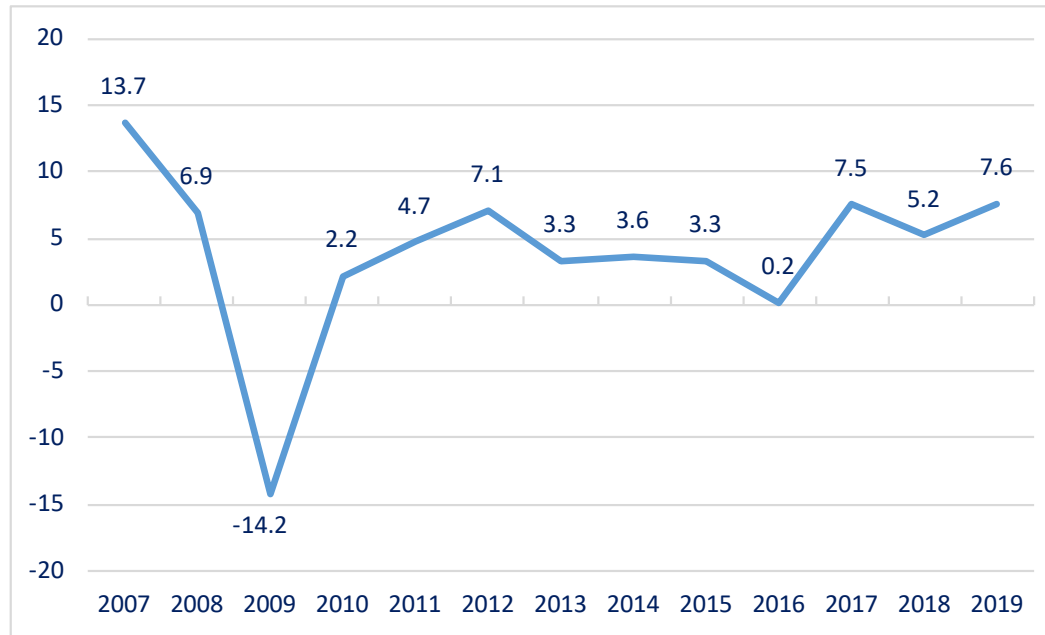
RA promotes foreign investments and follows an “open door” policy, including :

- 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



GDP growth in Armenia  
2016 – 0.2%  
2017 – 7.5%  
2018 – 5.2%  
2019- 7.6%  
2020 – CBA forecast - 4 %

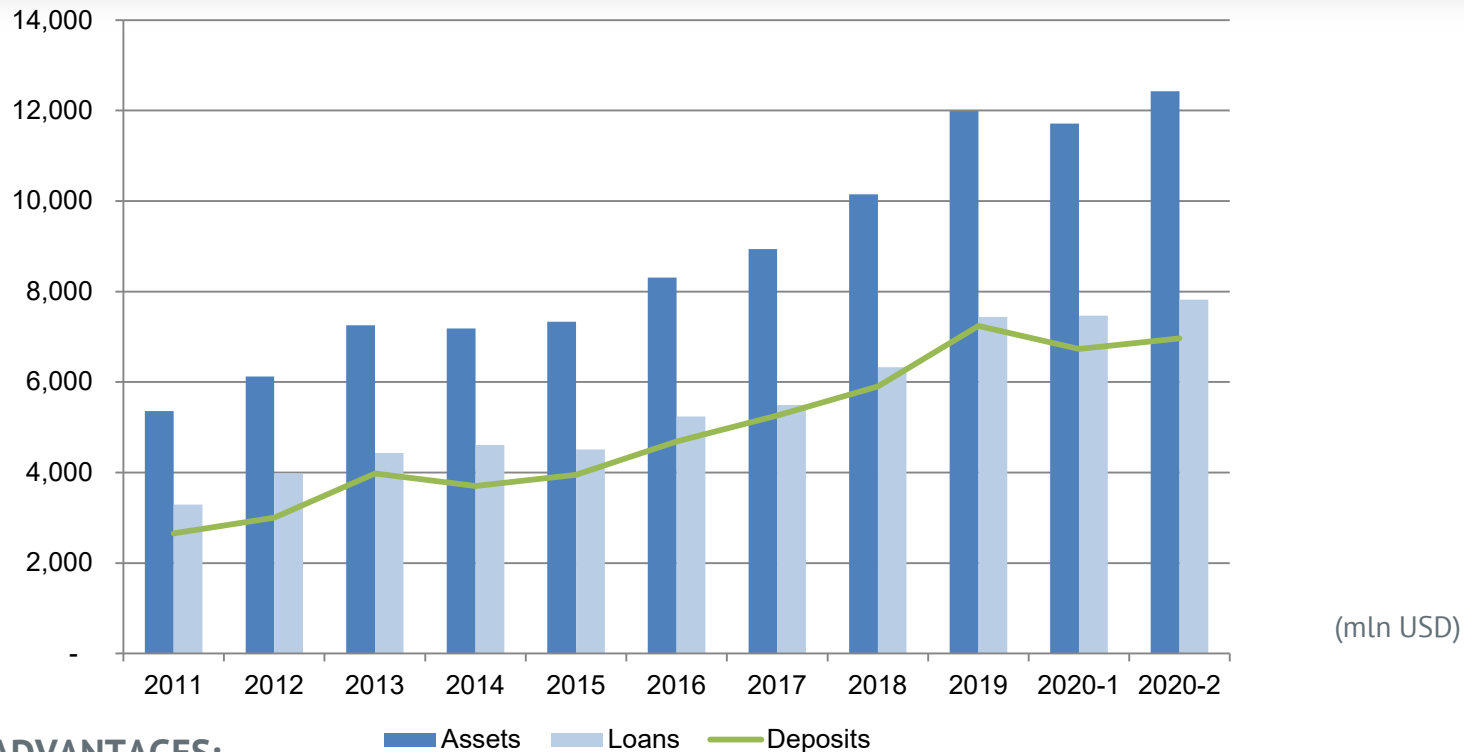
## MAINTAINING SECTOR MACROECONOMIC STABILITY:

- 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 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

# GOVERNMENT MEASURES TO SUPPORT THE ECONOMY IN RESPONSE TO THE CORONAVIRUS OUTBREAK

## MONETARY MEASURES

- The Central Bank of Armenia cut the refinancing rate to 5.25% from 5.5% on March 18, 2020.
- The Central Bank has expanded available liquidity facilities for banks in both local and foreign currencies and provides swaps of AMD for US dollars.

## FISCAL SUPPORT MEASURES

- Allocation of AMD150 billion (\$300 million), equaling 2.2% of GDP, for economic support measures.
- Co-financing and refinancing facilities for corporates and subsidies interest rates.
- Full subsidies of lending rates for the agricultural sector.
- Support, including state credit insurance and interest rate subsidies for SMEs that made annual revenue of up to AMD500 million in 2019.
- Grants for micro businesses with up to 50 full-time employees.
- Support for individuals and entrepreneurs, includes additional unemployment payments and social transfers for families with children under 14 years old.

# 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 102 mln**

Structured branch network - key  
regional coverage  
**53 branches**

Moody's Investors  
Service rating  
**B2, Stable**

Over  
**360.000**  
customers

**Top 100**  
taxpayers list

## FULL SCALE BANKING SERVICES:

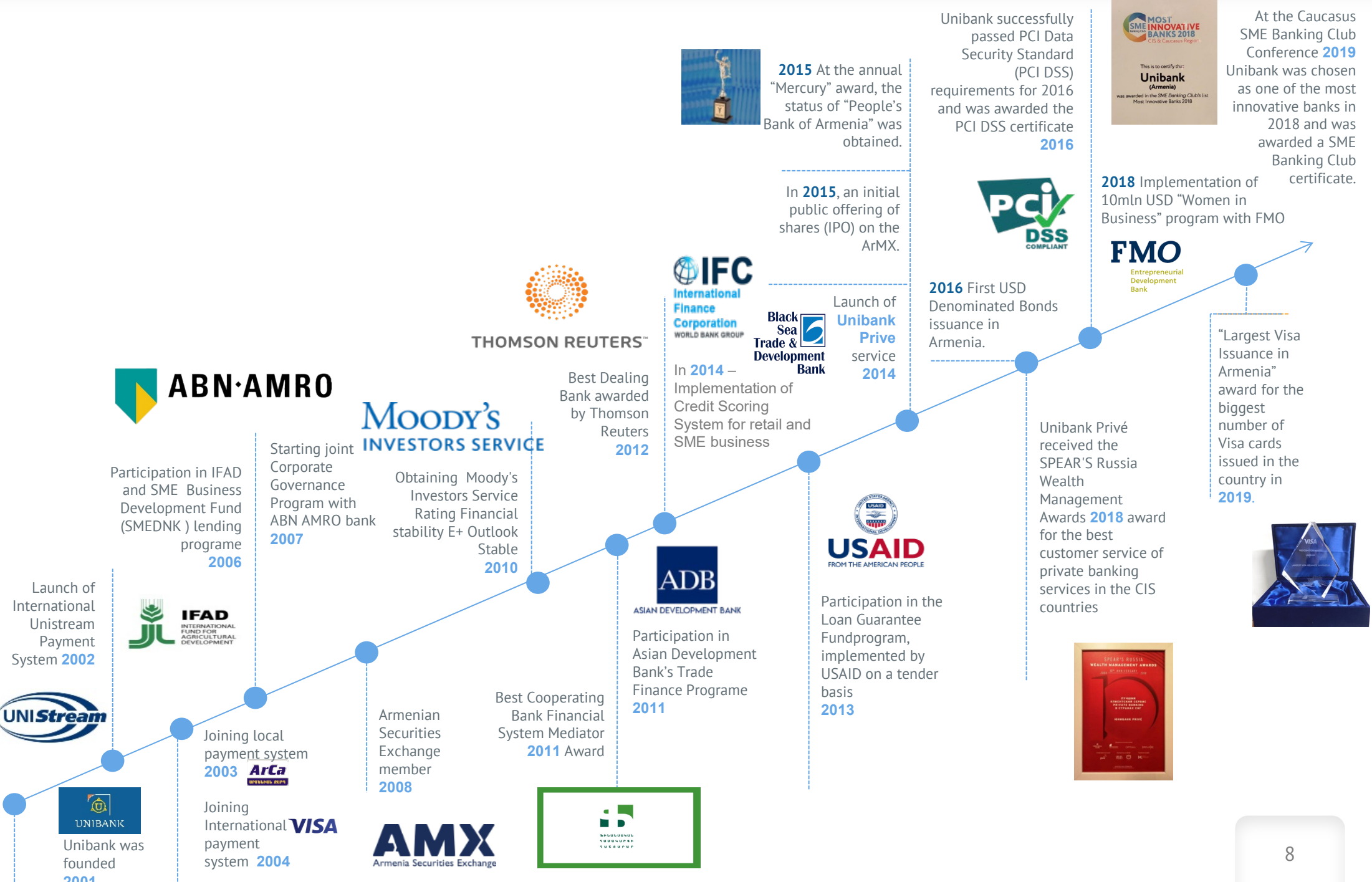
Retail business    Corporate business    Private banking

International transfers    Online & Mobile Banking    Investment instruments

**SPEARS'**

**Wealth Management Award 2018**

# UNIBANK MILESTONES



**UNIBANK**  
Unibank was founded **2001**



Launch of International Unistream Payment System **2002**



Participation in IFAD and SME Business Development Fund (SMEDNK) lending programme **2006**

Joining local payment system **2003**  
**ArCa**  
ARMENIA SECURITIES EXCHANGE

Joining International payment system **2004**  
**VISA**



Armenian Securities Exchange member **2008**



Obtaining Moody's Investors Service Rating Financial stability E+ Outlook Stable **2010**



**THOMSON REUTERS™**

Best Dealing Bank awarded by Thomson Reuters **2012**



Best Cooperating Bank Financial System Mediator **2011** Award



Participation in Asian Development Bank's Trade Finance Programme **2011**



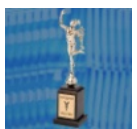
In **2014** – Implementation of Credit Scoring System for retail and SME business



Launch of **Unibank Privé** service **2014**



Participation in the Loan Guarantee Fundprogram, implemented by USAID on a tender basis **2013**



**2015** At the annual “Mercury” award, the status of “People’s Bank of Armenia” was obtained.

In **2015**, an initial public offering of shares (IPO) on the ArMX.



Unibank successfully passed PCI Data Security Standard (PCI DSS) requirements for 2016 and was awarded the PCI DSS certificate **2016**

**2016** First USD Denominated Bonds issuance in Armenia.

Unibank Privé received the SPEAR'S Russia Wealth Management Awards **2018** award for the best customer service of private banking services in the CIS countries



**2018** Implementation of 10mln USD “Women in Business” program with FMO



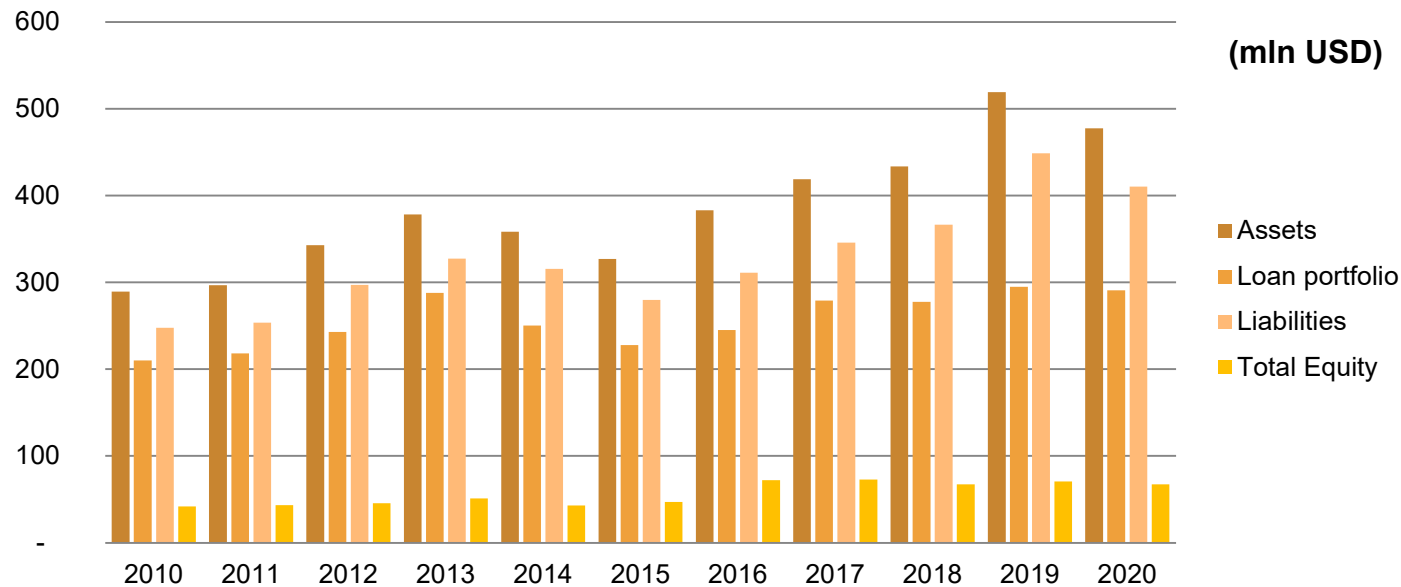
At the Caucasus SME Banking Club Conference **2019** Unibank was chosen as one of the most innovative banks in 2018 and was awarded a SME Banking Club certificate.

“Largest Visa Issuance in Armenia” award for the biggest number of Visa cards issued in the country in **2019**.





# UNIBANK: MAIN INDICATORS as of 30.06.2020

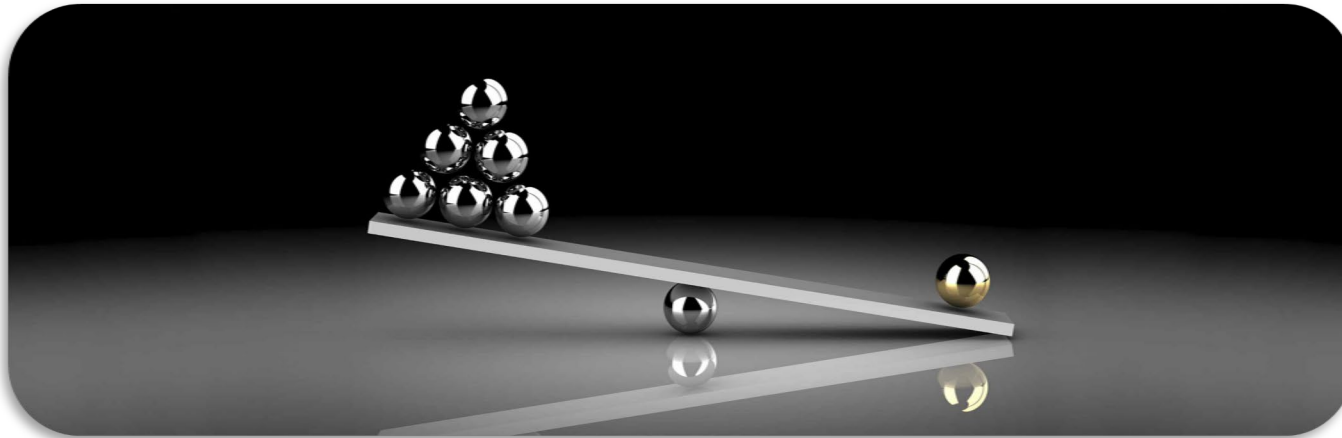


- ✓ Bank's assets 477 mln USD.
- ✓ The volume of Bank's credit investments 308 mln USD, increased by 5.2% compared to 31/12/2019.
- ✓ Bank's liabilities 406 mln USD.

## Quarterly Highlights

- ✓ For the first time in the history of the Armenian Banking, Unibank has undertaken a secondary listing of bonds in Russia.
- ✓ Unibank continued the process of developing its online services. The Bank expanded cooperation framework with EasyPay payment system and Telcell as another option of online and fast payments.
- ✓ Unibank has updated credit scoring for unsecured consumer loans, introducing the technology of Artificial Intelligence (AI)

# UNIBANK: COMPETITIVE ADVANTAGES



- ✓ Over 19 years of progressive growth (a comprehensive package of corporate, investment and retail banking services)
- ✓ The first public company in Armenia to place shares on the Armenia Securities Exchange (AMX)
- ✓ The first Armenian bank to list its bonds on the Moscow Exchange (MOEX)
- ✓ Expanded network - 53 branches (7th largest), 93 promo points (the largest), 147PoS terminals and 116ATMs
- ✓ Moody's rating agency forecast - B2, Stable
- ✓ Key Retail lender in Armenia: 1st place by the number of provided loans
- ✓ The best private banking client service in the CIS countries according to SPEAR'S Russia Wealth Management Awards 2018: The leader in cross-border settlements for companies and private clients
- ✓ One of three processing centers in Armenia, credit conveyor based on CRM system
- ✓ Effective corporate governance system and professional management team

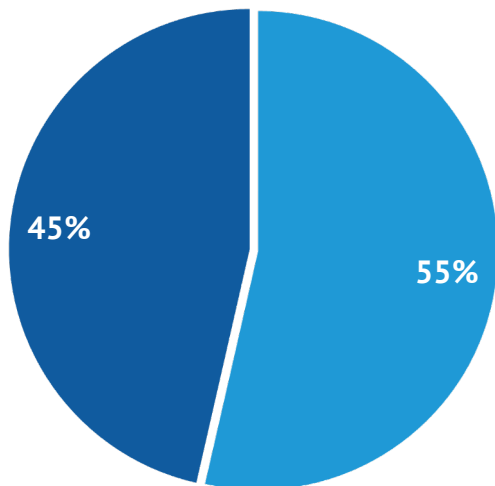
SPEAR'S

Wealth Management Award 2018

# UNIBANK: RETAIL BUSINESS DYNAMICS as of 30.06.2020

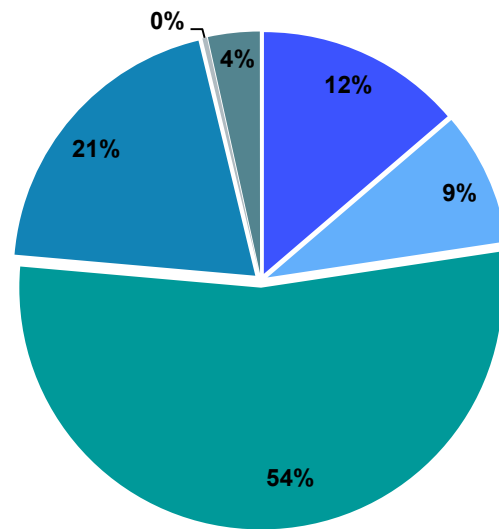
1-st place by the number of issued POS loans\*

**LOAN PORTFOLIO STRUCTURE**  
323 mln USD



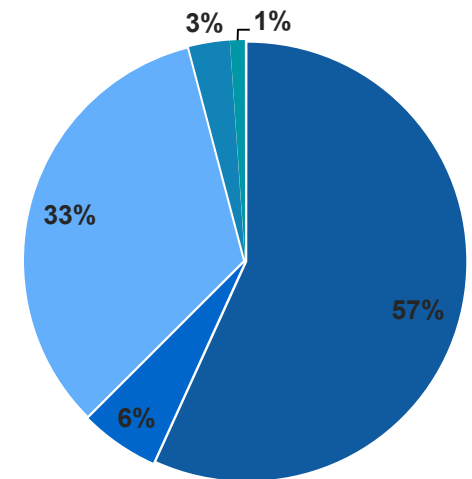
- Business (145 mln USD)
- Retail (178 mln USD)

**RETAIL LOAN PORTFOLIO STRUCTURE**  
178 mln USD



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

**POS LOANS STRUCTURE**  
38 mln USD

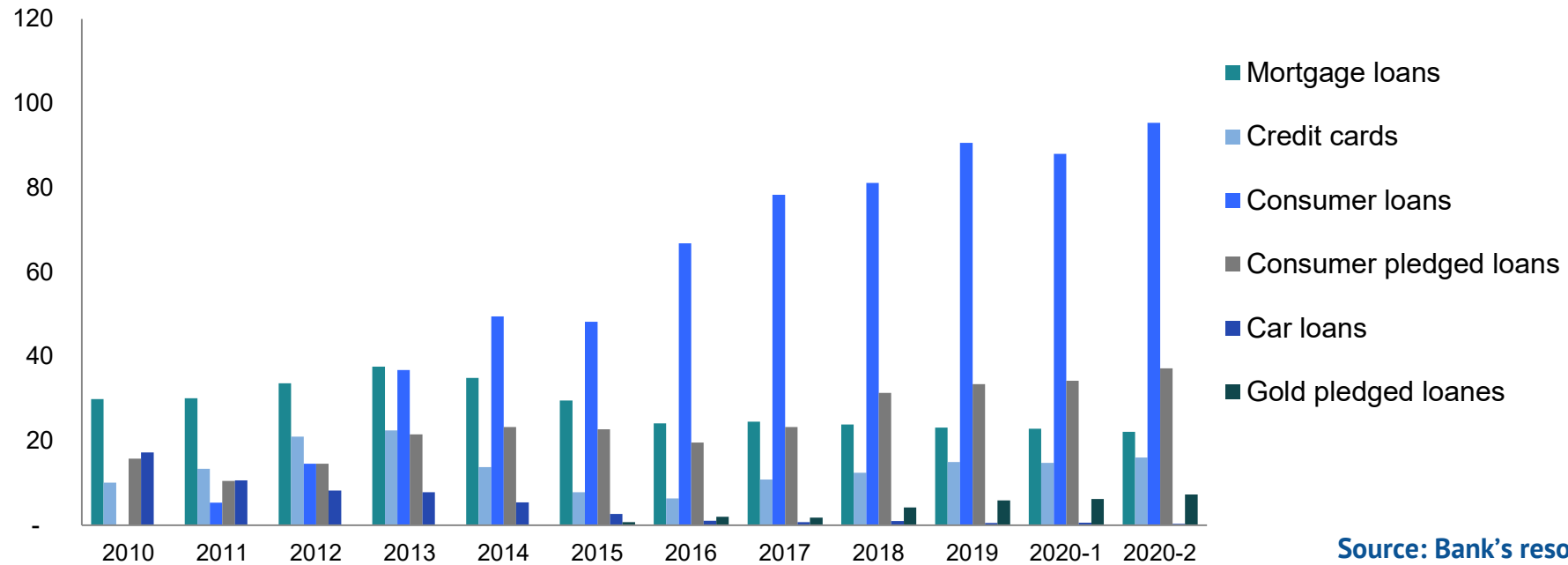


- Mobile phones
- Computers
- Home appliances
- Furniture
- Other

\*ARCA data, 2Q 2020

# UNIBANK: RETAIL BUSINESS DYNAMICS as of 30.06.2020

Dynamics and structure of Retail credit portfolio (mln USD)

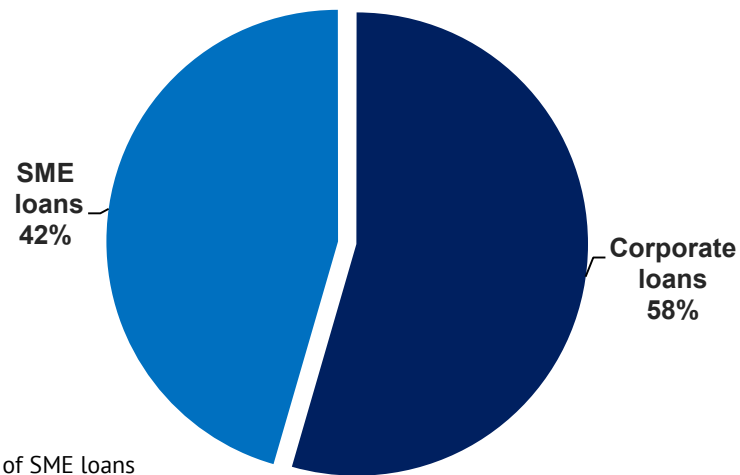


Source: Bank's resources

- ✓ POS loans customers grew by more than 10 times since 2011
- ✓ Volume of Unibank's POS loans cover over 20% 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

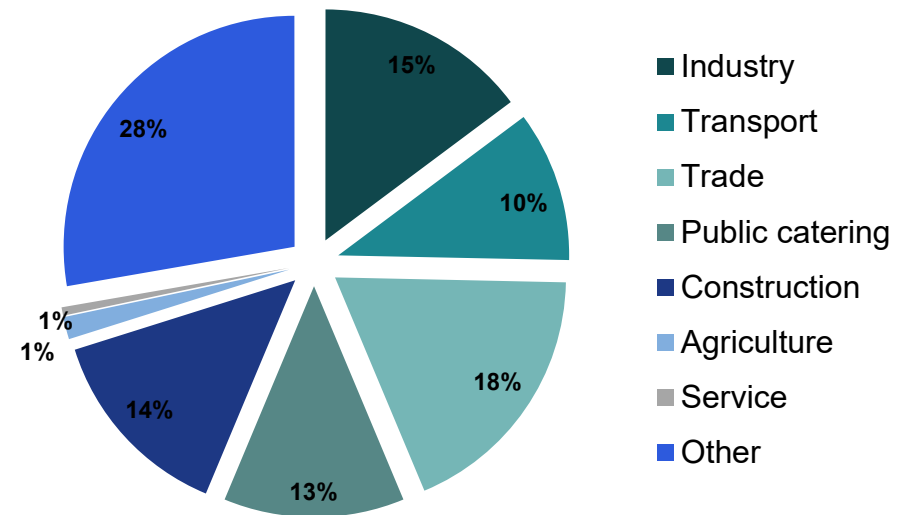
# UNIBANK: BUSINESS LOAN PORTFOLIO as of 30.06.2020

Business loan portfolio structure



The number of SME loans issuance has been increased by 24% in 2019

Business loan portfolio by sectors (145 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, CORRESPONDENT BANKS



Principal 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**

## CORRESPONDENT BANKS

BANKA POPOLARE DI SONDRIO  
EURASIAN DEVELOPMNET BANK  
CB UNISTREAM  
ALFA BANK  
BANK OF GEORGIA  
RAIFFEISEN BANK INTERNATIONAL AG  
AO RAIFFEISENBANK  
TRANSSTROIBANK  
TRANSKAPITALBANK  
EXIMBANK OF RUSSIA  
JSC ROSSELKHOZBANK

“Largest Visa Issuance in Armenia”  
award for the biggest number of  
Visa cards issued in the country,  
2019.



# UNIBANK: 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 Q3/2020

ISSUER	UNIBANK
Type	Nominal Coupon Bonds
Issue Volume	Up to USD 10 mln
Maturity	36 months
Coupon Periodicity	3 months
Stock Market	Armenia Securities Exchange (AMX), Moscow Stock Exchange Market
Account operator/Broker	Unibank OJSC
Market Maker	ArmenBrok OJSC Gx2 Invest JSC

The tenth tranche of Unibank's coupon bonds with an annual yield of 5.25% has been included on the third listing level of Moscow Exchange, ISIN – AMUNIBB2AER2.



# 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 230

In 3Q2020 the Bank plans to issue additional 10,990,000 convertible preferred shares of class B, with a fixed annual dividend, each with a par value of AMD 230 (Two hundred thirty).

## 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

<b>Currency</b>	USD/EUR
<b>Amount</b>	10 mln
<b>Term</b>	5.5 – 10 years
<b>Rate (USD)</b>	5.5 years – 6% 6 years – 6.5% 7 years – 7% 8 - 10 years – 8%
<b>Rate (EUR)</b>	5.5 years – 3% 6 years – 3.5% 7 years – 4% 8 - 10 years – 5%
<b>Legislation</b>	Republic of Armenia <a href="https://www.cba.am/EN/laregulations/Regulation_2.pdf">https://www.cba.am/EN/laregulations/Regulation_2.pdf</a> (see Appendix 10)
<b>Potential Buyer</b>	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 5th AML Directive requirements

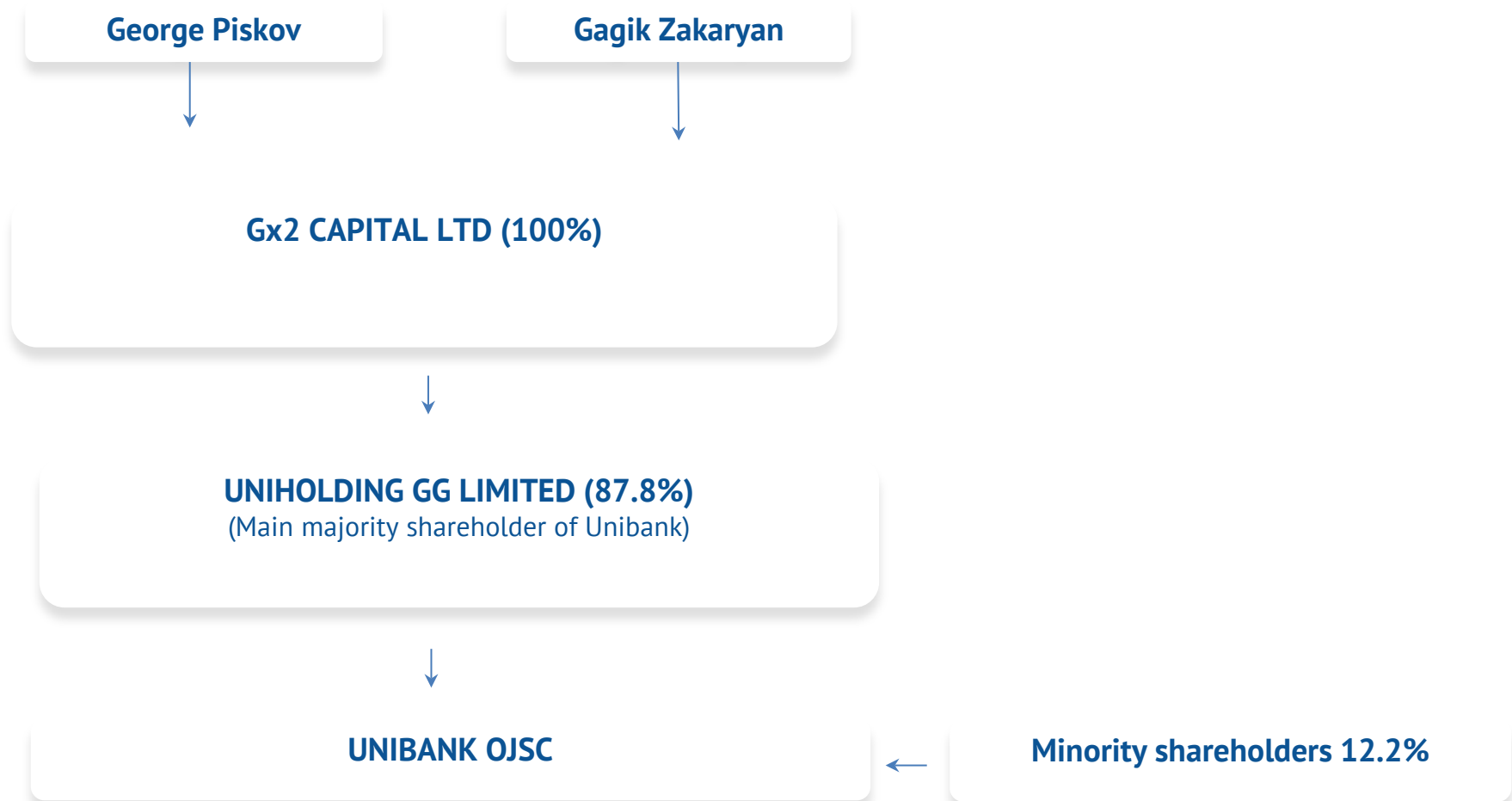
## EXPERIENCED TEAM

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

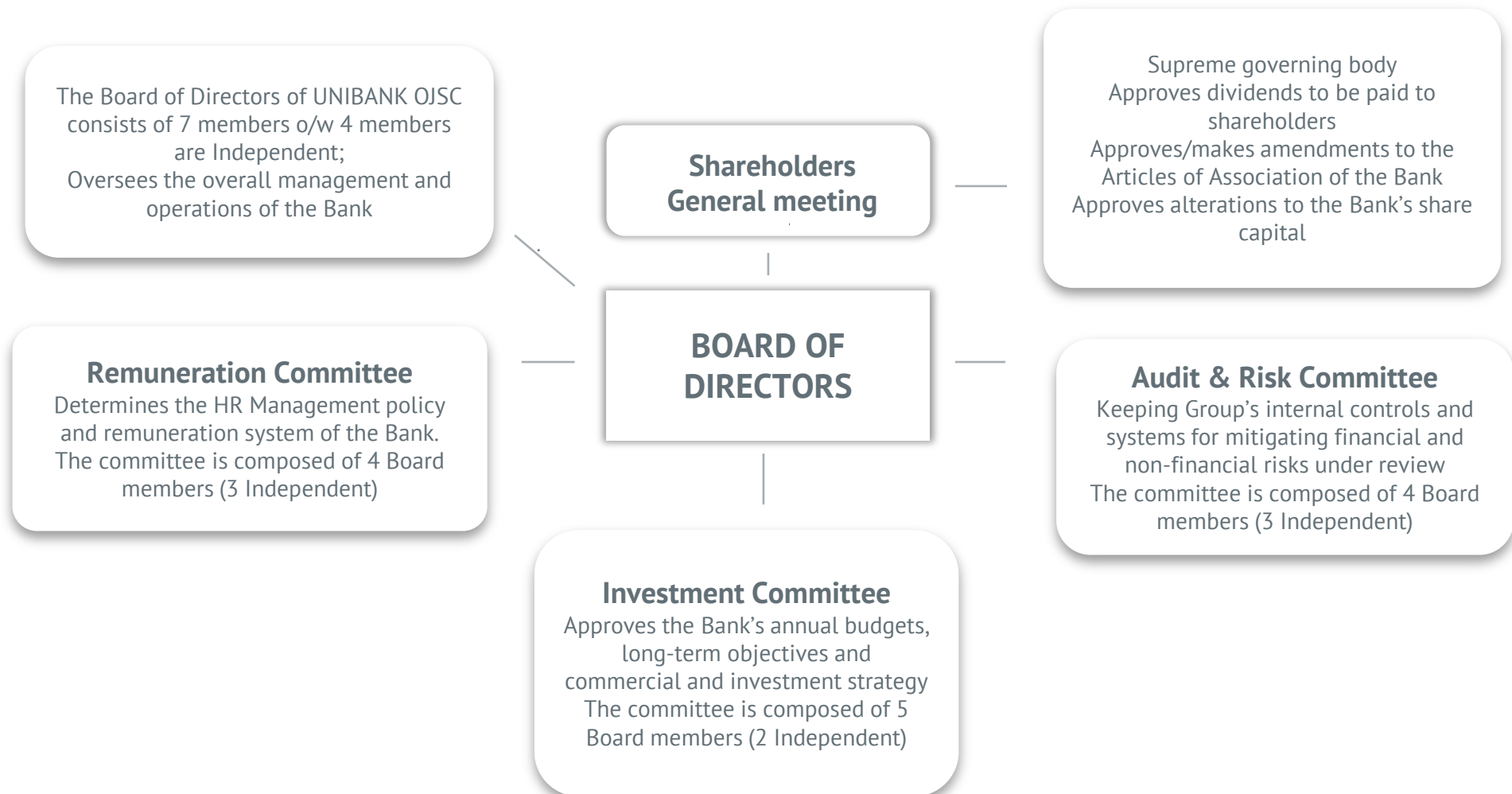
## THE PRINCIPLES ON WHICH UNIBANK IS ORIENTED



# 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
<b>Assets</b>	519	558	585	592
Credit portfolio	320	328	348	357
Business portfolio	150	146	153	155
Retail portfolio	171	182	195	202
<b>Liabilities</b>	449	484	508	511
Deposits from customers	396	420	437	443

## P&L STATEMENT in thousand USD

	A: 31/12/19	E: 31/12/20	E: 31/12/21	E: 31/12/22
in thousand USD	31/12/19	31/12/20	31/12/21	31/12/22
Net interest income	21,130	19,620	21,303	22,873
Net fee and commission income	3,559	4,117	5,998	6,763
Operating income	30,232	29,639	34,869	37,939
Net provision from losses	- 7,721	- 8,686	- 9,906	- 10,481
Administrative expenses	- 19,117	- 17,761	- 20,046	- 20,247
<b>Profit for the year after tax</b>	2,766	2,364	3,842	5,913

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  
Chairman of the Board of Trustees of the “ANIV” Foundation for  
Development and Support of Armenological Studies  
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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