



UNIBANK LOCAL & INTERNATIONAL EXPERTISE IN ARMENIA

Armenia Securities Exchange: UNIB
Bloomberg: UNIB AY
Reuters: UNIB

2019

REPUBLIC OF ARMENIA INVESTMENT MAP

ARMENIA: MAIN INDICATORS



Full name – The Republic of Armenia

Population - 2.9 mln (as of April 2018)

Area – 29.743 sq. km (18.481 sq. miles)

Major languages – Armenian, Russian, English

Life expectancy: male 71.6, female - 78.3

Monetary unit – Armenian dram (AMD)

Exchange rate - As of March 31,2019 : 486.44 AMD/USD

Sovereign Country Ratings:

Fitch – B+, positive (2018)

Moody's – B+ , positive (2019)

Global competitiveness index: 73 (World Economic Forum)

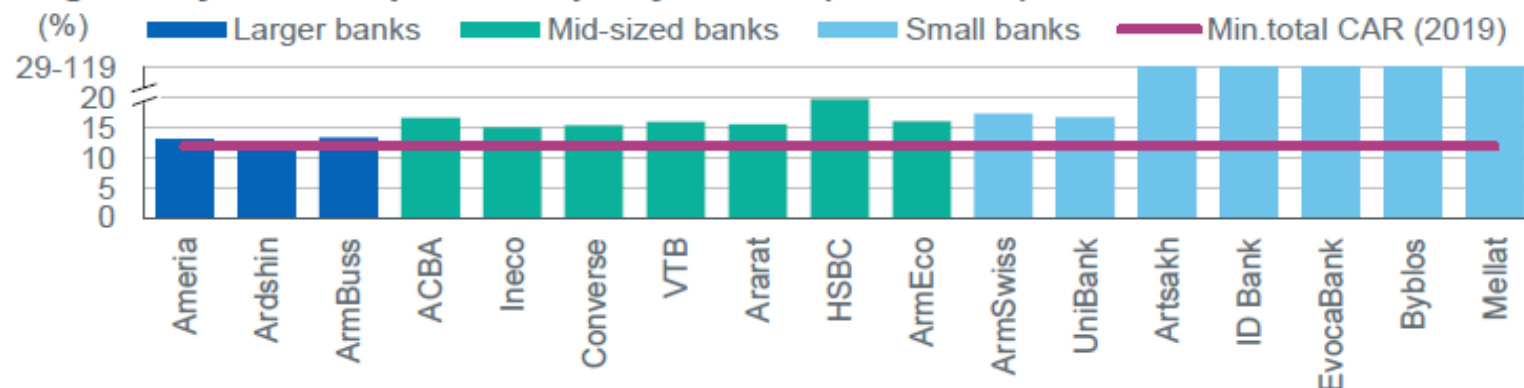
Ease of Doing Business Rank: 41

Economic Freedom Index: 47

Basel AML Index 2017 Ranking(FATF Rating): 134, 1st place in the region

REPUBLIC OF ARMENIA INVESTMENT MAP

Regulatory Total Capital Adequacy Ratios (End-1H18)



STABLE SECTOR

Operating environment trends will remain broadly supportive for banks' growth, performance and asset quality in 2019. Economic growth will remain solid at 5% in 2019 (2018F: 4.1%; 2017: 7.5%). Economic growth has been helped by strong external and domestic demand, and the stability of the Armenian dram. The latter remains of high importance given the significant financial sector dollarization

MODERATION OF GROWTH

Credit growth is forecasted to moderate, closer to 10% in 2019 (2018F: 16%), reflecting macro trends and the fact that loan penetration is now at a high level. Lending expansion is driven by corporate and retail segments, with borrowers benefitting from falling interest rates.

PROFITABILITY MODEST

Operating profitability remains modest, despite lending volume growth and moderation of risk costs. It is not expected to be improved visibly in 2019 as margins remain pressured by competition and large non-earning assets (due to high central bank mandatory reserve rates).

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

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

ARMENIAN BANKING SECTOR BACKGROUND

IMPROVING GROWTH PROSPECTS:

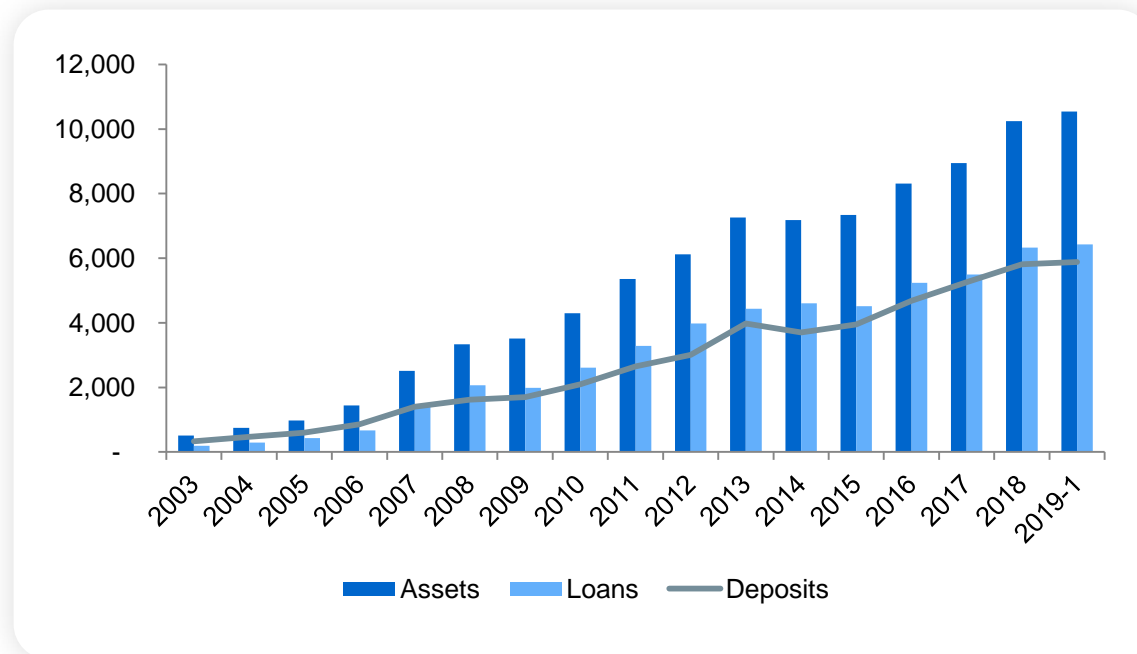
Banks' performance benefits from continued healthy economic growth, driven by increasing exports, improving domestic demand and relatively stable currency.

STRONG CAPITAL BUFFERS:

The sector's regulatory CAR improved to 18.5% at end-2018 vs. 14.5% at end-2014. Armenian banking system has one of the highest CARs in the region.

MAINTAINING SECTOR MACROECONOMIC STABILITY:

Improvements in the economic policy framework and governance and institutional effectiveness are being entrenched. Armenia's asset-quality metrics and capital positions are closer to peer average levels. Securities portfolios mainly comprise sovereign bonds, while equity investments are insignificant.



(mln USD)

GDP growth in Armenia

2015 – 2.6%

2016 – 0.4%

2017 – 9.8%

2018 – 8.0%

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

Market Cap.
USD 98 mln

Structured branch network - key
regional coverage
47 branches

Moody's Investors
Service rating
B2, Stable

Over
400.000
customers

Top 100
taxpayers list

FULL SCALE BANKING SERVICES:

Retail

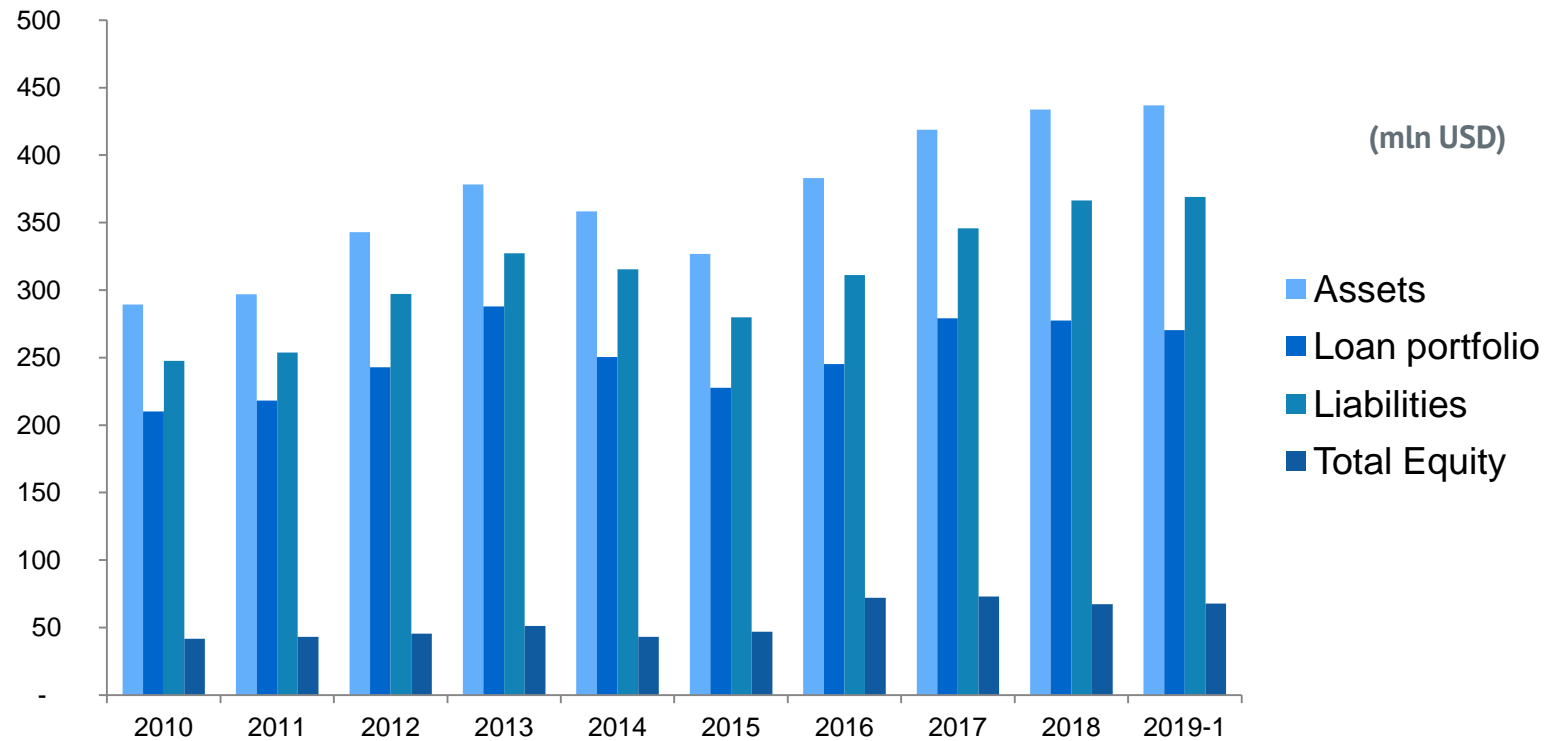
Corporate

Private

International

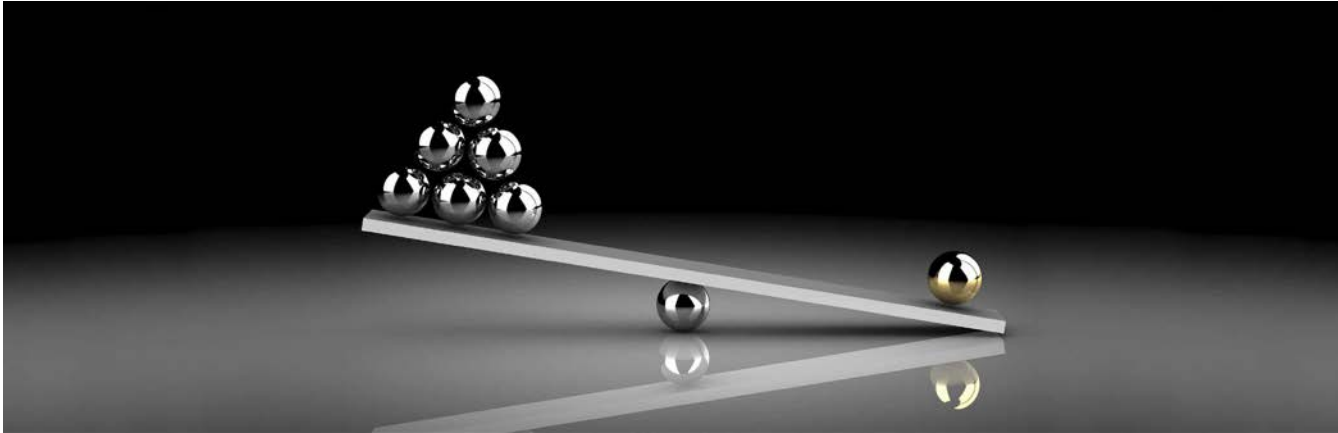
Online & Mobile Banking

UNIBANK'S MAIN INDICATORS



- ✓ Net fee and trading income has increased by 2x compared to the same period of 2018
- ✓ Assets growth on par with industry average
- ✓ Growth in interest earning assets by 2.1% and 6.6% relative to Q4 and Q1 of 2018.

UNIBANK'S COMPETITIVE STRENGTHS

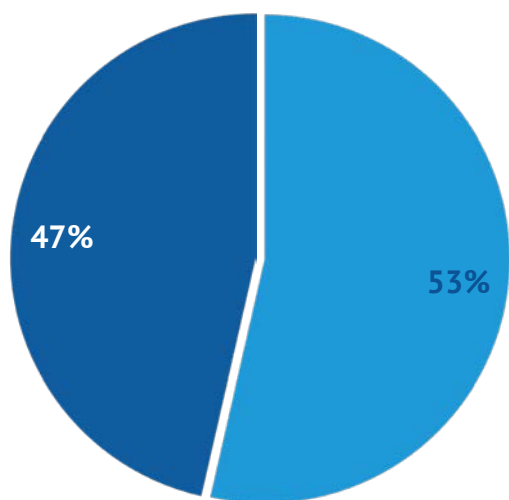


- ✓ Widely recognized brand among customers in Armenia and abroad
- ✓ Expanded network – 47 branches (7th largest), 80 promo points (the largest), 140 PoS terminals and 116 ATMs
- ✓ In top 3 banks by POS lending in Armenia
- ✓ Shares and bonds of the Bank are traded at Armenia Securities Exchange
- ✓ 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

UNIBANK

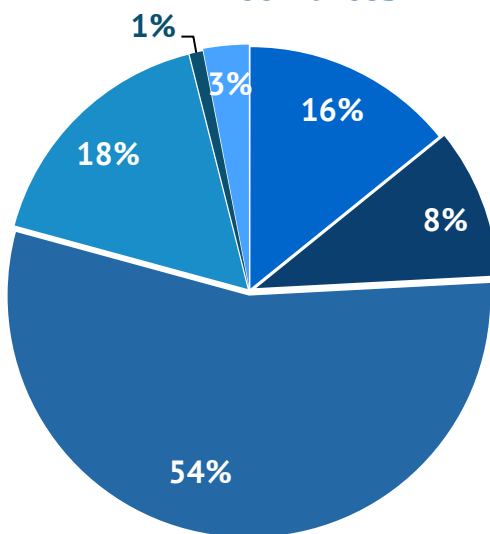
RETAIL BUSINESS DYNAMICS as of 31.03.2019

LOAN PORTFOLIO STRUCTURE
288 mln USD



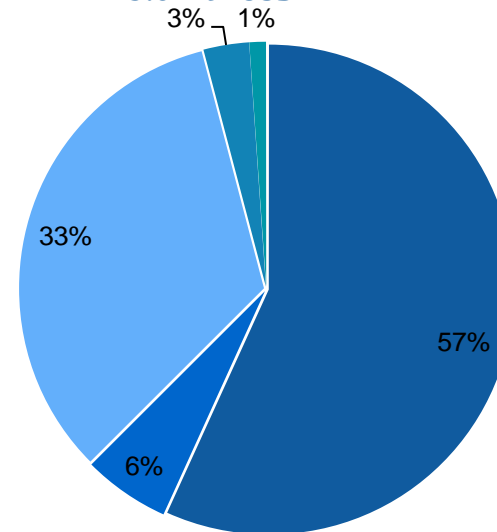
- SME (134 mln USD)
- Retail (153 mln USD)

RETAIL LOAN PORTFOLIO STRUCTURE
153 mln USD



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

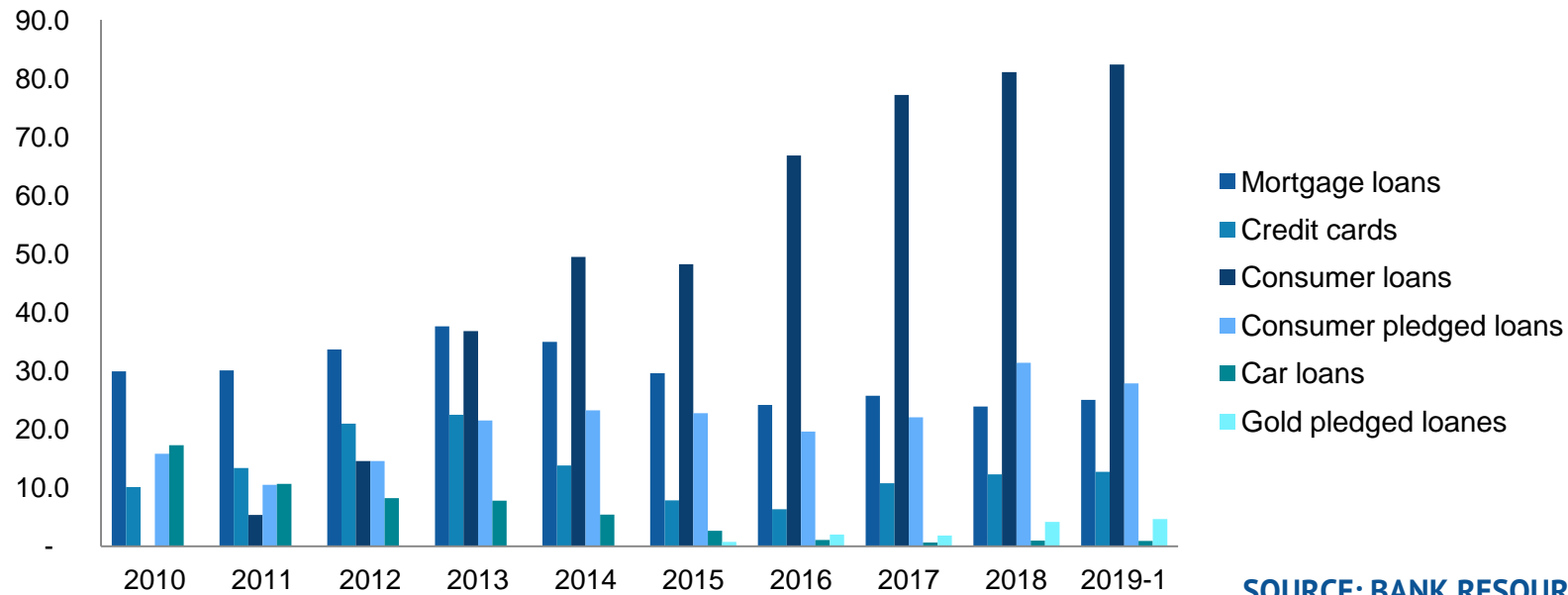
POS LOANS STRUCTURE
43.8 mln USD



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

RETAIL BUSINESS DYNAMICS

Retail loan portfolio dynamics as of 31.03.2019 (mln USD)

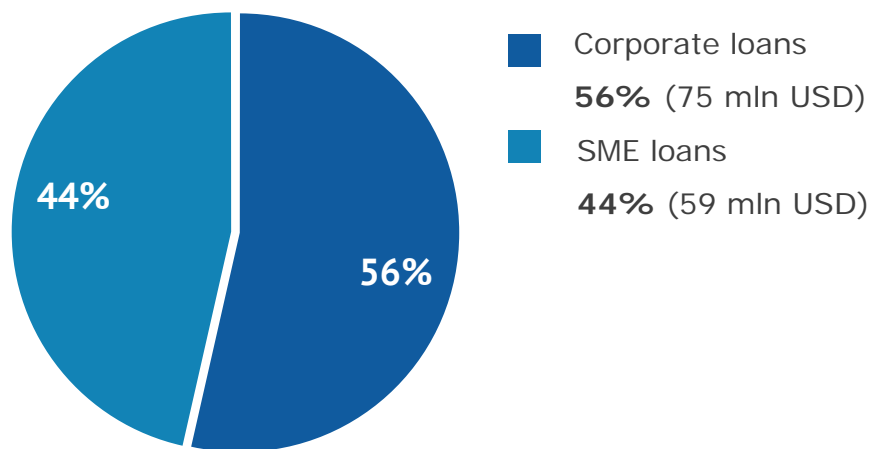


SOURCE: BANK RESOURCES

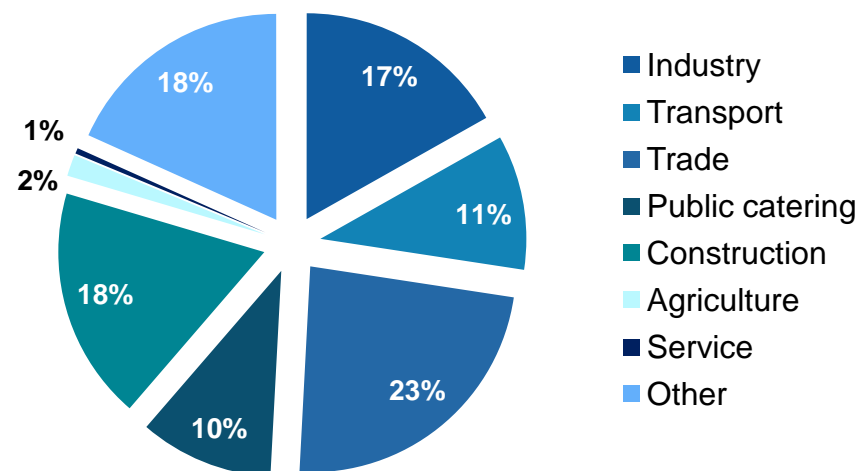
- ✓ POS loans customers grew by more than 10 times since 2011
- ✓ Volume of Unibank's PoS loans cover nearly 30% of the market
- ✓ Unibank's CRM culture allowed creation of a database with over 320 000 unique records, that is about a quarter of the active population of the country
- ✓ Immediate cash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

DYNAMICS AND STRUCTURE OF BUSINESS LOAN PORTFOLIO as of 31.03.2019

Loan portfolio structure
(134 mln USD)



SME portfolio by sectors
(134 mln USD)



SELECTED SOURCES FOR SME AND TRADE FINANCING



INVESTMENT PROPOSAL– BONDS

| Ticker | Cur. | Quantity | Volume | Maturity | Coupon (%) | YTM (%) | Coupon payments |
|--------|------|----------|-------------|------------|------------|---------|-----------------|
| UNIBB2 | AMD | 25,000 | 250,000,000 | 23.11.2018 | 13.50% | 10.50% | Quarterly |
| 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 |

*Currently Unibank is organizing a placement of additional 5mln USD bonds.

BOND SPECIFICATIONS

- ✓ No restriction on investment repatriation
- ✓ No foreign exchange restrictions
- ✓ Higher return compared to deposits

| ISSUER | UNIBANK |
|-------------------------|-----------------------------|
| Type | Nominal Coupon Bonds |
| Issue Volume | Up to USD 10 mln |
| Maturity | 3-5 years |
| Coupon Rate | 3-5% |
| Coupon Periodicity | 3 months |
| Stock Market | Armenia Securities Exchange |
| Stocks list | Main list Class A |
| Account operator/Broker | Unibank OJSC |
| Market Maker | ArmenBrok OJSC |

INVESTMENT PROPOSAL – ORDINARY SHARES

| ISSUER | UNIBANK |
|-------------------------|---------------------------------|
| Type | Non documentary ordinary shares |
| Number of shareholders | 165, including 6 legal entities |
| Listed Share form | Book entry |
| Ordinary share number | 172 886 525 |
| Price per share | AMD 230 |
| Stock Market | Armenia Securities Exchange |
| Market Cap | AMD 39.76 bln |
| Account operator/Broker | Unibank OJSC |
| Market Maker | ArmenBrok OJSC |

ORDINARY SHARES SPECIFICATIONS

- ✓ By buying shares You are buying ownership in the one of the leading banks
- ✓ You may sell shares at anytime through a registered broker i.e Unibank itself or ArmenBrok (Market maker)
- ✓ Buying Unibank shares will give You exposure to the Armenian Banking Sector which has growth every year since 2008-2018

INVESTMENT PROPOSAL – PREFERRED SHARES

| ISSUER | UNIBANK |
|------------------------|----------------------------------|
| Type | Non documentary preferred shares |
| Price per share | AMD 230 |
| Preferred share number | 32 010 000 |

PREFERRED SHARES SPECIFICATIONS

- ✓ 12% fixed dividend that must be paid after each financial year (if it will not lead to the violation of one of prudential standards of the Bank or deterioration of the Bank's financial situation)
- ✓ Right of voting on key issues, i.e reorganization, liquidation of the Bank
- ✓ Preferred shares of the Bank can be converted into ordinary shares

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'S MARKET MAKERS



MARKET MAKER (ARMENBROK INVESTMENT COMPANY) INCREASES TRADING LIQUIDITY IN THE MARKET

| | |
|-------------------------------------|-----------------|
| Ticker: | UNIB |
| Market Cap (mln USD): | 98* |
| Shares Outstanding, mln: | 204.9* |
| Free Float: | 6.80% |
| Trading Value: | 13,641** |
| Number of Securities traded: | 28,646** |
| Last Price (USD): | 0.49 |

As of **31.03.2019** Market Maker's Equity Flashnote indicates the following growth in operational results of the Bank in comparison with 4Q 2018:

| | |
|---------------------------------------|---------------|
| Assets | 8.98% |
| Interest earning assets | 6.60% |
| Liabilities | 10.55% |
| Interest incurring liabilities | 9.26% |
| Deposits | 11.46% |

*including preferred shares

** 01.01.2019-31.03.2019

UNIBANK: INTERNATIONAL SETTLEMENTS

BUSINESS MODEL

Broad customer base and 600+ 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

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

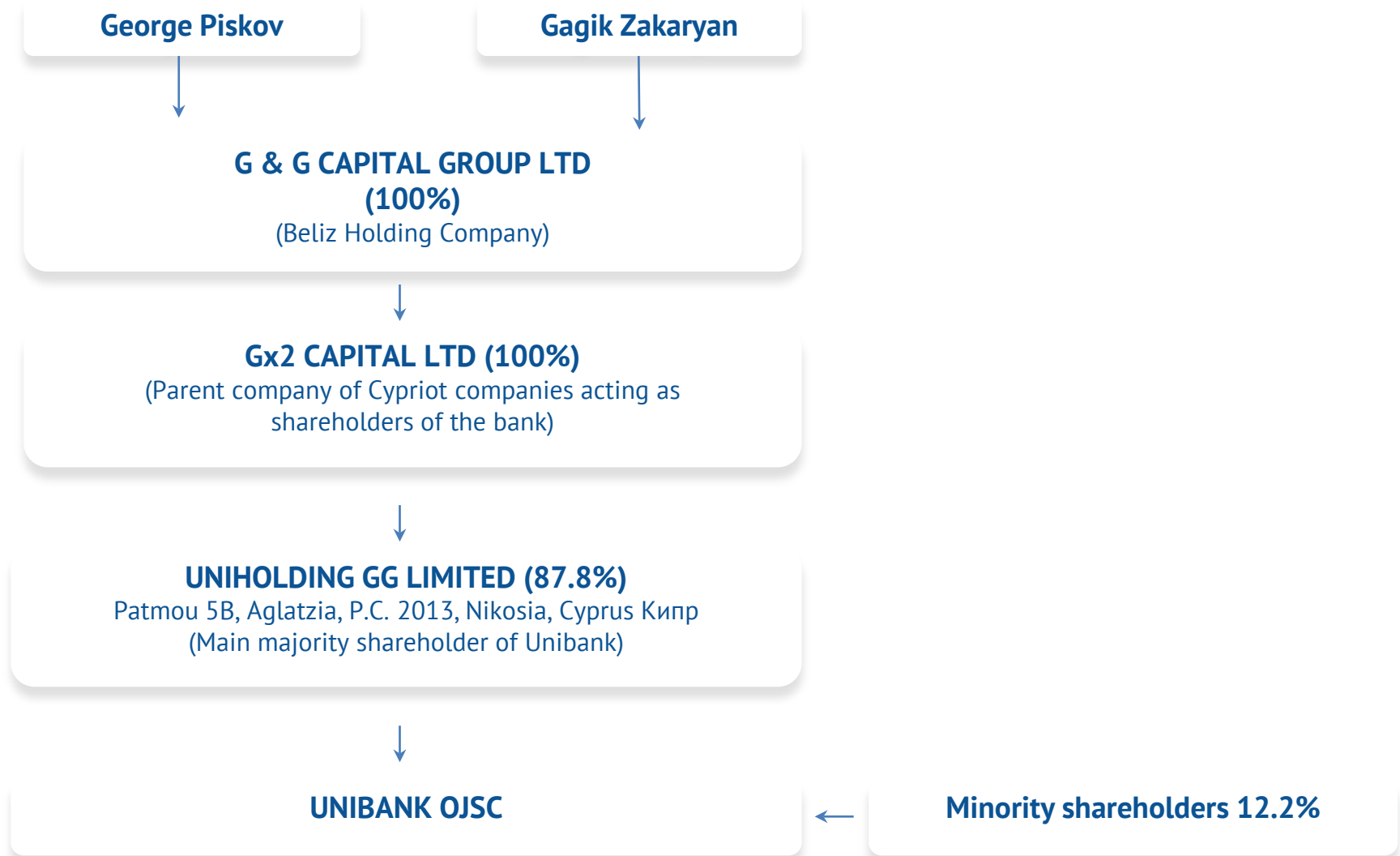
CREDIT STRENGTHS

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

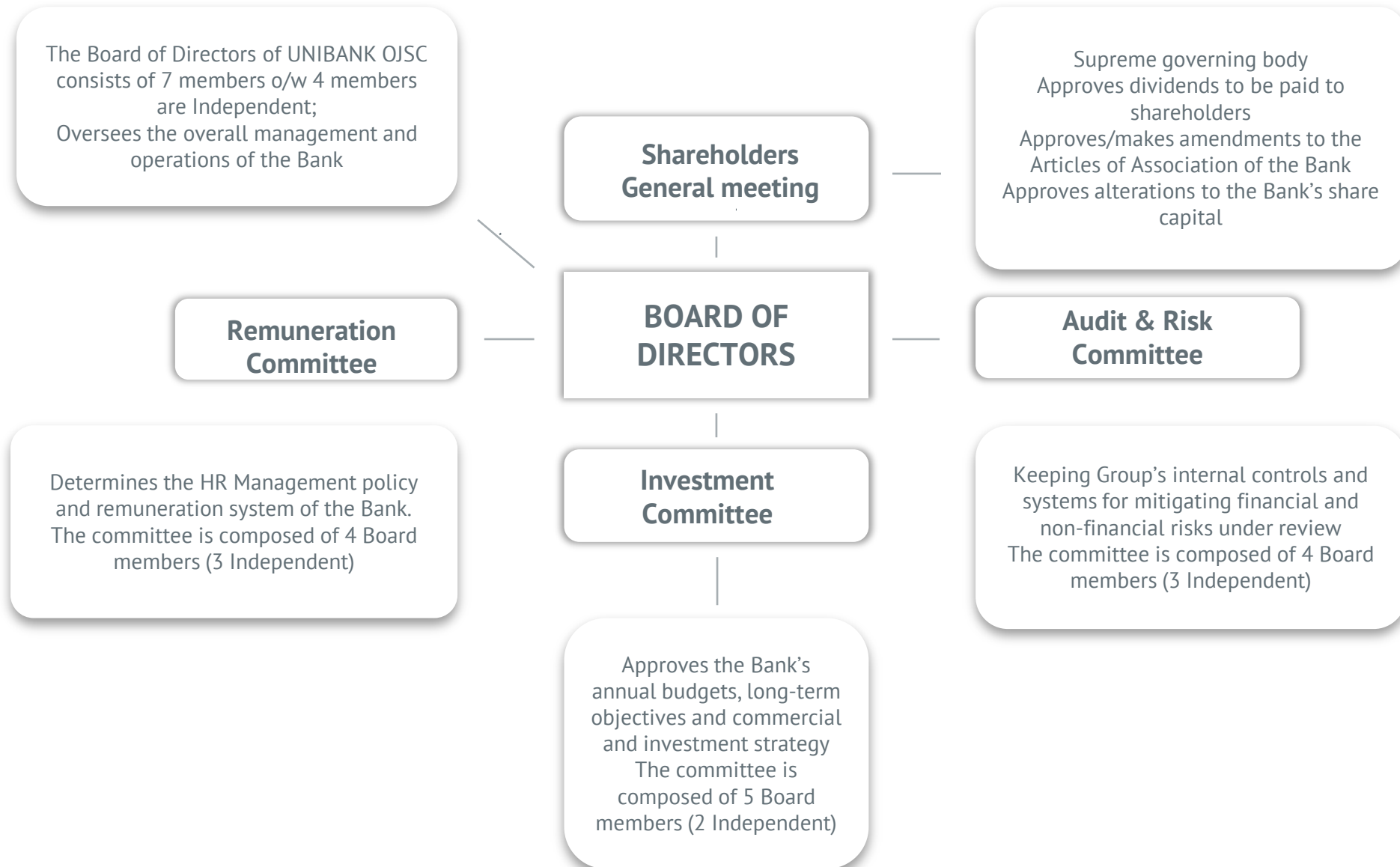
FACTORS, THAT COULD LEAD TO AN UPGRADE

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

SHAREHOLDING STRUCTURE OF UNIBANK



UNIBANK: CORPORATE GOVERNANCE



UNIBANK STRATEGIC GOALS 2019-2020



FORECAST FOR FINANCIAL POSITION AND P&L STATEMENT

FINANCIAL POSITION in mln USD

| | 31/03/19 | 31/03/20 |
|-------------------------|----------|----------|
| Assets | 437 | 474 |
| Credit portfolio | 288 | 292 |
| Business portfolio | 134 | 139 |
| Retail portfolio | 153 | 153 |
| Liabilities | 369 | 402 |
| Deposits from customers | 311 | 347 |

P&L STATEMENT in thousand USD

| | 31/03/19 | 31/03/20 |
|--------------------------------------|----------|----------|
| Net interest income | 5,119 | 6,094 |
| Net fee and commission income | 1,015 | 711 |
| Operating income | 7,080 | 7,911 |
| Net provision from losses | (2,240) | (3,245) |
| Administrative expenses | (4,298) | (4,336) |
| Profit for the year after tax | 434 | 329 |

UNIBANK: BOARD OF DIRECTORS



GAGIK ZAKARYAN

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

Awarded with «St. Gregory the Illuminator» order of the Armenian Apostolic Church for the activity aimed at the prosperity of the nation and church. Awarded with 2nd class Medal of the Order «For Merit to the fatherland» and with the «Vachagan Barepasht» medal for services rendered to the Artsakh Republic.



GEORGE PISKOV

Cofounder/Board Member, Unibank OJSC,
Cofounder/Board Member of the Unistream OJSC CB
Cofounder/Chairman of Protobase Laboratories,
The laureate of the «Banking Manager of the Year -
2003» and «Financial Olympus 2009».



HRAHAT ARZUMANYAN

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



VARDAN ATAYAN

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



EDUARD ZAMANYAN

Board Member of Unibank OJSC,
Armenia, Board Member of
“Unistream” OJSC CB



ARTEM KONSTANDIAN

Board Member of “Unibank” OJSC
Board of Directors Member Russian Export Credit
Agency EXIAR
Board of Trustees Member Jurisdiction Armenia
Foundation (RA)



DAVID PAPAZYAN

Board Member of Unibank OJSC,
Armenia Independent capital Manager

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



TIGRAN BADANYAN
Risk Management Director

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