



# UNIBANK LOCAL & INTERNATIONAL EXPERTISE IN ARMENIA

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

2019

# REPUBLIC OF ARMENIA: GENERAL INFORMATION

## ARMENIA: MAIN INDICATORS



**Full name** – The Republic of Armenia

**Population** - 2.96 mln (as of February 2019)

**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 Sep 30, 2019 : 475.97AMD/USD

Sovereign Country Ratings:

**Fitch** – BB- stable (November 2019)

**Moody's** – Ba3 stable (August, 2019)

**Global competitiveness index:** 59.9 (World Economic Forum), out of 140 countries

**Ease of Doing Business Rank:** 47, 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

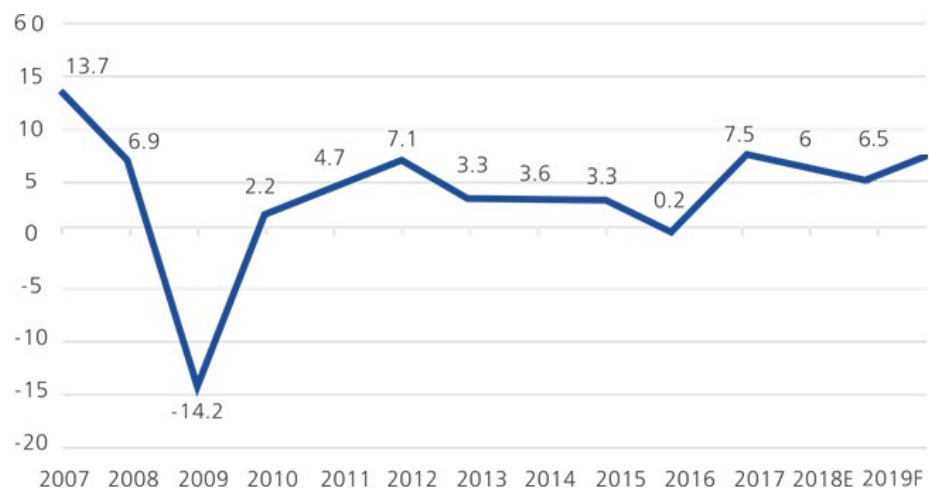
RA promotes foreign investments and follows an “open door” policy, including:

- 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



GDP growth in Armenia  
2016 – 0.4%  
2017 – 7.5%  
2018 – 5.2%

Source: Moody's Investors Service

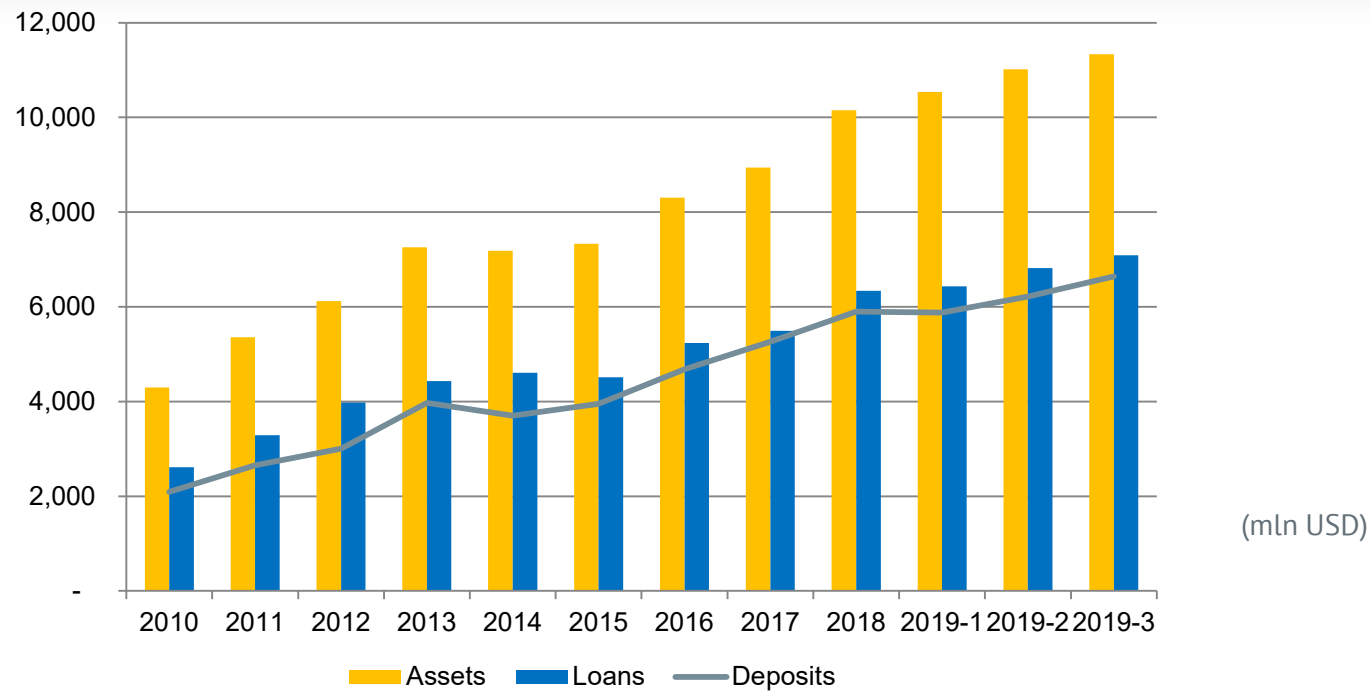
## MAINTAINING SECTOR MACROECONOMIC STABILITY:

- The stability of the Armenian dram and ongoing de-dollarization tendency
- GDP per capita in PPP terms has a continuous growth since 2009
- Strong external and domestic demand

## RECENT TRENDS:

- The change in government has been smooth and the new government's policy agenda includes 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 growth whilst the slowdown was mainly due to reduced output in the agriculture, construction 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**

Market Cap.  
**USD 98 mln**

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

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

Over  
**350.000**  
customers

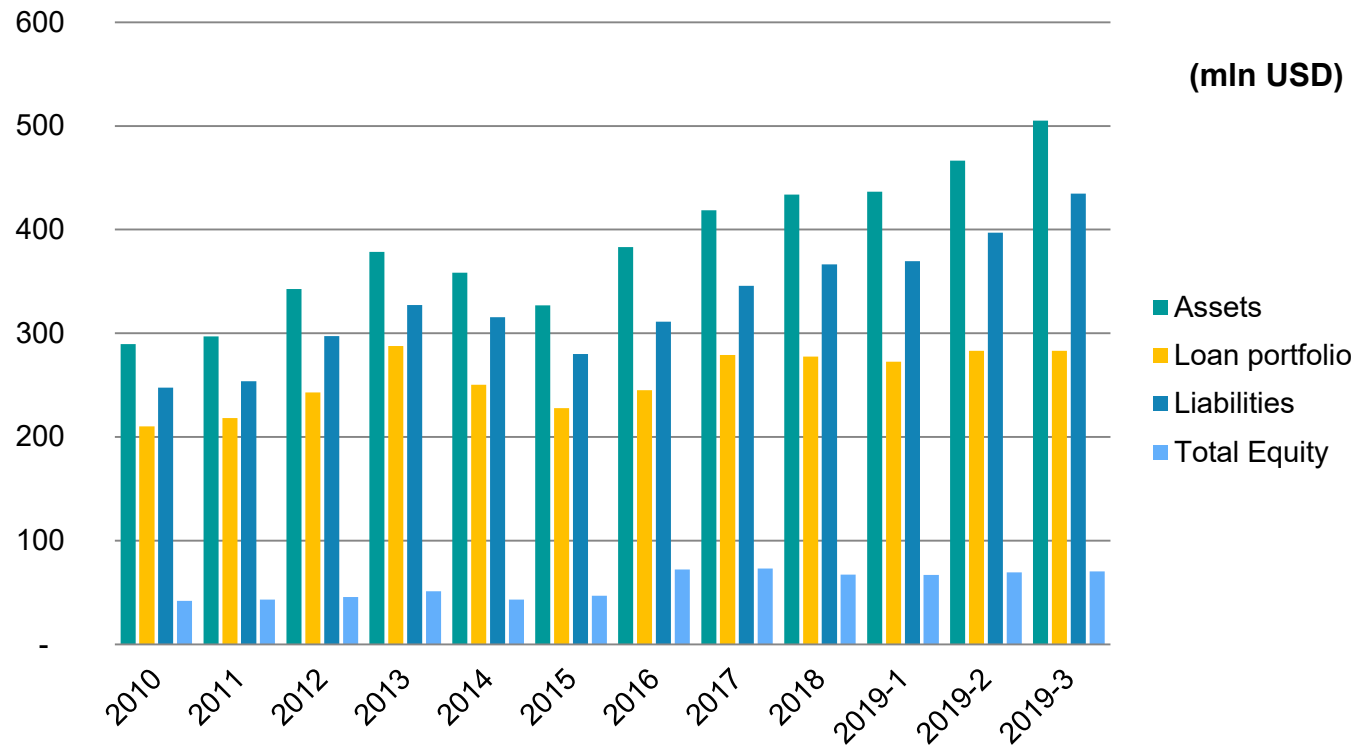
**Top 100**  
taxpayers list

## FULL SCALE BANKING SERVICES:

Retail business    Corporate business    Private banking

International transfers    Online & Mobile Banking    Investment instruments

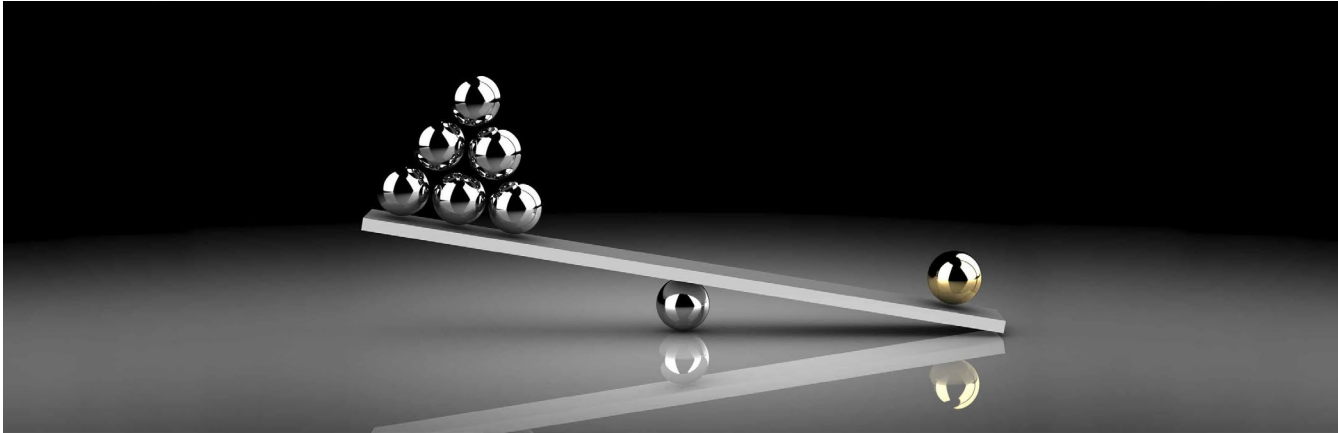
# UNIBANK: MAIN INDICATORS



- Bank's assets increased by 16%\* (more than the growth of the banking sector assets )
- Bank has maintained its share in the credit market
- Deposits of the Bank increased by 19%\*
- Net profit after taxes on 30.09.2019 stood at USD 2mln, 29% more the same period of 2018

\*compared to the 3 Quarter 2018

# UNIBANK: COMPETITIVE STRENGTHS

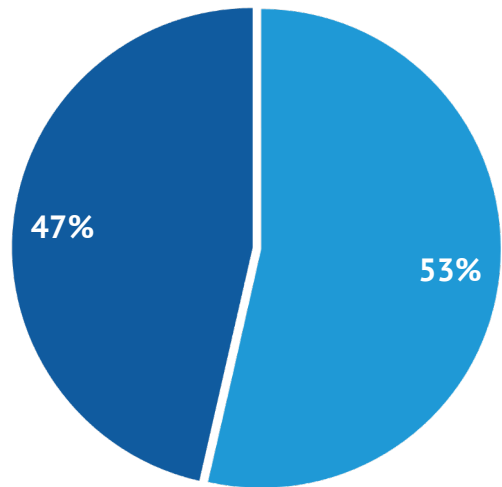


- ✓ Widely recognized brand among customers in Armenia and abroad
- ✓ Expanded network – 51 branches (7th largest), 114 promo points (the largest), 140 PoS terminals and 122ATMs
- ✓ In top three banks by POS lending in Armenia
- ✓ Shares and bonds of the Bank are traded at Armenia Securities Exchange
- ✓ 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



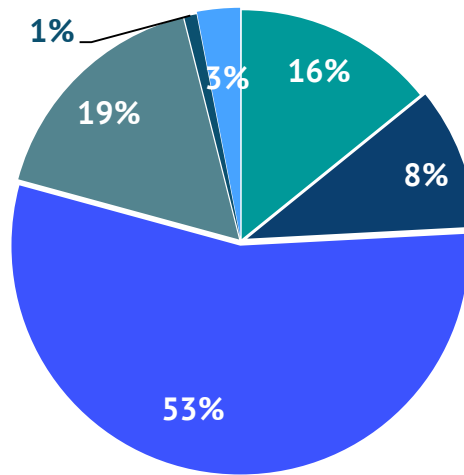
# UNIBANK: RETAIL BUSINESS DYNAMICS as of 30.09.2019

**LOAN PORTFOLIO STRUCTURE**  
301 mln USD



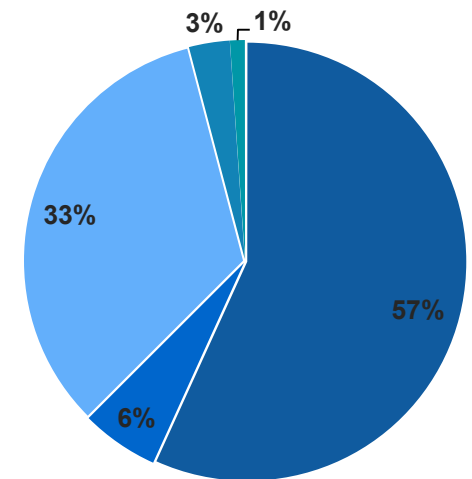
- Business (141 mln USD)
- Retail (160 mln USD)

**RETAIL LOAN PORTFOLIO STRUCTURE**  
160 mln USD



- Consumer loans, including POS
- Consumer secured loans
- Mortgage loans
- Credit cards
- Gold secured loans
- Car loans

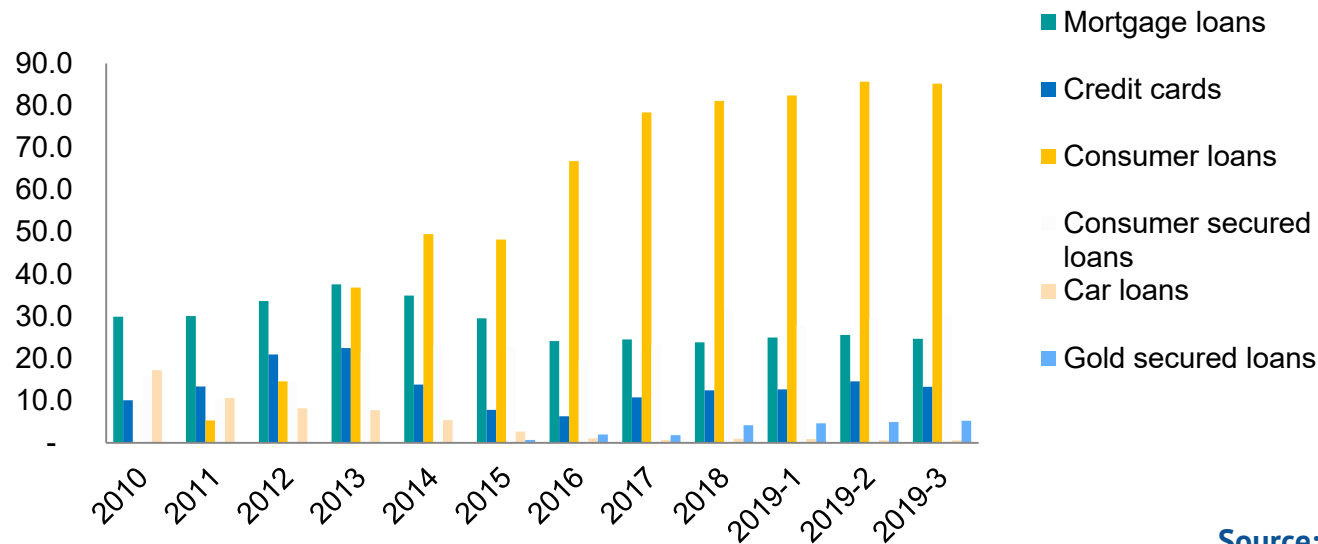
**POS LOANS STRUCTURE**  
43 mln USD



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

# UNIBANK: RETAIL BUSINESS DYNAMICS as of 30.09.2019

**Dynamics and structure of Retail credit portfolio (mln USD)**

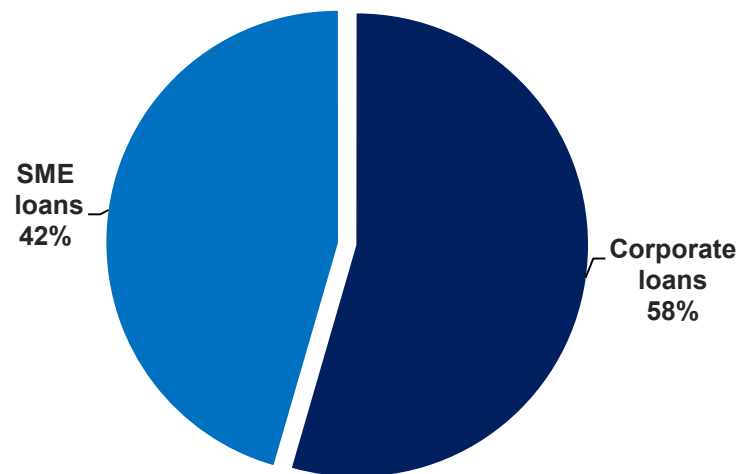


Source: Bank's resources

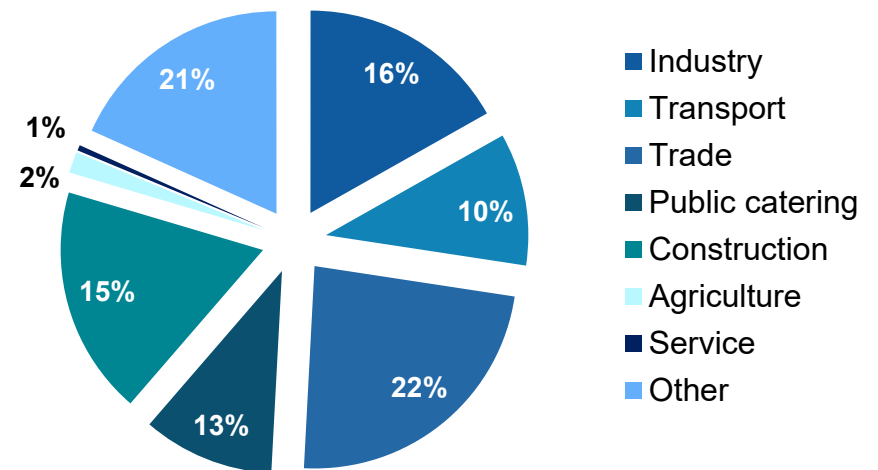
- ✓ POS loans customers grew by more than 10 times since 2011
- ✓ Volume of Unibank's POS loans cover nearly 30% of the market
- ✓ Unibank's CRM culture allowed creation of a database with over 320 000 unique records, that is about a quarter of the active population of the country
- ✓ Immediate cash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

# UNIBANK: BUSINESS LOAN PORTFOLIO as of 30.09.2019

Business loan portfolio structure (141 mln USD)



Business loan portfolio by sectors



## SELECTED SOURCES FOR SME AND TRADE FINANCING



# UNIBANK: INVESTMENT PROPOSAL – FIXED INCOME BONDS

Unibank's market share in bond circulation over 5%

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

## 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 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 – ORDINARY SHARES

ISSUER	UNIBANK
Type	Non documentary ordinary shares
Number of shareholders	155, including 6 legal entities
Listed Share form	Book entry
Ordinary share number	172 886 525
Market 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 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 been growing every year since 2008.

# UNIBANK: INVESTMENT PROPOSAL – PREFERRED SHARES

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

## 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

# 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>Investor</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 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

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

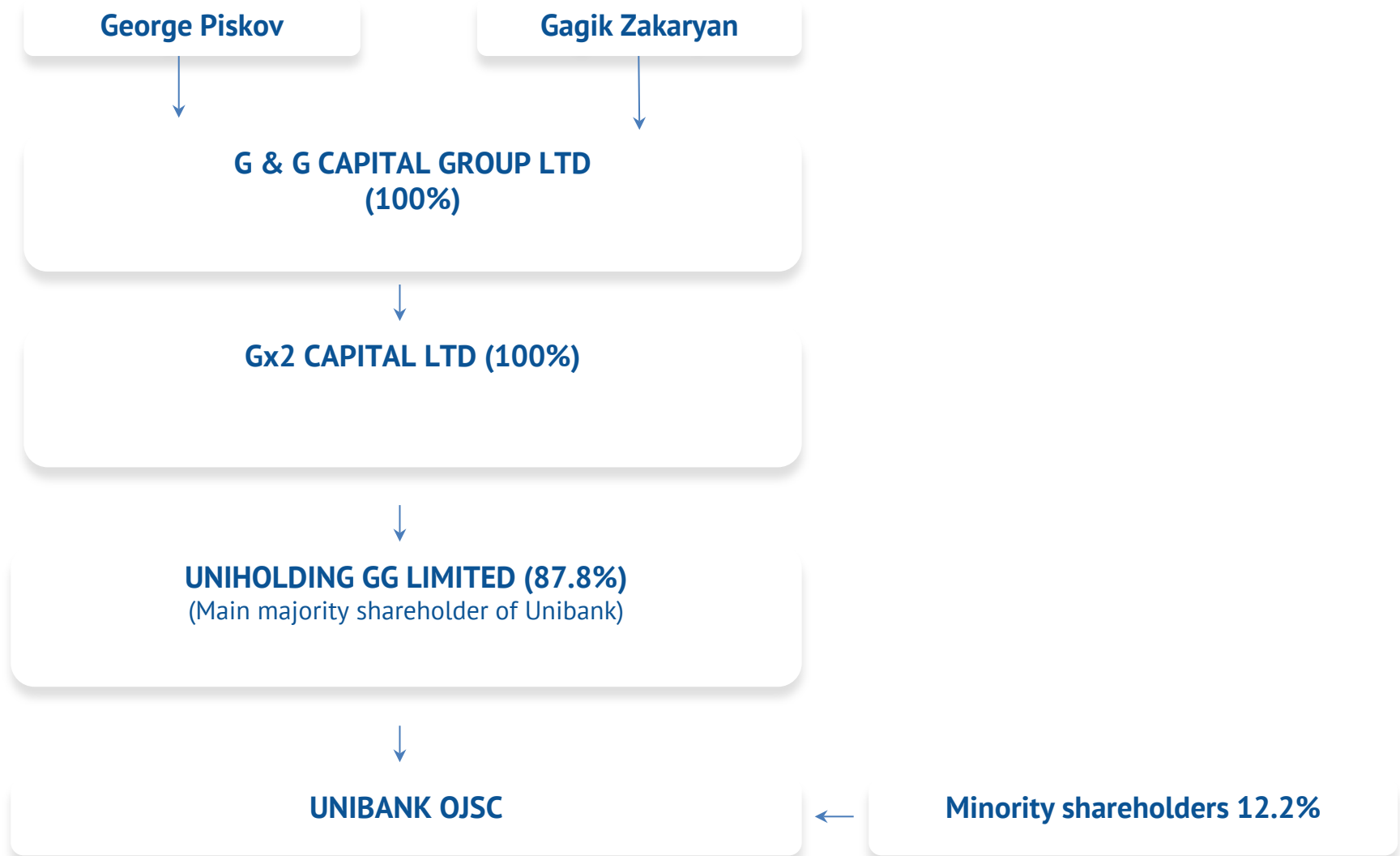
## CREDIT STRENGTHS

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

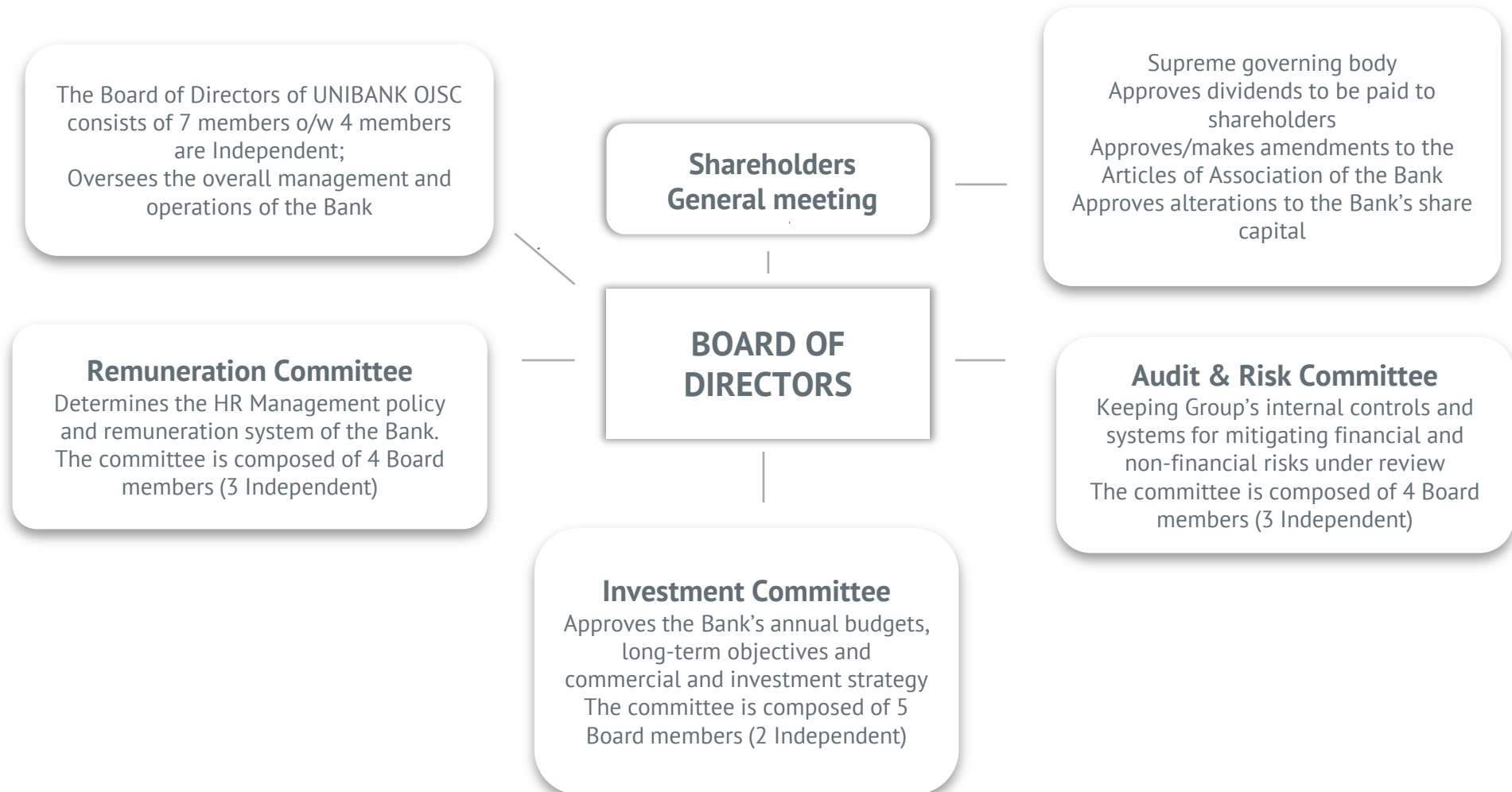
## FACTORS, THAT COULD LEAD TO AN UPGRADE

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 2020-2021



# FORECAST FOR FINANCIAL POSITION AND P&L STATEMENT

## FINANCIAL POSITION in mln USD

	Fact: 30/09/19	E: 31/12/19	E: 31/12/20	E: 31/12/21
Assets	505	490	493	503
Credit portfolio	301	305	314	335
Business portfolio	141	145	147	155
Retail portfolio	160	160	167	180
Liabilities	435	417	416	421
Deposits from customers	371	354	356	359

## P&L STATEMENT in thousand USD

	Fact: 30/09/19	E: 31/12/19	E: 31/12/20	E: 31/12/21
Net interest income	15,097	24,155	26,240	29,559
Net fee and commission income	3,719	4,305	4,392	4,483
Operating income	23,153	35,479	37,705	41,022
Net provision from losses	- 6,652	- 11,517	- 13,529	- 14,204
Administrative expenses	- 14,056	- 17,724	- 17,724	- 18,610
<b>Profit for the year after tax</b>	<b>2,046</b>	<b>4,991</b>	<b>5,162</b>	<b>6,566</b>

# 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  
Supervisory Board member of the MSP Bank  
Member of the Presidium in the OPORA of Russia  
Board of Directors Member 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



**TIGRAN BADANYAN**  
Risk Management Director

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