



# UNIBANK OJSC

Armenia Securities Exchange: UNIB

Bloomberg: UNIB AY

Reuters: UNIB

2021

# 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 September 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, 2021 : 495.86 AMD/USD

Sovereign Country Ratings:

**Fitch** – B+, outlook- stable (26 March, 2021)

**Moody's** – Ba3, outlook- stable (31 August, 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 Rank:** 32, out of 186 countries

**Basel AML Index Ranking(FATF Rating):** 79, out of 141 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



CBA forecast for 2021/ 4.8 %

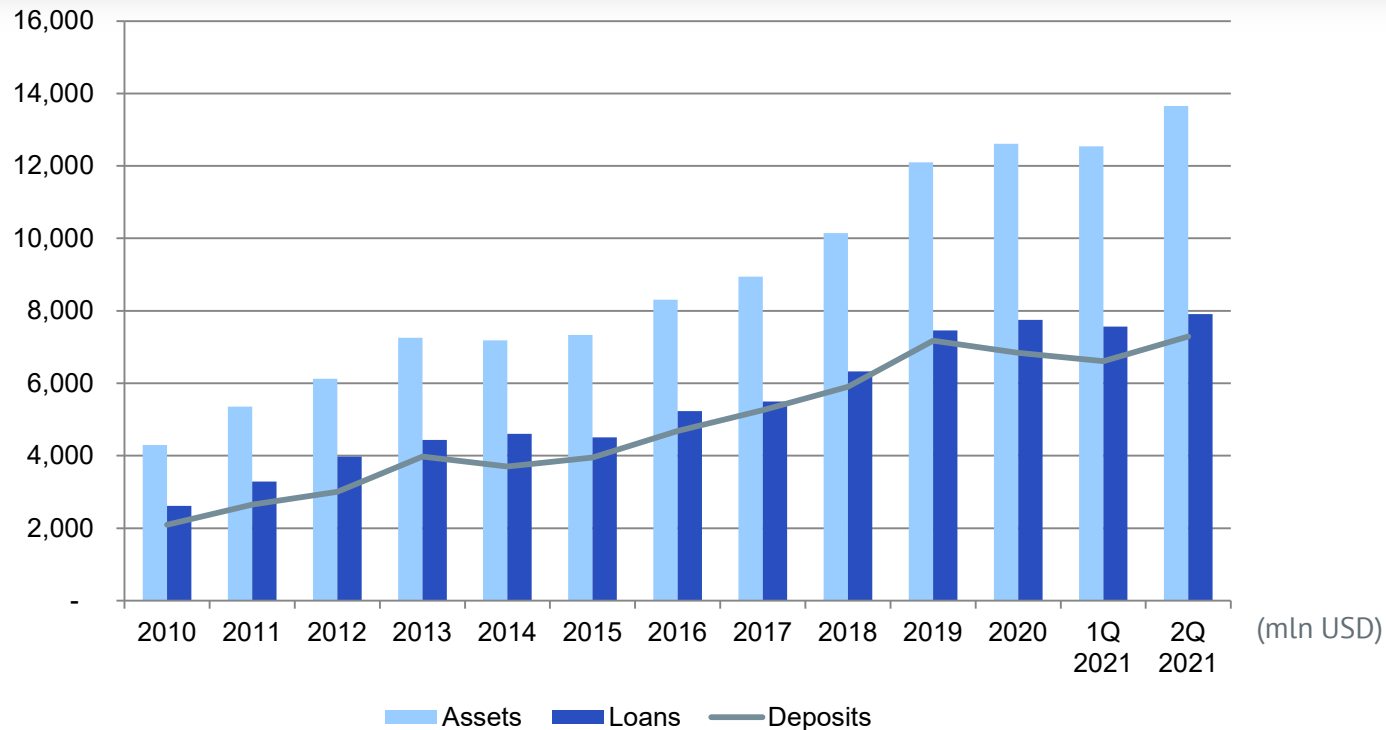
## MAIN CHALLENGES

- Since mid-March 2020, the Armenian banking system has been challenged by the coronavirus outbreak effecting mainly large array of small and medium-sized enterprises (SMEs) working in the segments of tourism, hospitality, FMCG, cafes, restaurants, construction and others.
- Trilateral statement between Armenia, Russia and Azerbaijan on the Nagorno-Karabakh conflict lowered geopolitical tension in the region and prevented a further decline in country's business activity.
- Unibank and the banking system as a whole has sufficient capital and liquidity reserves to withstand the crisis, customer confidence remains high.

## MEDIUM TO LONG TERM TARGETS:

- 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.
- Economic and fiscal reforms to increase economic competitiveness and attract foreign investment.
- Economic support measures for businesses and households to overcome coronavirus consequences.

# 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 96 mln**

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

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

Over  
**329.000**  
customers

**Top 100**  
taxpayers list

## FULL SCALE BANKING SERVICES:

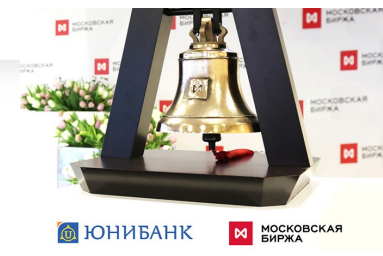
Retail business    Corporate business    Private banking

International transfers    Online & Mobile Banking    Investment instruments

**SPEARS'**

**Wealth Management Award 2018**

# UNIBANK MILESTONES



2020 Listing in MOEX

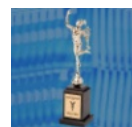
2018 Implementation of 10mln USD "Women in Business" program with FMO



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



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.

2016 First USD Denominated Bonds issuance in Armenia.

Launch of Unibank Privé service 2014



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



Best Dealing Bank awarded by Thomson Reuters 2012



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



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

Starting joint Corporate Governance Program with ABN AMRO bank 2007



Launch of International Unistream Payment System 2002



Joining local payment system 2003 ArCa

Armenian Securities Exchange member 2008



Joining International payment system 2004 VISA



Unibank was founded 2001



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



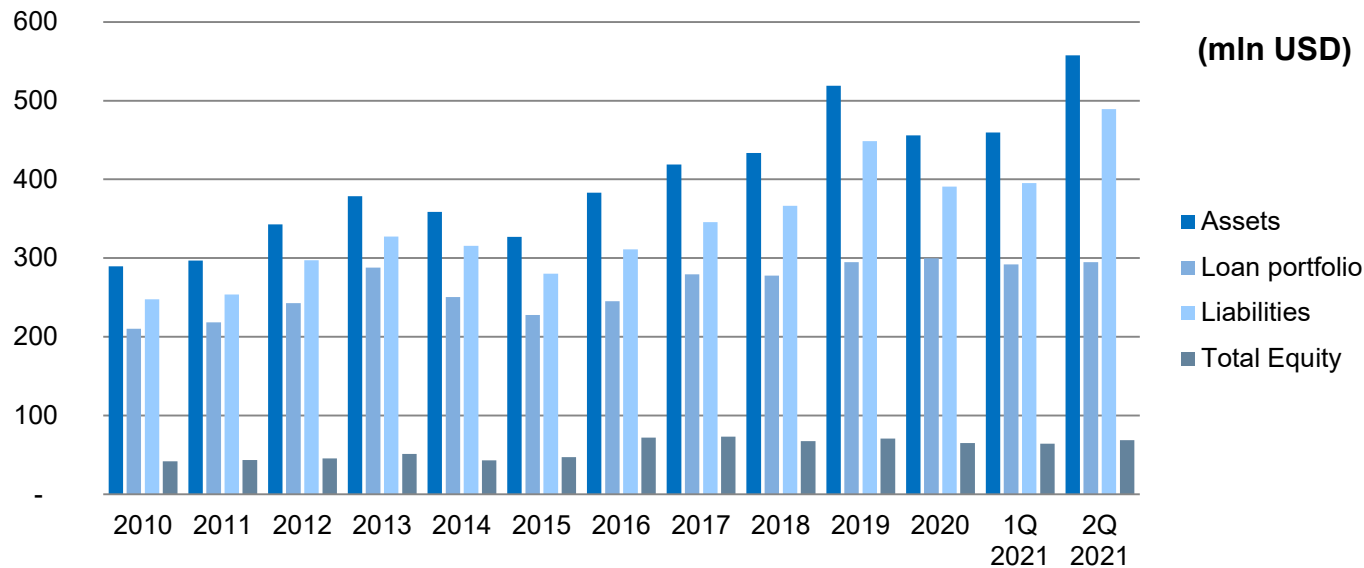
Participation in Asian Development Bank's Trade Finance Programme 2011

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

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



# UNIBANK: MAIN INDICATORS as of 30.06.2021



- Bank's assets 558 mln USD
- The volume of Bank's credit investments 292 mln USD
- Bank's liabilities 489 mln USD

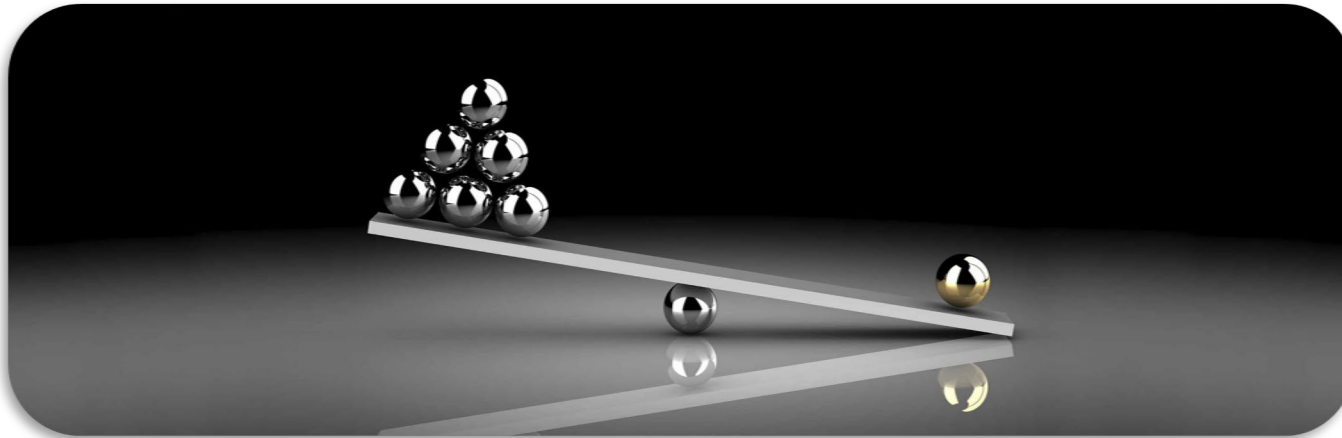


## Quarterly Highlights

- Unibank issued AMD (1 billion AMD) and USD (4 million USD) denominated bonds with high coupon yield
- The prospectus for issuing amount of AMD 1 bln has been submitted to CBA and approved
- Unibank expanded cooperation with KfW bank and started realizing a new credit program for SME businesses
- In June 2021 Unibank received Cbonds award for the best transaction in Armenia. The first Armenian bank to list its bonds on the MOEX.



# UNIBANK: COMPETITIVE ADVANTAGES



- ✓ Over 20 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 - 55 branches (7th largest), 87 promo points (the largest), 145PoS terminals and 114ATMs
- ✓ 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

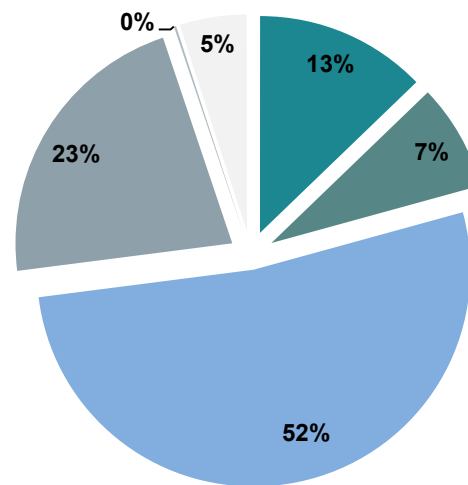
# UNIBANK: RETAIL BUSINESS DYNAMICS as of 30.06.2021

**LOAN PORTFOLIO STRUCTURE**  
296 mln USD



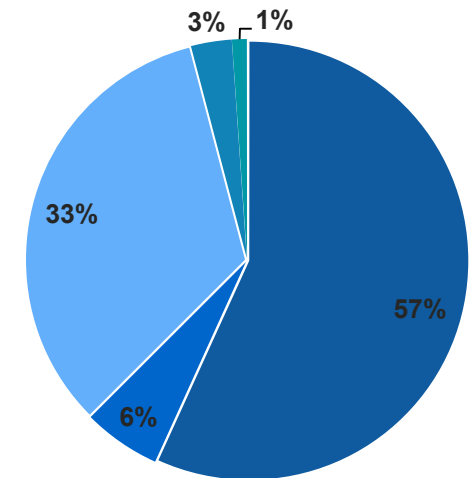
- Business (134 mln USD)
- Retail (162 mln USD)

**RETAIL LOAN PORTFOLIO STRUCTURE**  
162 mln USD



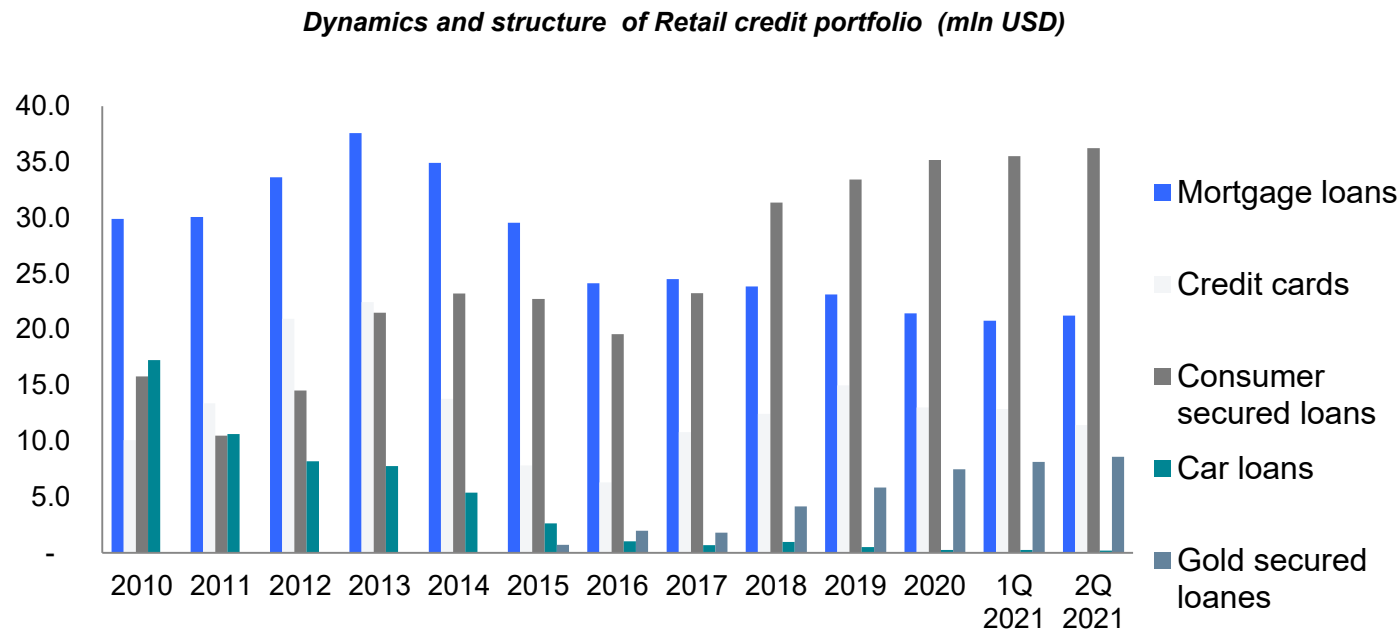
- Mortgage loans
- Credit cards
- Consumer loans
- Consumer pledged loans
- Car loans
- Gold pledged loans

**POS LOANS STRUCTURE**  
36 mln USD



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

# UNIBANK: RETAIL BUSINESS DYNAMICS as of 30.06.2021



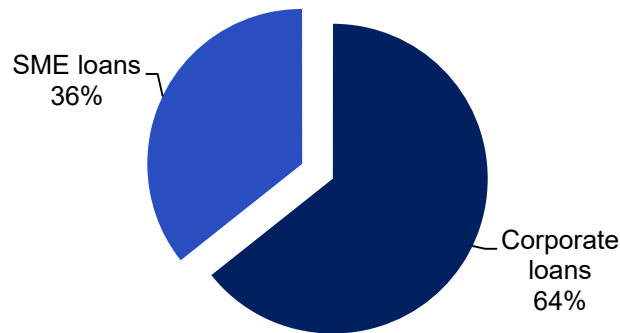
Source: Bank's resources

- ✓ 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

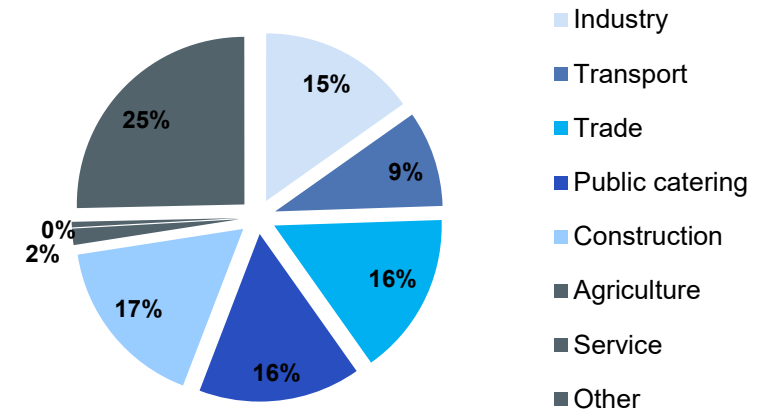
# UNIBANK: BUSINESS LOAN PORTFOLIO as of 30.06.2021

## Business loan portfolio structure

Commercial portfolio structure as of 30.06.21



Business loan portfolio by sectors (134 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

*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.*



# 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

RAIFFEISEN BANK INTERNATIONAL AG  
LANDESBANK BADEN-WUERTTEMBERG  
AO RAIFFEISENBANK  
BANKA POPOLARE DI SONDRIO  
EURASIAN DEVELOPMNET BANK  
BANK OF GEORGIA

CB UNISTREAM  
VTB BANK (PJSC)  
ALFA BANK  
TRANSSTROIBANK  
TRANSKAPITALBANK  
EXIMBANK OF RUSSIA  
JSC ROSSELKHOZBANK



Visa International payment system has awarded Unibank the “Sustainability Icon” award, highly appreciating the outcomes of a successful partnership.

# UNIBANK: CORPORATE BONDS

*Successful bonds listing at MOEX for the first time in the history of the Armenian Banking system in July 2020, ISIN – AMUNIBB2AER2*

## Portfolio in circulation

Ticker	List	Cur.	Quantity	Price	Maturity	Coupon	Coupon payments	Total Volume
UNIBB6	Bbond	USD	50,000	100	22.10.2021	5.50%	Quarterly	5,000,000
UNIBB9	Bbond	USD	10,924	100	20.03.2022	5.00%	Quarterly	1,092,400
UNIBBA	Bbond	USD	10,000	100	15.11.2022	5.25%	Quarterly	1,000,000
UNIBBB	Bbond	USD	50,000	100	01.09.2023	5.25%	Quarterly	5,000,000
UNIBBC	Bbond	AMD	50,000	10,000	10.12.2022	10.50%	Quarterly	500,000,000
UNIBBD	Bbond	USD	33,478	100	05.02.2024	5.3%	Quarterly	3,347,800
AMUNIBB2GER9	Bbond	USD	40,000	100	20.05.2024	5.25%	Quarterly	4,000,000
AMUNIBB2FER1	Bbond	AMD	100,000	10,000	20.08.2023	11%	Quarterly	1,000,000,000
UNIBBE	Bbond	AMD	100,000	10,000	05.05.2023	10.50%	Quarterly	1,000,000,000

## BOND SPECIFICATIONS

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

Compensation of Bank Deposits/Bonds of Individuals – guaranteeing \$ 15,000 for physical persons (current AMD rate to USD)\*.

## ISSUER

## UNIBANK

Planned issue Q3/2021

Type	Nominal Coupon Bonds
Issue Volume	Up to USD 20 mln
Maturity	36 months
Interest rate	5-5.3%
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

# 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

The prospectus for issuing additional 10,990,000 convertible preferred shares of class B, with a fixed annual dividend, each with a par value of AMD 230 has been submitted to CBA and presently shares are on public offer.

## 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 entered 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

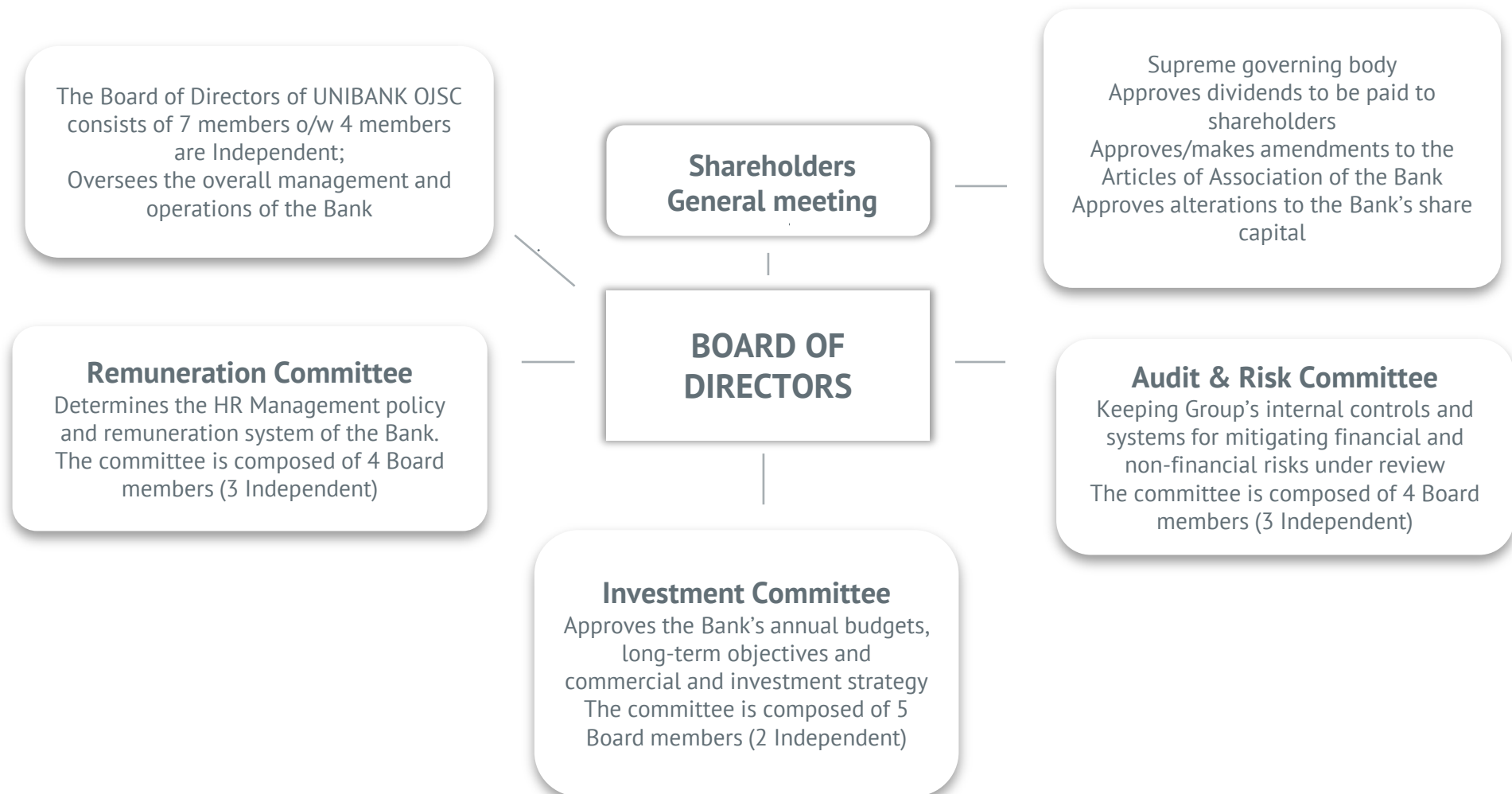
## THE PRINCIPLES ON WHICH UNIBANK IS ORIENTED



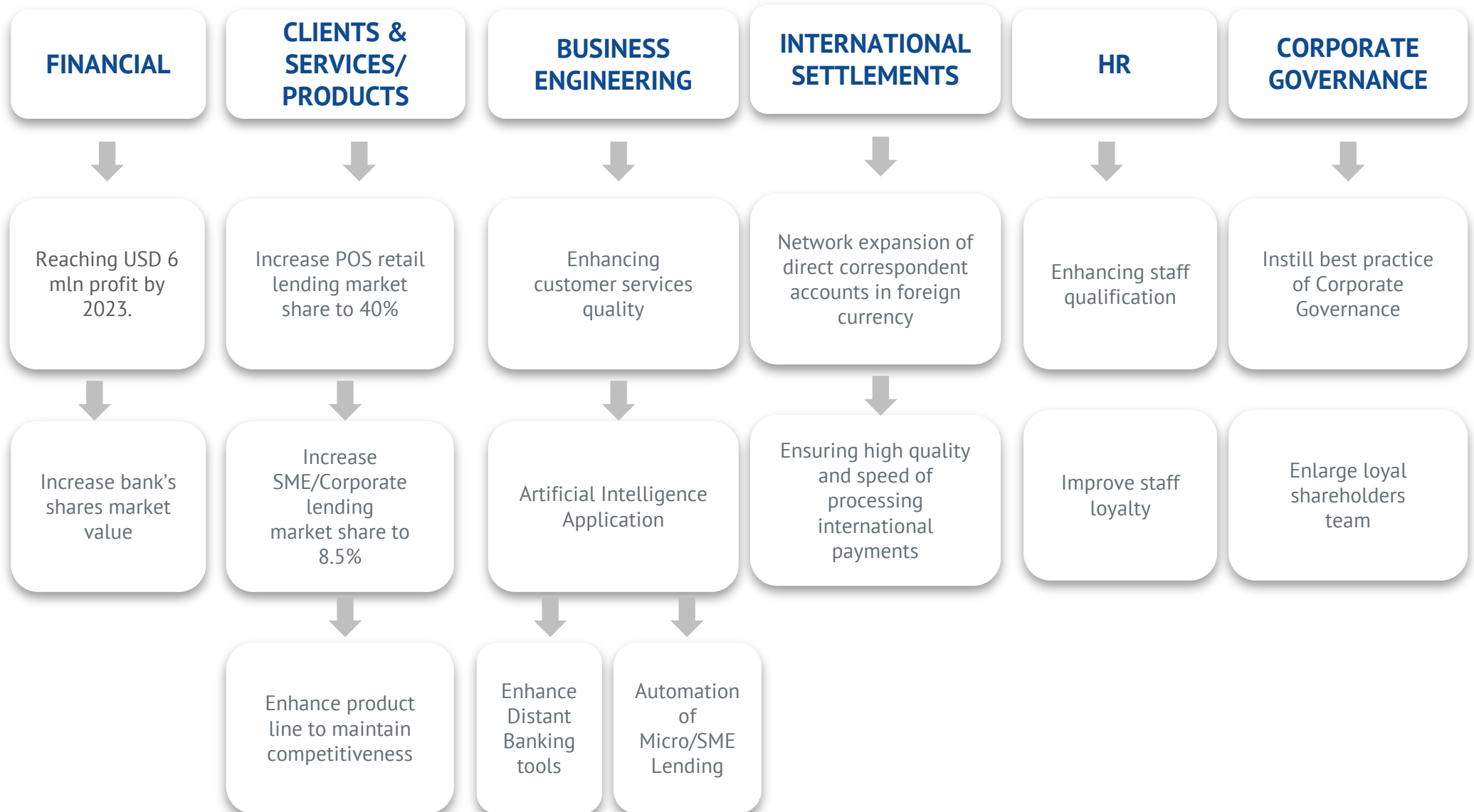
# UNIBANK: SHAREHOLDING STRUCTURE



# UNIBANK: CORPORATE GOVERNANCE



# UNIBANK STRATEGIC GOALS 2021-2023



# FORECAST FOR FINANCIAL POSITION AND P&L STATEMENT

## FINANCIAL POSITION in mln USD

	A: 31/12/20	E: 31/12/21	E: 31/12/22	E: 31/12/23
<b>Assets</b>	456	525	545	553
Loan portfolio	305	302	320	314
Business portfolio	137	129	134	119
Retail portfolio	169	174	186	194
<b>Liabilities</b>	391	457	475	481
Deposits from customers	300	370	377	375

## P&L STATEMENT in thousand USD

	A: 31/12/20	E: 31/12/21	E: 31/12/22	E: 31/12/23
Net interest income	19,234	19,637	21,538	23,471
Net fee and commission income	4,126	5,234	5,676	6,135
Operating income	28,103	30,319	33,422	36,101
Net provision from losses	- 11,073	- 9,432	- 10,251	- 11,696
Administrative expenses	- 16,184	- 18,736	- 19,749	- 20,735
<b>Profit for the year after tax</b>	457	1,375	2,415	3,010

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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