



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)

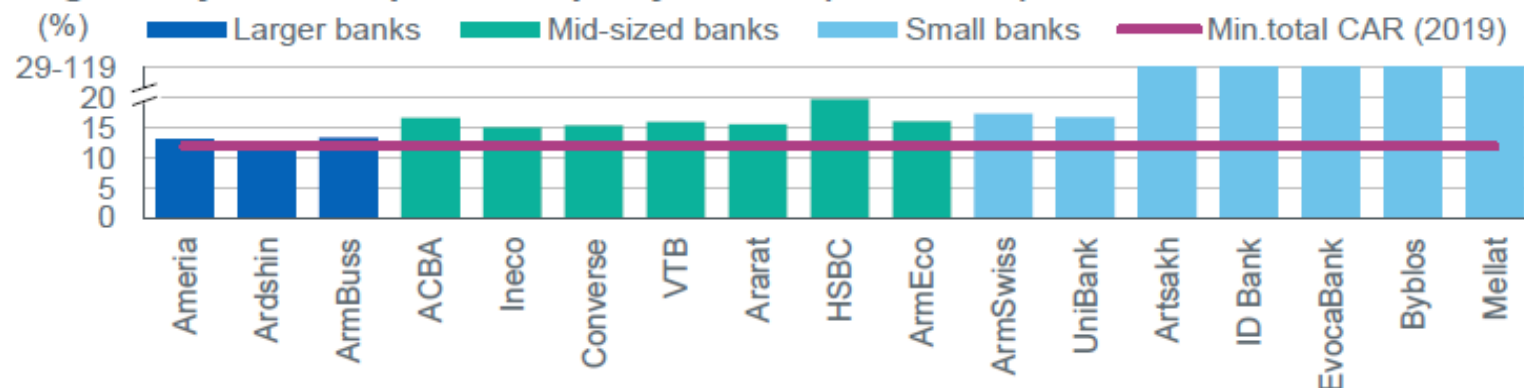
Ease of Doing Business Rank: 41

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:

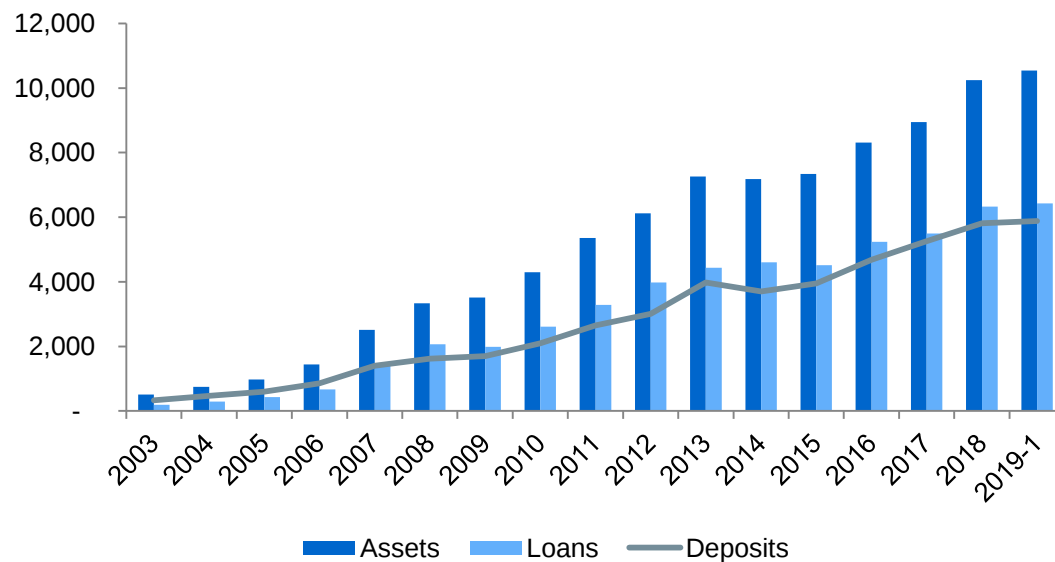
Banks' performance benefits from continued healthy economic growth, driven by increasing exports, improving domestic demand and relatively stable currency.

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

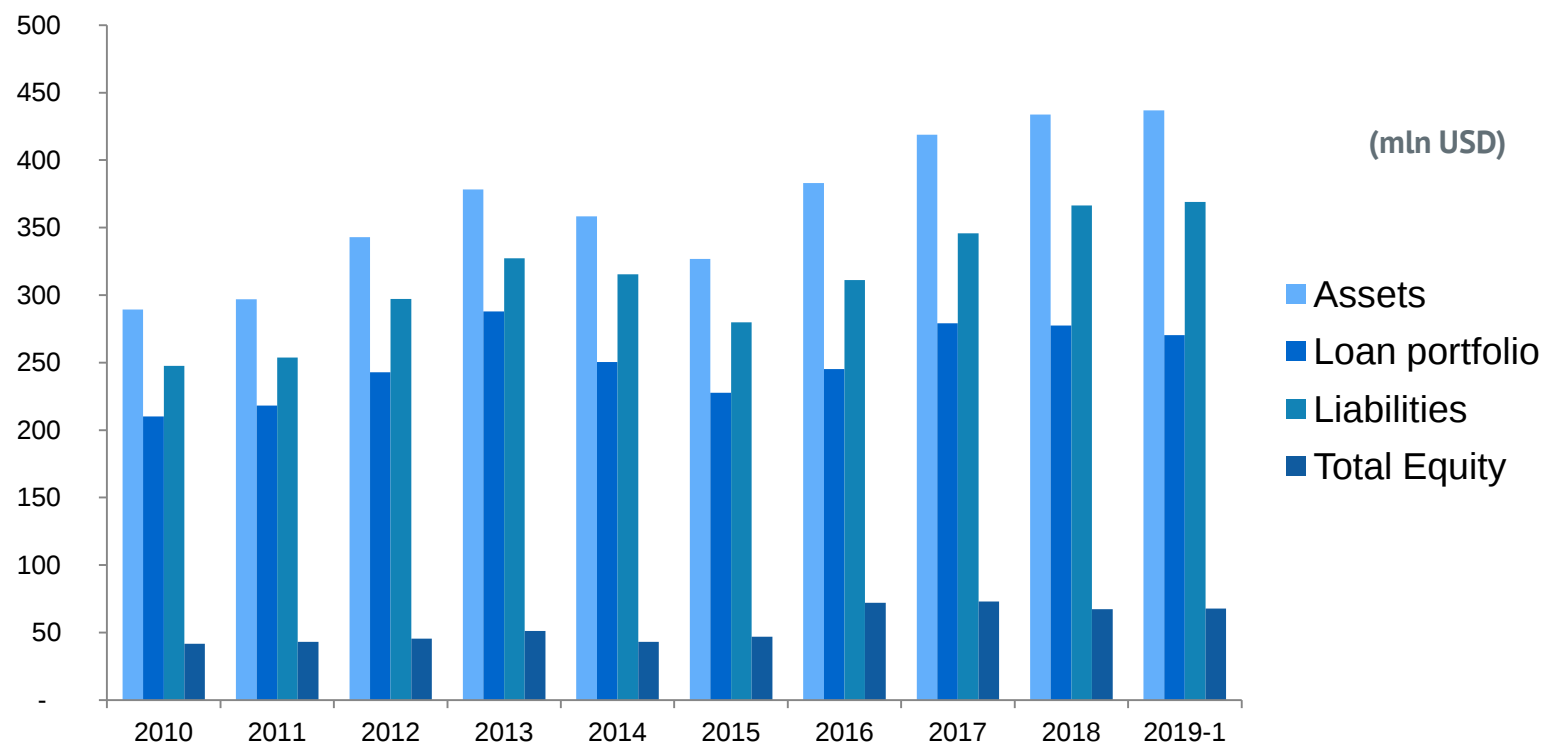
Corporate

Private

International

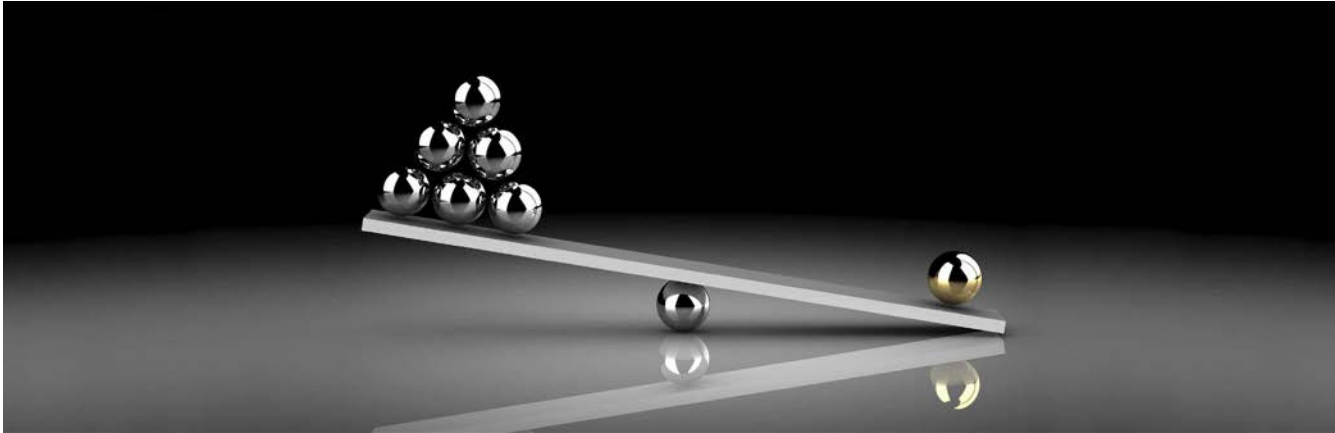
Online & Mobile Banking

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

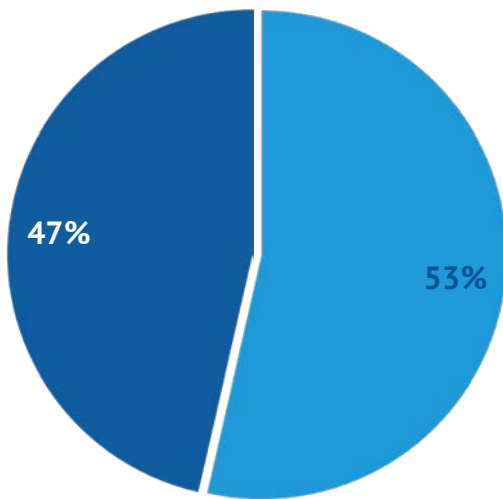


- ✓ Widely recognized brand among customers in Armenia and abroad
- ✓ Expanded network – 47 branches (7th largest), 80 promo points (the largest), 140 PoS terminals and 116 ATMs
- ✓ In top 3 banks by POS lending in Armenia
- ✓ Shares and bonds of the Bank are traded at Armenia Securities Exchange
- ✓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

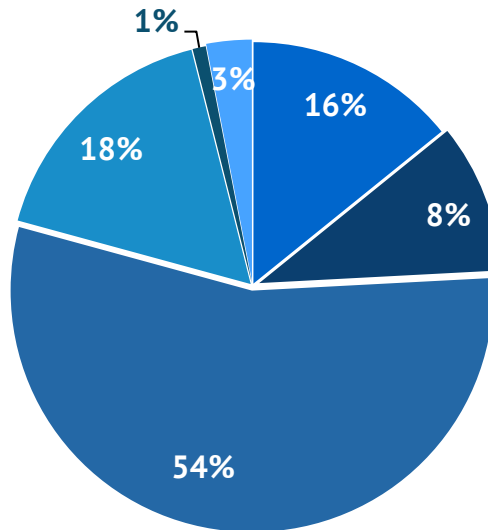
RETAIL BUSINESS DYNAMICS as of 31.03.2019

LOAN PORTFOLIO STRUCTURE
288 mln USD



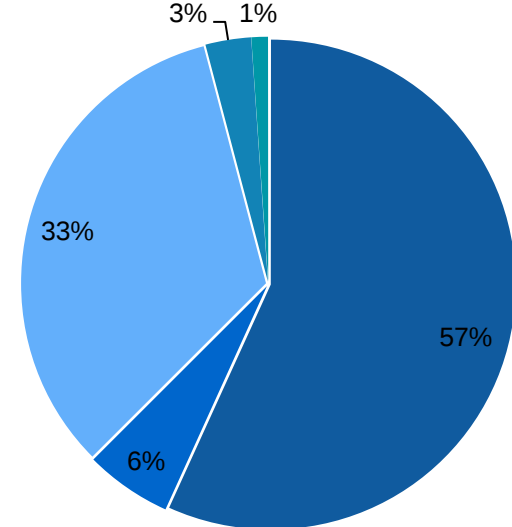
- SME (134 mln USD)
- Retail (153 mln USD)

RETAIL LOAN PORTFOLIO STRUCTURE
153 mln USD



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

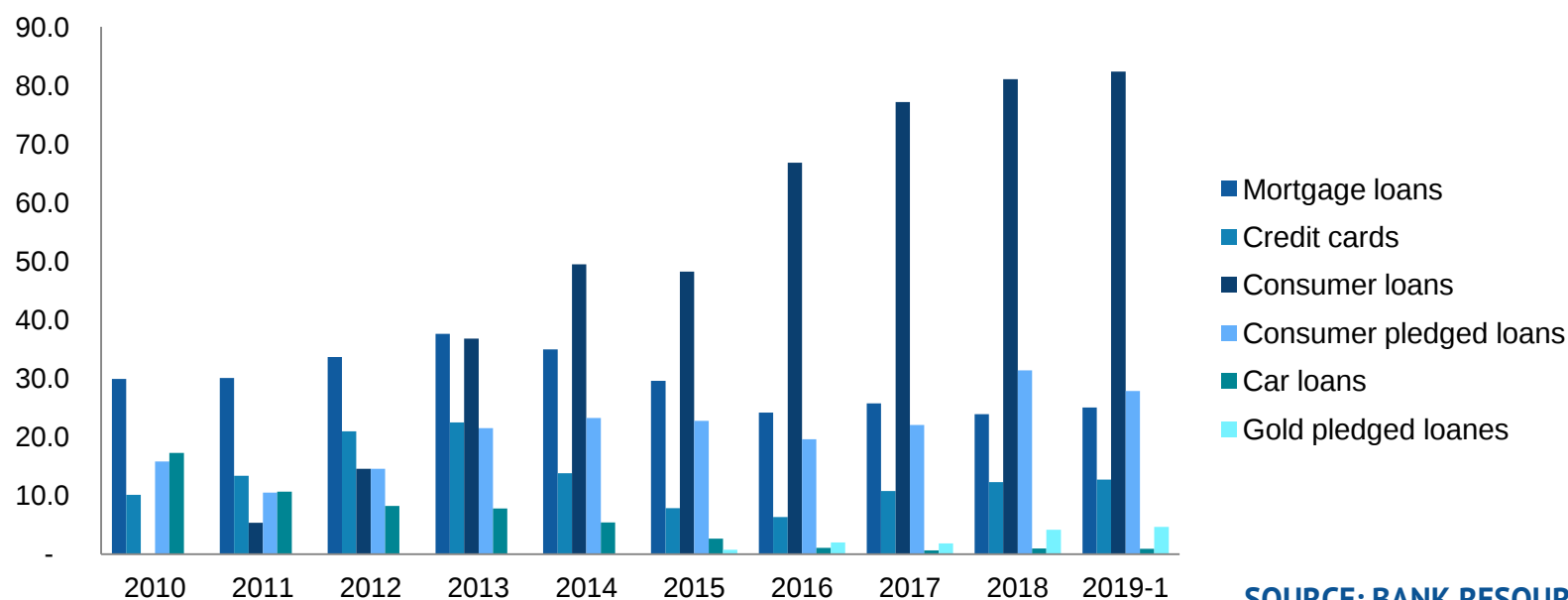
POS LOANS STRUCTURE
43.8 mln USD



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

RETAIL BUSINESS DYNAMICS

Retail loan portfolio dynamics as of 31.03.2019 (mln USD)

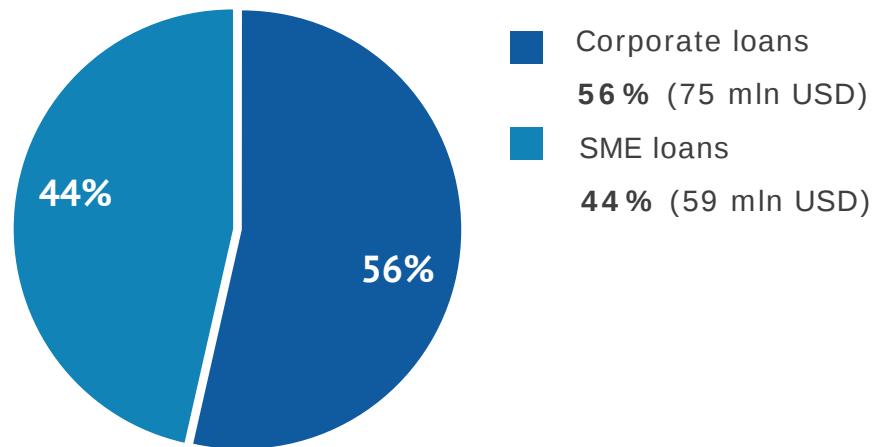


SOURCE: BANK RESOURCES

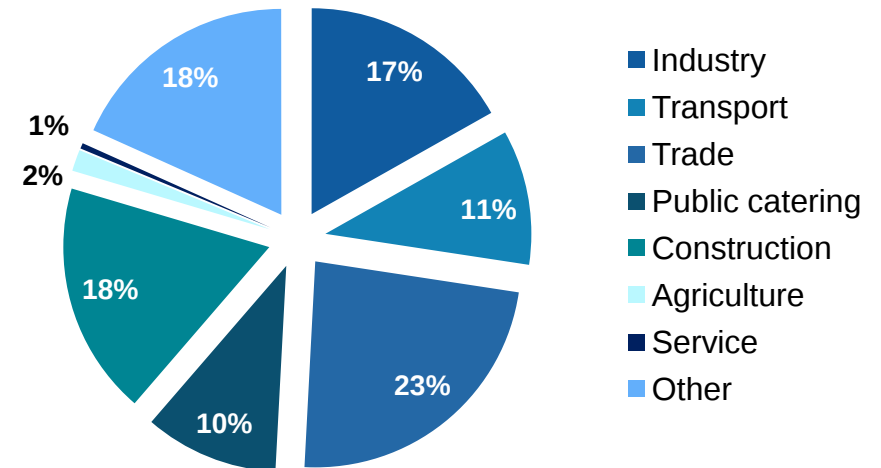
- ✓ POS loans customers grew by more than 10 times since 2011
- ✓ Volume of Unibank's PoS loans cover nearly 30% of the market
- ✓ Unibank's CRM culture allowed creation of a database with over 320 000 unique records, that is about a quarter of the active population of the country
- ✓ Immediate cash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

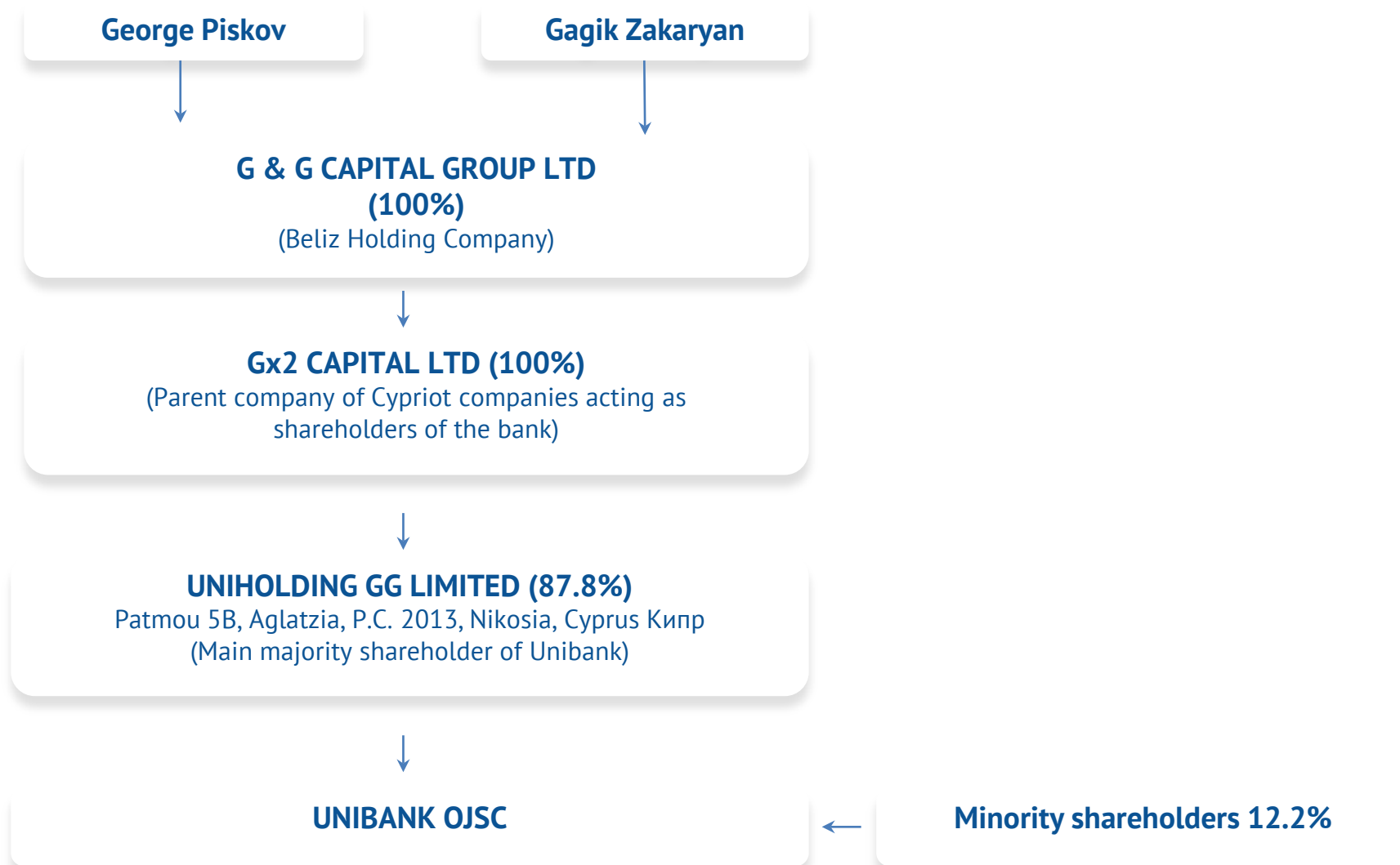
CREDIT STRENGTHS

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

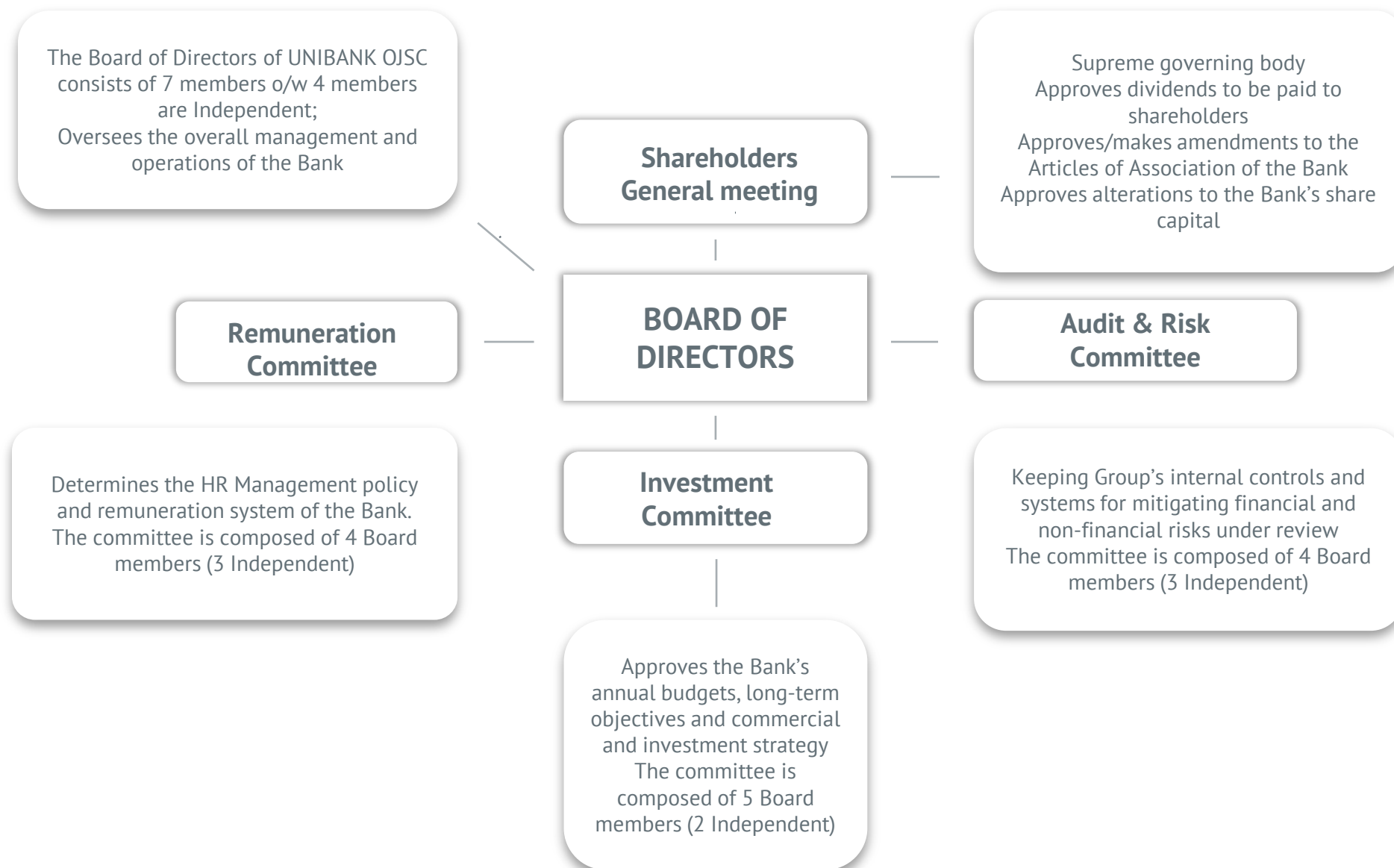
FACTORS, THAT COULD LEAD TO AN UPGRADE

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.



VARDAN ATAYAN

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



ARTEM KONSTANDIAN

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



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



EDUARD ZAMANYAN

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



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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