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### Company Case Study Form (WP3, Deliverable 3.1)

**Explanation:**

According to the Letters of Intent by the Associated Industry Partners, each university will be provided with **one practical company case study** for the courses which will start in the academic year 2019/2020.

**Next steps:**

- 1) Each university should **choose one course** for which it develops a case study together with a company representative (e.g. a practical problem/issue which companies in this area are facing and on which the students will work – supervised by their lecturer).
- 2) Please fill in the form below

**Please note:** In case a company case study is developed for a course, only one additional assignment is required (see course package form, section 8).

**General information:**

<b>Title of the course (as specified in the reformed curriculum)</b>	Modern issues of corporate finance
<b>Name of the teacher</b>	Srbuhi Israyelyan
<b>Title of the case study</b>	Case study on Unibank's IPO
<b>Company with which the case study was developed</b>	ARMENIA SECURITIES EXCHANGE

## Practical case study:

Explanation: Please outline the practical case study that the students are going to work on.

### 1. Introduction of the case / problem:

The case study is elaborated with our local partner (AMX), and the case study is based on information and discussion with them.

"UNIBANK" OJSC was established in 2001. One of the bank's main objectives is the financing of small and medium enterprises. Currently UNIBANK has 46 branches together in Armenia and in Nagorno-Karabakh, as well as a representative office in Moscow. On 12 March 2015, according to a decision taken at the Bank's Extraordinary General Shareholders Meeting, the Bank was reorganized into an open joint-stock company and the Central Bank of Armenia re-registered "Unibank" CJSC Open Joint Stock Company on June 23, 2015.

On December 29, 2008, "UniBank" closed joint stock company became a member of the Armenian Stock Exchange. As a member of the stock exchange UniBank had full access to trading on all exchange markets, including corporate securities, Government bonds, repurchase agreements (REPO), and foreign currency. On 3 January 2010 Moody's international rating agency awarded Unibank its first rating; a Financial Stability Rating of E+, Ba3 long-term and NP short-term ratings for foreign currency and national currency deposits. All the ratings had a "Stable" forecast. Since 2011 Unibank has been jointly operating a trade finance program with the Asian Development Bank, under which letters of credit and bank guarantees are issued to entrepreneurs.

On July 2015 "UNIBANK" OJSC became a Member of securities settlement system and thus was granted statuses of Depository system account operator and regulated market settlement system member. Thanks to this UNIBANK customers can easily reach services of "Central Depository of Armenia" OJSC (CDA), specifically all the services related to registry keeping of joint-stock companies and securities safekeeping. UNIBANK joined the list of 13 Account operators of depository system among which are 10 banks and 3 investment companies.

Today Unibank is a universal bank offering a wide range of modern banking services to its customers. The Bank has a reputation of being a financial institution with a conservative management style, open to innovation, and which implements a constructive entrepreneurship culture within the Bank and operates on the principles of proactivity and transparency.

The Bank's mission is to contribute to the sustainable and dynamic development of the RA banking industry and to maximize demand for banking services in RA through the provision of high-quality services.

On December 24, 2015 placement of the common nominal stocks (UNIB) by "UNIBANK" OJSC took place at NASDAQ OMX Armenia. Placement of the stocks started on December 18, 2015. During the placement 186 transactions for the amount of AMD 2,454,668,330 were concluded, as a result of which 10,672,471 common nominal stocks were placed. The price of a stock stood at AMD 230. The nominal value of one share was AMD 100 (one hundred). The Offering was carried out at a market value of AMD 230 (two hundred and thirty) per common registered share. The currency of the Offering was AMD.

In late 2015, Unibank placed bonds through IPO and listed stocks on NASDAQ OMX Armenia stock exchange's secondary platform (B). It was the first bank in Armenia to do this.

The aim of the Offering was to increase the Bank's capital so that it could continue to grow its primary banking business of lending to small and medium enterprises and individuals.

Unibank's IPO targeted a wide range of investors and was accompanied by a large-scale marketing campaign ( Jivan Gasparyan, Arthur Abraham and others were involved in that processes).

Moreover, Unibank actively supported various children's funds, such as Grant Life Foundation in Armenia, and provided support in organization of sport contests for children. The bank had implemented a program of financial assistance for schools and was supporting an airplane modeling group.

Many foreign business people of Armenian descent have provided financial assistance to Aurora Prize, international humanitarian award ceremony that took place in Yerevan in April and Gagik Zakaryan was among them.

**Facts about Exchange Listing and further placements:**

- Starting from February 10, 2016, common nominal stocks issued by "UNIBANK" OJSC was listed on NASDAQ OMX Armenia and included in the stocks' B list. Listed securities comprise 109,669,471 stocks (ISIN - AMUNIBS10ER5) with nominal value of AMD 100, which was traded under UNIB ticker symbol and was allowed to manual and REPO trading as well.
- On April 21, 2016 placement of common nominal stocks (UNIB) by "UNIBANK" OJSC started on April 20, 2016 successfully completed on NASDAQ OMX Armenia. 22,704,347 common nominal stocks were fully placed, as a result of which the Bank attracted AMD 5,221,999,810. The price of a stock stood at AMD 230.
- On June 30, 2016, nominal coupon bonds issued by "UNIBANK" OJSC were listed on NASDAQ OMX Armenia and included in the bonds' main Abond list. This issue of the Company's bonds comprises 50,000 coupon bonds with nominal value of USD 100, coupon rate of 8% and maturity period of 24 months. The bonds (ISIN - AMUNIBB21ER8) was traded under UNIBB1 ticker symbol and was allowed to manual and REPO trading as well.
- On July 27, 2016 placement of additional issue of common nominal stocks (UNIB) by "UNIBANK" OJSC completed at NASDAQ OMX Armenia. On the first day of placement, which was scheduled on 27-29 July 2016, 48 transactions were concluded, as a result of which the whole announced volume - 12,176,914 common nominal stocks were fully placed and the Bank attracted AMD 2,800,000,220. The price of a stock stood at AMD 230.
- *On October 17, 2016 the Bank's stocks were shifted up from the Secondary (B) list of stocks to the Main (A) list of stocks, as a result of which UNIBANK has become the first joint-stock company which is listed on the Main (A) list of NASDAQ OMX Armenia.*
- On December 1, 2016 placement of additional issue of common nominal stocks (UNIB) by "UNIBANK" OJSC, which started on November 29, 2016 was completed at NASDAQ OMX Armenia. The Bank submitted for placement 17,391,305 common nominal stocks for the amount of AMD 1,739,130,500 and with nominal value of AMD 100. 6 transactions for the amount of AMD 3,306,490,120 were concluded, as a result of which 14,376,044 common nominal stocks were placed. The placement price of a stock stood at AMD 230.

After its successful IPO in 2015, Unibank had announced an emission of dollar registered coupon bonds as a new and profitable instrument for investment. The annual yield of the bonds was 8%.

Unibank OJSC pays special attention to an investment segment of its activity and offers alternative investment products fostering development of Armenia's stock market.

Unibank took part in Cbonds Emerging Markets Bond Conference in London in April 2016 to present Armenia's investment ability and particularly Unibank's offers.

More than 200 representatives of the world's flagship investment banks and funds as well as management and consulting companies focused on CIS, Central Europe and Eastern Europe countries have been invited for the conference. The conference participants discussed the current situation and prospects for development of securities market, new investment opportunities and the experience of the CIS and Europe countries.

It was said that the Unibank has issued 50,000 bonds worth US\$ 5 million.

The minimum package for sale includes 10 bonds of total cost of US\$ 1,000. Maturity date was April 8, 2018.

Reliability and yield are two significant factors in choosing investment instruments, and Unibank's bonds meet these requirements, and this makes them attractive for foreign investors. Legislative regulation of the Armenian bond market is carried out properly. Financial resources attracted on bonds as well as bank deposits are secured in Armenia by the Deposit Guarantee Fund, and the issuer Unibank is one of the large and public banks in Armenia – its stock are listed at the stock exchange. It means Bank has many retail investors and an absolutely transparent financial accountability.

The decision to issue stocks and transform it into a maximally public bank is due to Bank's strategy aimed at strengthening their reputation, enhancing transparency of their activity and improving corporate management at the bank. The successful IPO proves that Unibank has reached the development level that attracts investors' interest. The bank is present in NASDAQ OMX Armenia listing, and the price of the stocks is exactly what determines the real market cost of the bank. Taking into account the population and private investors' interests in its bonds, Unibank is planning this year to issue and place Eurobonds at international markets.

## **2. Assignment / task for the students:**

All students from continuous assessment will be participated in the study. They will be divided into groups (each group will consist of 4-6 students). Students have to share the work of writing maximum 8 page report. Presentation must be made by the whole group while informing the audience about the role each group member has performed. There are no limitation of average length of the case studies presentation slides.

Each group must nominate a team leader who will be the main channel of communication with teacher when seeking clarifications, and who will allocate work among the team members. When the group makes the final version of case study the team leader will present the group's work to teacher in pdf form (soft and hard copy). All group members will make the presentation of their analysis to the remainder of the class.

All members of the team should take an active interest in the assignment. They have to think of the assignment as a learning experience rather than as a task that must be completed for passing the course.

The task consisted of these phases:

1. Before starting the activity, students were asked to work on a case study prepared and facilitated by teachers. At this stage the teacher will explain the nature and characteristics of a case study, which was used as a model. Moreover, teacher will give some suggestions allocation of tasks within the team.
2. After explaining the different theoretical contents, students were asked to develop a case study using their knowledge and abilities. The content had to be reflected in a different form (each group will choose how to create their own content).
3. In addition to the case study, students were asked to submit a report specifying the conceptual content reflected in the case study and make slides.
4. The last step was to exchange cases among students or the whole class. Students were asked to represent their case study slides (everyone in the group has to represent a part of case study). So students could compare their findings with the analysis proposed by the other authors of the case study (the case study presentation will be during 15-20 minutes).

In the phases 1 students will be tasked to answer these questions:

1. How Unibank organized IPO of its shares?

2. What is the current situation after IPO?
3. What is the main idea and goal to make IPO in Armenian Economy, and what are the future benefits of it for UNIBANK?
4. What are the lessons to learn from the case of Unibank?