
AmRating Agency Enhanced Credit Rating To ARARATBANK From 'B-' To 'B+', Outlook 'Stable'

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The AmRating Rating Agency enhanced the credit rating to ARARATBANK from 'B-' to 'B+', "stable" outlook. As the bank's press-service reports, the rating is substantiated by high development rates, maximum transparency, strong support by a financially independent owner, the available political resources, positive development dynamics, availability of a good potential for further development.

The factors which clampdown the rating are as follows: insufficient diversification of liabilities, quick growth of the retail credit portfolio, characterized by increased risks, high level of competition.

Enhancement of the bank's rating is conditioned by growth of assets under retention of capitalization at high level, development of the retail business, improvement of the level of diversification of the credit portfolio and liabilities, retention of positive assessments in the bank's corporate management. In May, 2007, the ARARATBANK issued and successfully placed non-documentary corporate coupon bonds with the emission volume of 250 mln drams which are actively quoted in the Armenian Stock Exchange ArmEx. Due to the active work in the market of government bonds, the bank was conferred the status of RA Finance and Economy Ministry's agent in June, 2007. In the tideway of the credit policy extension, the bank standardized granting of autocredits under its own steam. It also developed credit special programmes with discounts for corporate clients, as well as new interrelated deposit and card products.

Executive Director of AmRating Emmanuel Mkrtchyan thinks that rating enhancement by two points at once indicates the bank's serious steps towards improvement of its key indicators and increase of the investment attractiveness by entry the market with a bonded debt and decision on reorganization to an Open Joint Stock Company. In this context, the AmRating's Director says, the ARARATBANK's cooperation with rating agencies becomes one of the important components of the business development. Chairman of the ARARATBANK's Board of Directors Ashot Osipyan thinks it is important to enhance the rating since it increases the trust towards the bank not only by clients and partners but the structures which cooperate with the bank. The "stable" rating forecast is an evidence of further improvement of the bank's indicators, successful implementation of technologies, extension of the spectrum of services and, as a result, the growing reliance on our development policy, A.

Osipyan said. To note, the ARARATBANK is a small, private, developing bank of Armenia, which is controlled by one of the biggest oil traders of the country, the "Flesh" Company, by 100%. The main direction of activity at present is service of big and middle corporate clients.

The bank also develops the retail business. The bank's strategy envisages its entry into the leading positions in Armenia in the sphere of retail services and crediting of economy's real sector. The bank takes part in the international credit programmes. The bank possessed 4 branches as of the end of June, 2007, one of which, the Western Union, is the only specialized branch in the country. Two capital and four regional offices will be added to the acting branches in Yerevan and Nagorno Karabakh till the end, 2007.

The AmRating is an independent Rating Agency of the Republic of Armenia being

part of the GlobalRating group, which also includes the RusRating Agency (Russia) and KzRatingAgency (Kazakhstan). The AmRating Agency launched its work in December, 2006. The Agency's main services include conferral of a rating to the banks and study of the banking sector.
