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## **Autocredits market of Armenia increased by 83,5% during the year.**

Arminfo

14/4/2007

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The market of banking autocredits of Armenia surpassed all the optimistic expectations within 2006, having assured the annual growth by 83.5%. According to the data of AmRating, the independent Rating Agency, the volumes of autocrediting in the country's banking system, as of January 1, 2007, made up 19.216, 2 mln drams. In the opinion of the Agency's analysts, these indicators are directly concerned with the fact that the republic's automobile market shows high growth rates. Only in January, 2007, which is not the best month from the viewpoint of a seasonal factor, the import of passenger cars to the republic has grown 1.5 times to 2403 units against 1572 cars for January, 2006. At that, the import of "less solvent cars" of Russian production reduced, that is, 489 against 686 units in January, 2006. Half of the cars, imported to the republic, are over 13 years old and their cost varies within \$6-10 thsd. In the experts' opinion, the share of the old cars will lessen, while that of the fresher and more expensive ones will increase. This circumstance, in the opinion of the Agency's analysts, indicates the further growth of indicators of the autocreditingmarket as one of the most profitable segments of the banking retail, by 80% per year, at the minimum, in summary terms.

According to the data of AmRating, the triplet of the most autocrediting banks of Armenia, as of the beginning of the year, included the Areximbank, that gave autocredits for 2.757 bln drams, "HSBC Bank Armenia" (5.173 bln drams) and Armeconombank (2.602 bln drams). The first bank could keep the leading position in the market during the year, while the "HSBC Bank Armenia" has jumped from the 9th to the 1st place. The Areximbank has taken the second place, the Armeconombank has risen one step higher, from the 4th to the 3rd place. The fourth place is taken by Artsakhbank (2.190 bln drams), the fifth place - by INECOBANK (1.866 bln drams).

The leading five, by the autocredits portfolio upon results, 2006, included "HSBC Bank Armenia" - 2.962 bln drams, Areximbank - 2.446 bln drams, Artsakhbank - 1.926 bln drams, INECOBANK - 1.858 bln drams and Armeconombank - 1.854 bln drams. The "HSBC Bank Armenia" has made a vast leap from the 9th place to the leaders, the Areximbank has kept the second position, the Artsakhbank has moved three positions forward, the INECOBANK held out in the fourth place and the Armeconombank has secured the fifth position for itself.

In the AmRating analysts' opinion, there are no apparent favourites of race in the strict competitive activity in this market as yet, that is proved by the indicators growth dynamics. Thus, the Armenian Development Bank (ADB) with 15 mln drams has assured growth by 3619%, the Unibank - by 264%, the BTA-Invest Bank - by 208%, the ArtsakhBank - by 192%. Meanwhile, the market leader, Areximbank, assured the growth of this indicator by 29,3% in all, the Armeconombank - by 93%. Therefore, the picture of priority in the market by 2008 may change, especially as some of the former leaders today reduce their previous indicators. Thus, the VTB Bank Armenia, that gave the autocredits of 470.9 mln drams in 2005, decreased its indicator by 28.2%, upon results of, 2006, the Ardshininvestbank, that was in the triple of leaders in 2005 with indicator of 1.992,3 mln drams, by

15,7%, the Bank reduced its indicators (299.2 mln) by 34,8%.

Upon the analysis results, the lowest share of autocredits in the total indebtedness of physical persons, as of 2006, is fixed at Armbusinessbank (ABB) - 1.1%, followed by VTB-Armenia - 3,7% (0.95% in 2005), ADB - 13.3% (0.41 in 2005), BTA-Invest Bank - 15.76% (7,88% in 2005) and Armeconombank - 15,8% (12.64% in 2005). The share of the market leader, the Areximbank, makes up 11%, the "HSBC Bank Armenia" - 20%, the Armeconombank - 15.8%.

By the number of the given autocredits, the leading position in 2006 was taken by Armeconombank - 1621, that has kept the priority in the yearly section (915 in 2005). The second place is taken by Areximbank - 1054 (855 in 2005, that is the second place). The third place is secured for "HSBC Bank Armenia" - 1015, which has made a yearly leap upward by 6 positions (64 in 2005). The Artsakhsbank is in the fourth place - 805, which has advanced by two positions since 2005 (265 deals). The five of leaders, by the number of given credits, is closed by INECOBANK - 650 against 597 in 2005, which has lowered by one position.

Meanwhile, in the Agency analysts' opinion, the active development of the autocredits market entails synergy of the financial market segments. Thus, according to ArmInfo data of Ranking of the leading insurance companies of Armenia, the premiums of insurers, received for the vehicle insurance, have shown nearly the same growth. Almost all the banks, except for the two ones, insure the credited cars. The total volume of insurance premiums in this segment, as of the beginning of the year, made up 1.064,5 mln drams, however, according to the experts' data, the share of the gathered autocredit premiums makes up 1,5% of the banking autocrediting volume on average, that makes up about 250 mln drams by approximate estimations. The leaders in the autoinsurance market are the INGO Armenia with volume of premiums of 274.8 mln drams, RASCO - 232.1 mln drams and Sil Insurance - 186.4 mln drams.

Nevertheless, in the AmRating analysts' opinion, despite the growth of the autocredits market indicators, this sphere of consumer crediting is less developed from the viewpoint of quality of the proposed credit products than the sphere of the consumer equipment crediting. Such products as credits without initial fee, interest-free credits, express-credits are absent in the market as yet, that is connected with insufficient level of credit histories market development and absence of scoring systems for the clients solvency estimation. However, under the competition growth conditions, the analysts forecast the further improvement of the market as regards liberalization of the crediting terms, reduction of rates from the present 18% on average, "prolongation" of terms to 5-6 years, reduction of the credited cars' age limit.

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