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**TRENDS AND OUTLOOKS**  
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The review provides a detailed analysis of main trends in Russia's economy in 2015. The paper contains 6 big sections that highlight single aspects of Russia's economic development: the socio-political context; the monetary and credit spheres; financial sphere; the real sector; social sphere; institutional challenges. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts.

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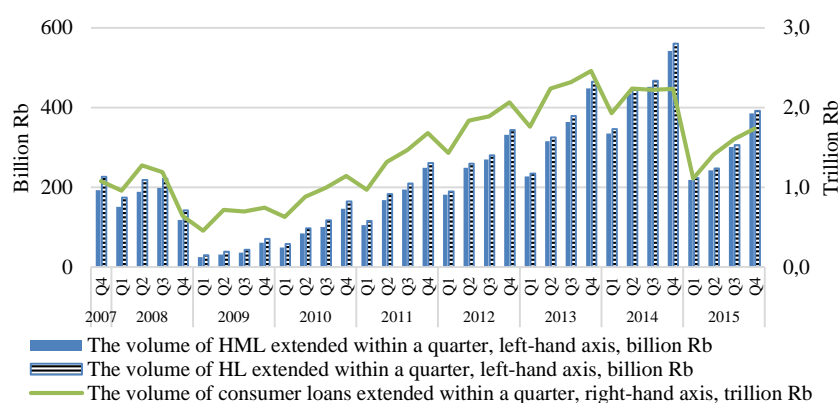
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□ Gaidar Institute, 2016

## Housing mortgage lending in Russia in 2015<sup>1</sup>

In 2015, according to the data released by the Central Bank of the Russian Federation, credit institutions extended 691,943 housing mortgage loans (HML) to the tune of Rb 1,147.339bn, which constituted 68.32% of the total amount of HML extended in 2014 and 65.04% in monetary terms. In the same period, 706,786 housing loans were originated totaling to Rb 1,168.222bn, which in quantity of loans comes to 66.71% and in monetary terms 64.14% of the extended loans.

The volume of consumer lending in 2015 contracted to 67.92% against 2014 and constituted Rb 5.861 trillion. In Q4 2015, the volume of consumer lending fell to Rb 1.738 trillion, which constituted 77.75% of Q4 2014 (*Fig. 2*).



*Fig. 2.* Dynamics of retail housing mortgage lending, 2007–2015

*Source:* The Central Bank of the Russian Federation.

In 2015, the share of extended HML in the volume of consumer loans decreased by 2.08 p.p. compared to 2014 and hit 22.18%. A trend of decrease in the share of unsecured housing loans (UHL) in the HL and HML volume remained in 2015. The share of UHL in the HML volume was in 2015 lower the UHL in 2014 by 1.73 p.p. and came to 1.58% (*Fig. 3*).

<sup>1</sup> Author of this section: Zadonsky G. – RANEPA.

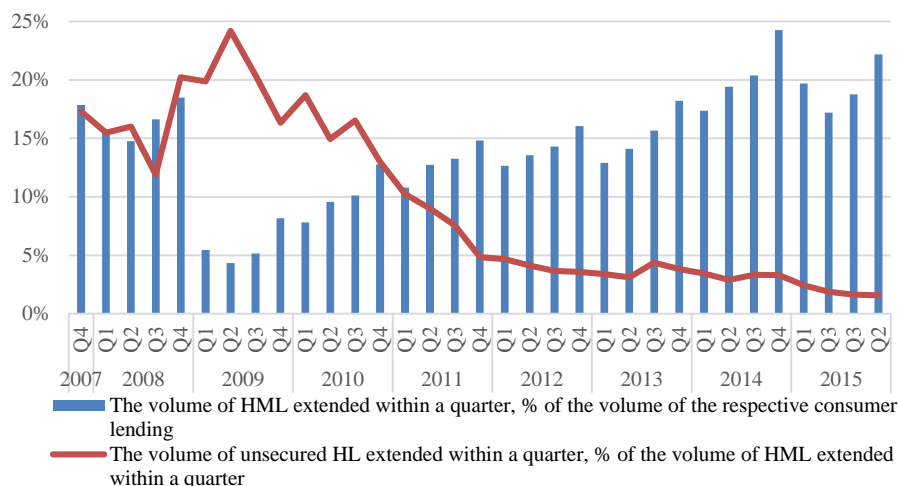


Fig. 3. Dynamics of the ratio between the volumes for quarter of HML, UHL and consumer lending, 2007–2015 гг.

Source: The Central Bank of the Russian Federation.

According to the data released by the Rosreestr provided by the JSC AHML in Q3 2015 the share of mortgaged real property units in the total number of real property units registered in transactions with housing decreased by 2.9 p.p. against Q3 2014 and constituted 24.8%, that is a quarter of apartments in Q3 2015 were bought with mortgages.

The volume of HML extended as of October 1, 2015, in shares of the respective value of GDP fell to 1.43% against 2.47% as of October 1, 2014. As of October 1, 2015, the debt on HML up to 7.02% of corresponding GDP against 4.96% as of October 1, 2014 (Fig. 4).

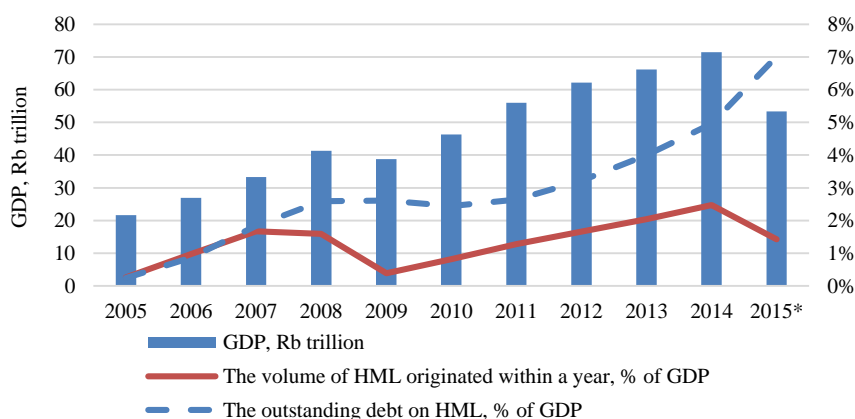


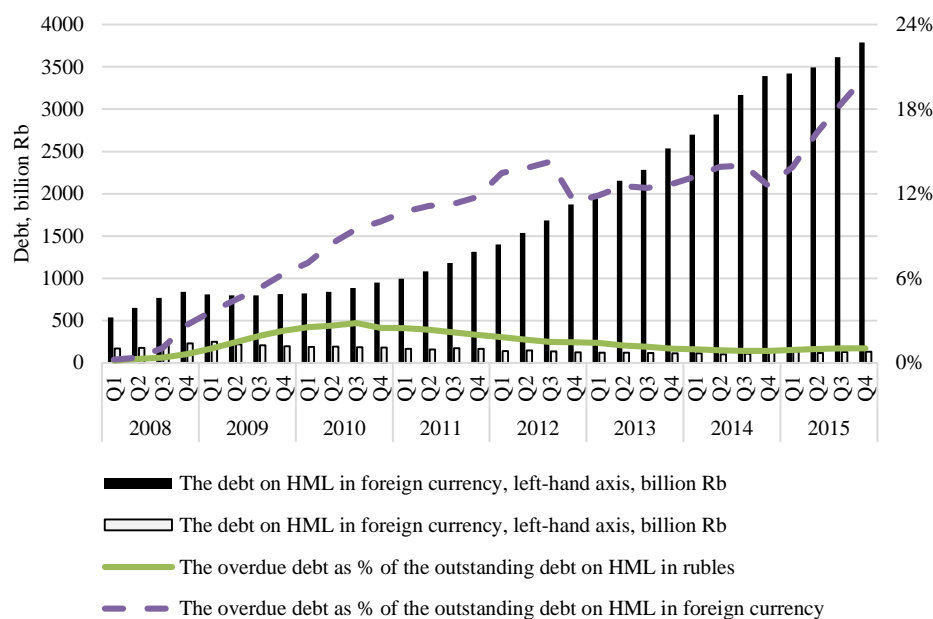
Fig. 4. Dynamics of housing mortgage loans, % GDP

\* January-September 2015

Source: The Central Bank of the Russian Federation.

As of 1 January 2016, the debt on HML in rubles increased by 11.72% as compared to 1 January 2015 and amounted to Rb 3,789.4bn. The overdue debt on ruble HML on those loans (Rb 39.4bn) rose by 36.06% on January 1, 2015, while as percentage of the outstanding debt it amounted to 1.04%, which is 0.19 p.p. more than that as of January 1, 2015. The latter is the

evidence of lower quality of the portfolio of ruble mortgages for this period in comparison with the previous year (*Fig. 5*).



*Fig. 5.* Dynamics of outstanding and overdue debt on housing mortgage loans

*Source:* The Central Bank of the Russian Federation.

The share of debt on HML with 1 and more days past due in total amount of debt in 2015 constituted 5.34%, which is up 0.85 p.p. against 2014. At the same time, the share of debt on HML with 180 days past due (debt on default loans) in the total amount of debt increased in 2015 and came to 2.47%, which is by 0.71 p.p. more than in 2014. Outstanding debt on HML in percent to the total amount of debt constituted for 2015 1.69%, which is by 0.38 p.p. more than for 2014 (*Fig. 6*).

In 2015, the weighted average rate on HML in rubles extended within a month decreased from the maximum value of 14.71% in February to 12.73% in December. Nevertheless, the December rate turned out to be higher the November rate by 0.44 p.p. The annual rate constituted 13.33%. The weighted average period of lending as regards HML in rubles extended within a month varied from 14.21 years to 15.3 years (*Fig. 7*).

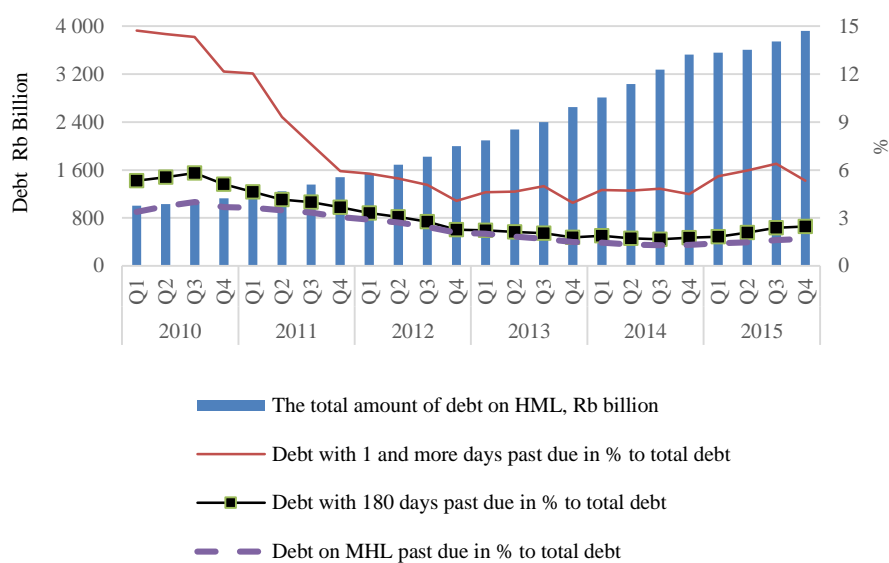


Fig. 6. Dynamics of debt on HML by the payment delay terms

Source: The Central Bank of the Russian Federation.

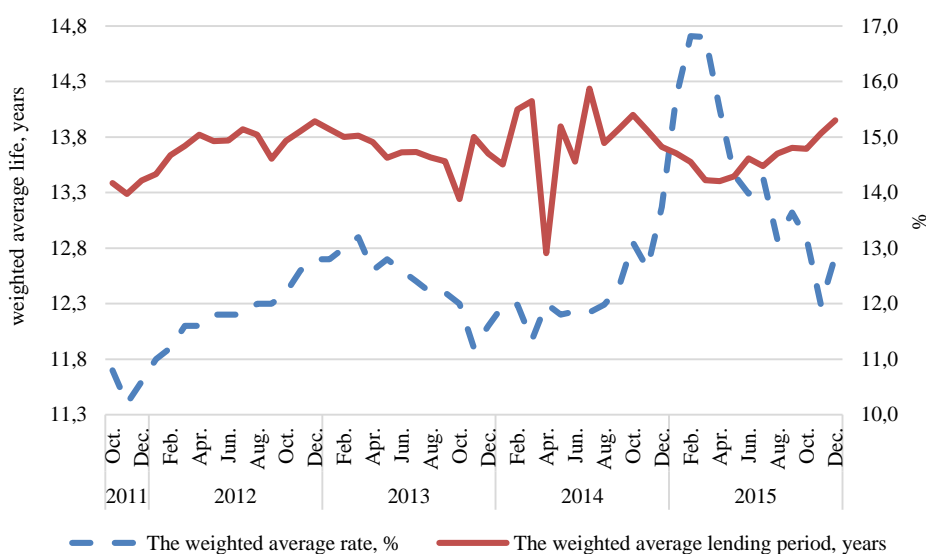


Fig. 7. The weighted average rate and lending period on HML in rubles extended within a month

Source: The Central Bank of the Russian Federation.

As of January 1 2015, the weighted average rate on HML in foreign currency fell to 9.82% as of January 1, 2016, with the highest rate of 11.8% registered as of April 1, 2015. As of January 1, 2016, the weighted average lending period as regards HML in foreign currency extended from the beginning of the year amounted to 3.97 years.

As of 1 July 2015, Rb 162bn worth of HML was repaid by borrowers prior to maturity which value is 4.76% higher than that as of 1 July 2014. The above sum amounts to 35.1% of the volume of HML extended in H1 2015. It is to be noted that Rb 1.655bn worth of HML was repaid early by means of funds received from foreclosure sale of mortgaged property, that is, a decrease of 16.62% as compared to H1 2014.

Government Regulation No 404 the implementation term of the project “Housing for a Russian family” has been extended through December 31, 2017.

According to the Government Regulation No 373 of April 20, 2015, JSC AHML has been implementing HML restructuring program (loans) for the borrowers who are in dire straits. In December 2015, the program was amended and the maximum amount for compensation by JSC AHML was raised from Rb 200 to Rb 600 thousand.

From October 1, 2009 through November 1, 2015, within the frameworks of the *Stimul* in 48 regions according to concluded Agreements the JSC AHML’s existing liabilities amounted to Rb 119.5bn. The volume of extended by AHML loans to banks which finance housing development projects within the program *Stimul* amounted to Rb 72.6bn at the rate of 8.0%. The volume of extended by loans to banks legal entities which finance housing development projects within the program *Stimul* amounted to Rb 129.611bn at an average rate of 13.2%. Total gross residential area commissioned by the participants of *Stimul* program amounts to 6.4m sq.m.

During January-October 2015, 15 issues of mortgage-backed securities were issued totaling to Rb 64.3bn. As of November 1, 2015, 24 issues of JSC AHML securities were in circulation totaling to Rb 156.5bn ensued by government guarantees and 3 issues of exchange bonds of JSC AHML to the tune of Rb 15bn.