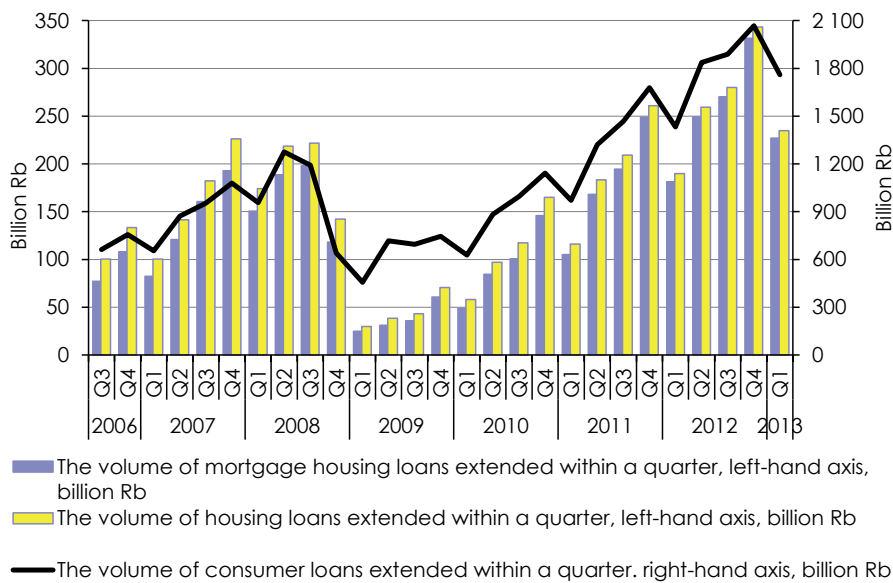


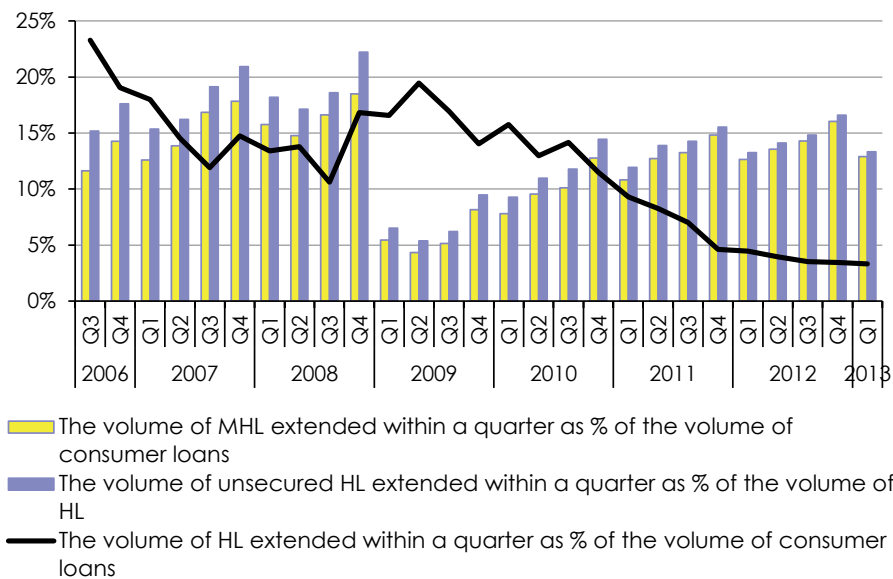
## MORTGAGE IN THE RUSSIAN FEDERATION IN Q1 2013

G.Zadonsky

Despite growth in interest rates on MHL in rubles in the first quarter of 2013, the total volume of the extended MHL exceeded by 25.18% (142,393 loans worth Rb 226.94bn during the quarter) the volume of loans extended in the 1<sup>st</sup> quarter 2012. As of April 1, 2013, the share of the overdue debt in rubles in relation to the outstanding debt decreased to 1.41%. The total debt on MHL without overdue payments increased up to 96.19%. In the 1<sup>st</sup> quarter of 2013, the weighted average rate on MHL in rubles extended from the beginning of the year kept growing and increased by 0.9 p.p. to 12.9% as compared to the minimum value of the 4<sup>th</sup> quarter of 2011.



Source: on the basis of the data of the Central bank of the Russian Federation.  
Fig. 1. Dynamics of lending within a quarter



Source: on the basis of the data of the Central Bank of the Russian Federation.  
Fig. 2. Dynamics of correlation between the volumes of consumer lending and housing lending

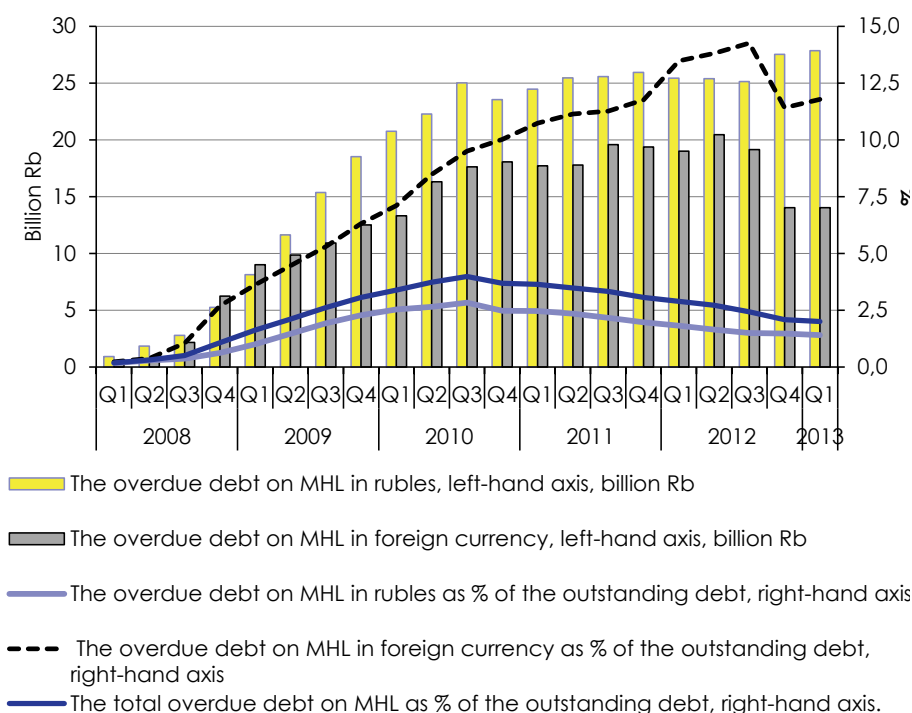
According to the data of the Central Bank of the Russian Federation, in the 1<sup>st</sup> quarter of 2013 credit institutions extended 151,205 housing loans (HL), including Rb 226.94bn worth of 142,393 mortgage housing loans (MHL) and Rb 7.79bn worth of 8,812 unsecured housing loans (UHL) as a difference between HL and MHL (Fig. 1). In the 1<sup>st</sup> quarter of 2013, the total volume of the extended MHL exceeded by 25.18% that of loans extended in the 1<sup>st</sup> quarter of 2012 (Fig. 1). As of April 1, 2013, the outstanding debt on MHL increased by 36.01% as compared to April 1, 2012 and amounted to Rb 2.09 trillion. In the 1<sup>st</sup> quarter of 2013, the share of MHL in foreign currency as a percentage of the total volume of mortgage lending increased by 0.05 p.p. as compared to that of the 1<sup>st</sup> quarter of 2012 and amounted to 1.23%.

From the 2<sup>nd</sup> quarter of 2009 to the 1<sup>st</sup> quarter of 2013, the share of unsecured HL in the total volume of HL decreased by 16.16 p.p. and amounted to 3.32% (Fig. 2). In the 1<sup>st</sup> quarter of 2013, the share of HL in the volume of consumer loans

(CL) amounted to 13.33% which is 0.06 p.p. higher and 3.28 p.p. lower than in the 1<sup>st</sup> quarter of 2012 and the 4<sup>th</sup> quarter of 2012, respectively. The share of HL in the volume of consumer loans increased as compared to a drop early in 2009, but is still lower than in the pre-crisis 2008 (Fig. 2).

According to the data of the Central Bank of the Russian Federation, as of April 1, 2013 the overdue debt on MHL amounted to Rb 41,907bn or Rb 27,862bn on loans in rubles and Rb 14,045bn on loans in foreign currency (Fig. 3). As of the end of the 1<sup>st</sup> quarter of 2013, the total overdue debt was 0.84% higher than that as of January 1, 2013. It is to be noted that the overdue debt on MHL in rubles increased in monetary terms and decreased as a percentage of the outstanding debt as compared to the end of the 4<sup>th</sup> quarter of 2012, that is, from 1.47% as of January 1, 2013 to 1.41% as of April 1, 2013. Within the same period, the overdue debt on MHL in foreign currency increased both in volume and as a percentage of the outstanding debt: from 11.42% to 11.79% (Fig. 3).

According to the data of the Central Bank of the Russian Federation, the amount of the debt on MHL without overdue payments increased from Rb 1,965.02bn as of March 1, 2013 to Rb 2,014.54bn as of April 1, 2013, while as a percentage of the total debt within that period (96.19%) growth amounted to 0.46 p.p. (Table 1). Within the same period, the volume of the debt on defaulted MHL – loans with payments overdue for over 180 days – increased from Rb 28.94bn to Rb 30.16bn. but as a percentage of the total debt, by 0.04 p.p. to 1.44% (Table 1).



Source: on the basis of the data of the Central Bank of the Russian Federation.  
Fig. 3. Dynamics of the overdue debt on mortgage housing loans as of the end of the quarter

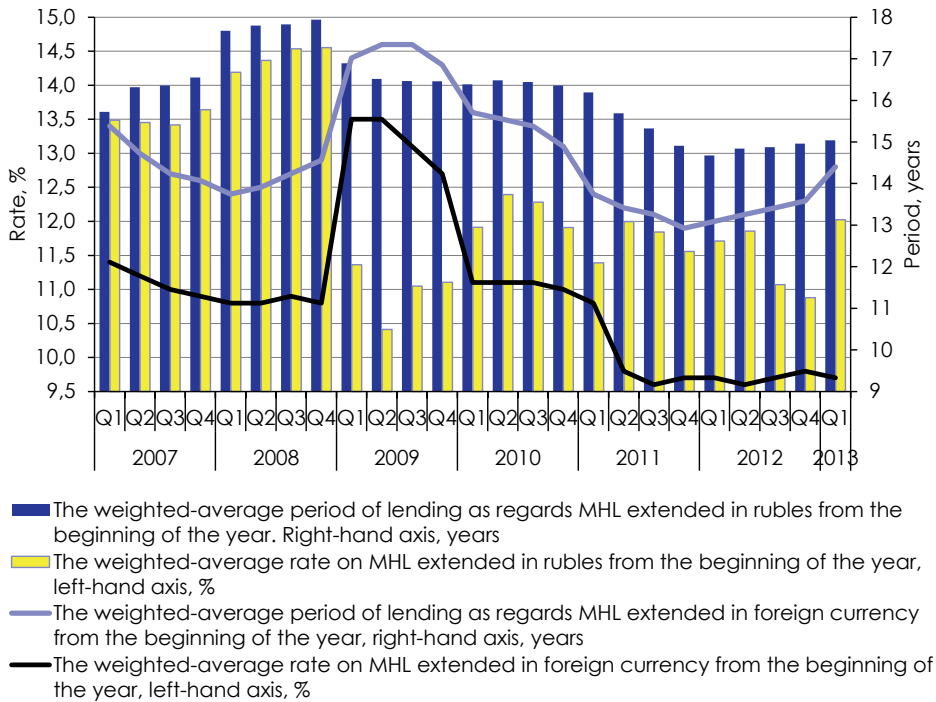
GROUPING OF THE DEBT ON MHL BY A PERIOD OF DELAY IN PAYMENTS IN 2013

	Total amount of the debt on MHL	including							
		Without overdue payments		With overdue payments					
				From 1 day till 90 days		From 91 days till 180 days		over 180 days	
Million Rb	Million Rb	%*	Million Rb	%*	Million Rb	%*	Million Rb	%*	
01 Jan.	1 997 204	1 915 917	95.93	30 957	1.55	5 193	0.26	45 137	2.26
01 Feb.	2 010 589	1 928 355	95.91	47 048	2.34	5 228	0.26	29 958	1.49
01 Mar.	2 052 669	1 965 020	95.73	53 164	2.59	5 542	0.27	28 943	1.41
01 Apr.	2 094 336	2 014 542	96.19	43 981	2.10	5 655	0.27	30 158	1.44

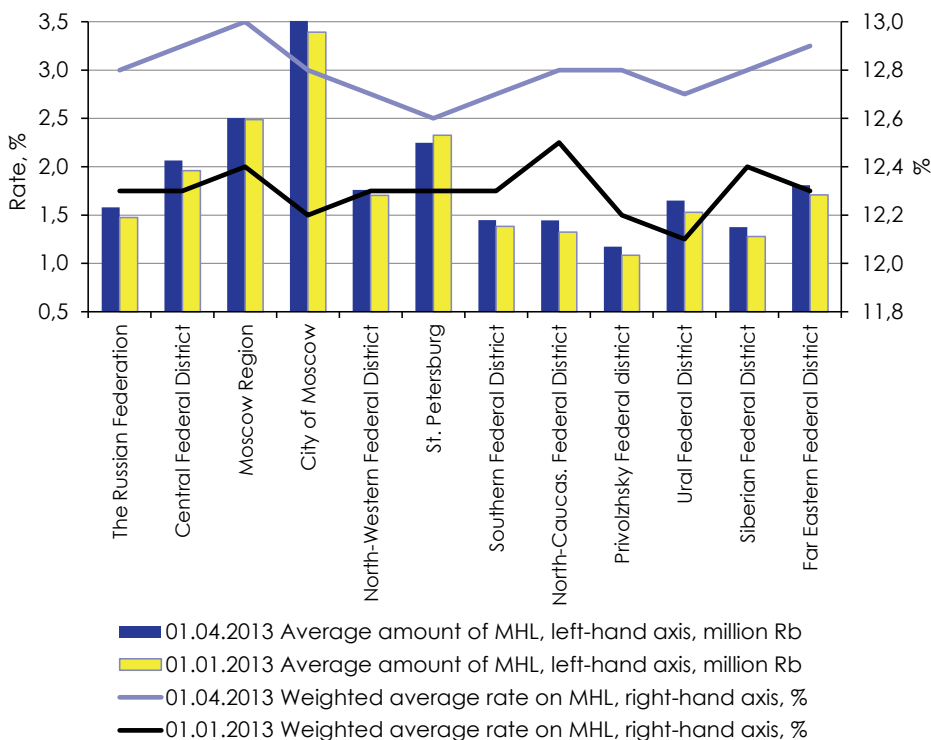
\* as percentage of the total amount of the debt.

Source: the data of the Central Bank of the Russian Federation.

According to the data of the Central Bank of the Russian Federation, in the 1<sup>st</sup> quarter of 2013 the weighted-average rate on MHL in rubles extended from the beginning of the year kept growing and increased by 0.9 p.p., to 12.8% as compared to the minimum value of the 4<sup>th</sup> quarter of 2011.



Source: on the basis of the data of the Central Bank of the Russian Federation.  
 Fig. 4. The weighted-average data on MHL extended from the beginning of the year



Source: on the basis of the data of the Central Bank of the Russian Federation.  
 Fig. 5. Weighted average data on MHL extended in rubles from the beginning of the year by the region

In the 1<sup>st</sup> quarter of 2013, the monthly weighted average rate on MHL in rubles rose to 12.9%. In the 1<sup>st</sup> quarter of 2013, the weighted average rate on MHL in foreign currency extended from the beginning of the year amounted to 9.7% (Fig. 4).

In the 1<sup>st</sup> quarter of 2013, the weighted-average period of lending as regards MHL in rubles extended from the beginning of the year amounted to 15.04 years having continued growth in the period of lending which took place throughout 2012. The weighted-average period of lending as regards loans in foreign currency does not have an explicit long-term trend and in the 1<sup>st</sup> quarter of 2013 amounted to 13.13 years (Fig. 4).

In March 2013, the monthly weighted-average rate on MHL refinanced by AHML on such products as Standard, Novostroika and Molodye Uchitelya – Standard (Young Teachers – Standard) amounted to 11.61%, which is 0.92 p.p. higher than in March 2012, while the weighted-average period of lending as regards the above products was 17.6 years.

As of April 1, 2013, the average amount of the loan as regards MHL extended in rubles from the beginning of the year rose overall, except St. Petersburg, as compared to January 1, 2013. The rate on the mortgage loan is determined with taking into account such

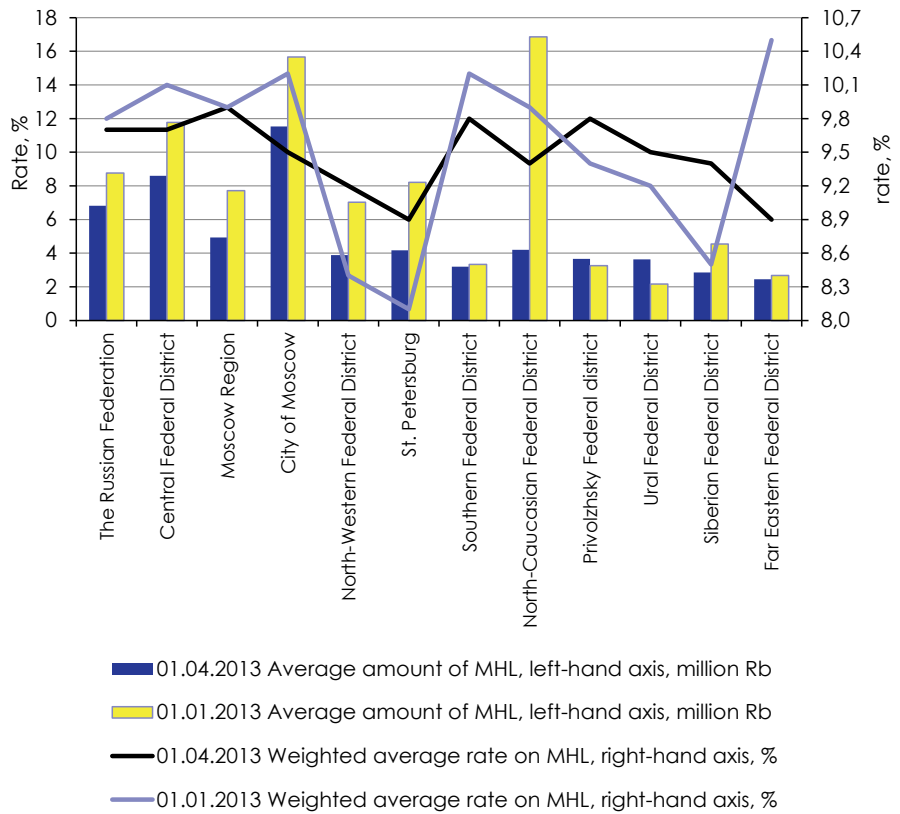
factors as the long-term specifics of a loan, the cost of the attracted funds and risks of lending including the inflation forecasts for 10 to 15 years.

The average amount of the loan in the Russian Federation amounted to Rb 1,579m having gained 7.08% as compared to January 1, 2013. As of April 1, 2013, the largest average amount of the loan (Rb 3,507m) was registered in Moscow, while the lowest one, with the Privolzhsky Federal District (Rb 1,173m). In the 1<sup>st</sup> quarter of 2013, interest rates on MHL in rubles rose by 0.3 p.p. to 0.6 p.p. in all the regions. As of April 1, 2013, the minimum rate on MHL (12.6%) was registered in St. Petersburg (Fig. 5).

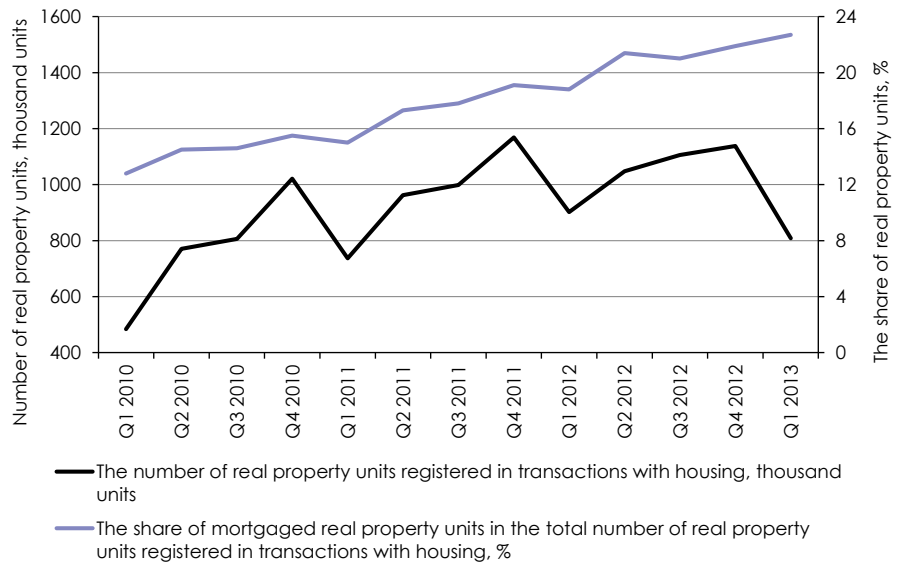
Except for the Privolzhsky Federal District and the Urals Federal District, as of April 1, 2013 the average amount of the loan as regards MHL extended in foreign currency from the beginning of the year decreased as opposed to loans in rubles as compared to January 1, 2013. The average nationwide amount of the loan in a foreign currency fell by 22.19% as compared to January 1, 2013 and amounted to Rb 6,822m. As of April 1, 2013, the largest average amount of the loan (Rb 11,532m) was registered in Moscow, while the lowest one (Rb 2,455m), in the Far Eastern Federal District.

As of April 1, 2013, the minimum rate (8.9%) on MHL in foreign currency was registered in St. Petersburg and the Far Eastern Federal District (Fig. 6).

In the 1<sup>st</sup> quarter of 2013, the share of mortgaged real property units kept growing in the total number of real property units registered in transactions with housing. In the 1<sup>st</sup> quarter of 2013, such a share amounted to 22.7%, which was 3.9 p.p. and 7.7 p.p. higher than in the 1<sup>st</sup> quarter of



Source: on the basis of the data of the Central Bank of the Russian Federation. Fig. 6. The weighted-average data on MHL extended in foreign currency from the beginning of the year by the region



Source: Rosreestr and calculations of OAO AHML. Fig. 7. Dynamics of the number of mortgaged real property units in transactions with housing

2012 and the 1<sup>st</sup> quarter of 2011, respectively (*Fig. 7*). In the 1<sup>st</sup> quarter of 2013, OAO AHML refinanced Rb 11,163bn worth of 7,804 mortgages which was 10.45% and 1.93% lower in the quantitative terms and monetary terms, respectively as compared to the 1<sup>st</sup> quarter of 2012. In April 2013, AHML refinanced Rb 3,814bn worth of 2,600 mortgages which is 21.26% and 7.9% lower in the quantitative terms and monetary terms than in April 2012. The share of AHML-refinanced mortgage loans in the total number of mortgage loans extended in the 1<sup>st</sup> quarter of 2013 amounted to 4.2%, while in 2012, it was 5.9%.

As of May 1, 2013, having carried out 94.05% of the program participants in the Vneshekonombank's program of investment into affordable housing projects extended Rb 141.1bn worth of mortgage loans. The Vneshekonombank turned to the Government of the Russian Federation with a proposal to extend the mortgage program.

From May 31, 2013, AHML intends to reduce mortgage rates by 1.0% to 1.2% on its main programs. Also, VTB24 has announced a 1.0% reduction of mortgage rates on ruble loans. ●