

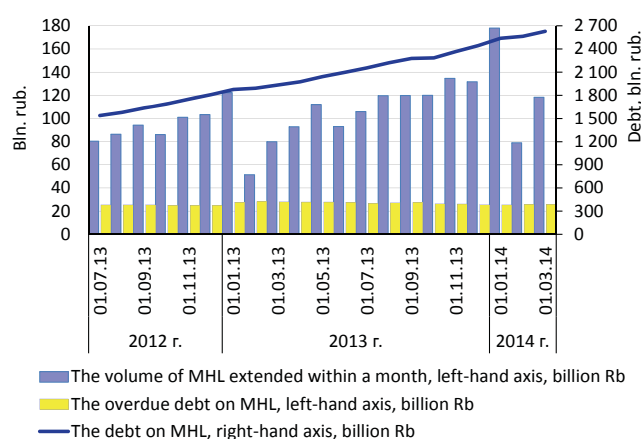
## MORTGAGE IN THE RUSSIAN FEDERATION IN JANUARY–FEBRUARY 2014

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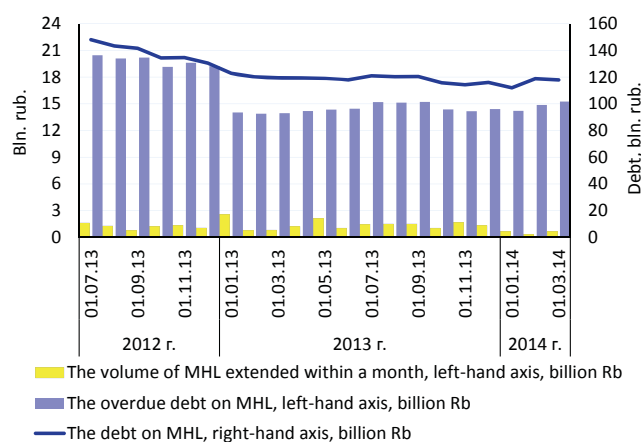
In January–February 2014, Rb 198.175bn worth of 17,797 mortgage housing loans (MHL) were extended which is 1.4 times and 1.5 times more as regards the number of loans and in money terms, respectively, as compared to the indices of January–February 2013. As of March 1, 2014, the outstanding debt on MHL amounted to Rb 2,746 trillion which is 33.73% more than the respective debt as of March 1, 2013. Throughout 2013, the overdue debt as percentage of the outstanding debt on MHL in rubles kept falling and as of March 1, 2014 amounted to 0.98%, while that on MHL in foreign currency rose and as of March 1, 2014 amounted to 12.94%. The debt on MHL with payments overdue for over 180 days decreases as well and amounted to 1.77% of the total debt as of March 1, 2014. The weighted average rate for a month on loans extended from the beginning of the year amounted to 12.3% as of March 1, 2014 against 12.4% for the entire 2013.

According to the data of the Central Bank of the Russian Federation, in January–February 2014 123,913 housing loans (HL) were extended, including Rb 198,175bn worth of 117,797 MHL and Rb 6,554bn worth of 6,116 unsecured housing loans (UHL). The volume of MHL extended in January–February 2014 exceeded by 40.26% and 49.0% the indices of January–February 2013 as regards the number of loans and in money terms, respectively. In February 2014, Rb 118,891bn worth of 70,078 MHL and Rb 4,034bn worth of 3,403 UHL were extended. As of March 1, 2014, Rb 197,194 worth of 117,656 MHL in rubles and Rb 0,981b worth of 141 MHL in foreign currency were extended (Fig. 1 and Fig. 2). The volume of MHL extended in February 2014 exceeded by 39.28% and 47.22% the volume of February 2013 as regards the number of loans and in money terms, respectively. As of March 1, 2014, the outstanding debt on MHL amounted to Rb 2,745.72bn which is 33.73% higher than the respective debt as of March 1, 2013. As of March 1, 2014, the debt on MHL in rubles amounted to Rb 2627,747bn, having exceeded by 3.58% the value of the debt as of January 1, 2014 (Fig.1), while the debt on MHL in foreign currency increased within the same period by 5.34% and amounted to Rb 117,973bn (Fig.2).

As of March 1, 2014, the overdue debt on MHL (Rb 41,115bn) as percentage of the outstanding debt decreased by 0.55 p.p. and amounted 1.5%, while that on UHL (Rb 3,498bn) as percentage of the outstanding debt on UHL, to 3.04%. As of March 1, 2014, the overdue debt on MHL in rubles amounted to Rb 25,852bn (Fig. 1), which is 1.61% higher than the index as of January 1, 2014 (Rb 25,443bn). The share of the overdue debt in the outstanding debt has kept steadily decreasing within a year and amounted to 0.98% as of March 1, 2014 which is 0.47 p.p. lower than the index of March 1, 2013. As of March 1, 2014, the overdue



Source: the data of the Central Bank of the Russian Federation  
Fig. 1. Dynamics of extension and debt on MHL in rubles.



Source: the data of the Central bank of the Russian Federation.  
Fig. 2. Dynamics of extension and debt on MHL in foreign currency

Table 1

## GROUPING OF THE DEBT ON MORTGAGE HOUSING LOANS BY THE PERIOD OF DELAY IN PAYMENTS IN 2014

	The total amount of the debt on MHL, million Rb.	Including							
		Without overdue payments		With payments overdue from 1 day to 90 days		With payments overdue from 91 to 180 days		With payments overdue for over 180 days	
		Million Rb	%	Million Rb	%	Million Rb	%	Million Rb	%
01 Jan.	2648859	2544229	96.05	50593	1.91	6887	0.26	47150	1.78
01 Feb.	2682169	2558789	95.40	67591	2.52	7778	0.29	48011	1.79
01 Mar.	2745720	2613651	95.19	75507	2.75	7963	0.29	48599	1.77

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

debt on MHL in foreign currency increased by 7.43% as compared to January 1, 2014 and amounted to Rb 15,263bn (Fig. 2), while its share in the outstanding debt on mortgage loans in foreign currency increased by 1.27 p.p. as of March 1, 2014 as compared to March 1, 2013 and amounted to 12.94%.

According to the data of the Central Bank of the Russian Federation, as of March 1, 2014 the volume of the debt on defaulted MHL (with payments overdue for over 180 days) amounted to Rb 48,599bn which is 3.07% and 6.62% higher than that as of January 1, 2014 and March 1, 2013, respectively. The share of the defaulted debt in the total debt on MHL kept steadily decreasing within a year and fell by 0.45 p.p. to 1.77% against March 1, 2013 (Table 1). Along with that, as of March 1, 2014 the share of the debt without overdue payments decreased by 0.86 p.p. against January 1, 2014.

In January–February 2014, the monthly weighted average interest rate on MHL in rubles was the same and amounted to 12.3%, while in 2013 the weighted average rate on loans in foreign currency amounted to 12.4%. As of March 1, 2014, the weighted average rate on loans

in foreign currency extended from the beginning of the year amounted to 9.3% against 9.8% and 9.6% as of February 1, 2014 and in 2013, respectively. According to the data of the Central Bank of the Russian Federation, in January 2014 the weighted average rate on ruble loans refinanced by AHML amounted to 10.92% (the data on the products: *Standard*, *Novostroika*, *Molodye Uchitelya* (Young Teachers), *Molodye Uchitelya – Standard* (Young Teachers – Standard), *Molodye Uchenye* (Young Scientists) and *Voennaya Ipoteka* (Military Mortgage) against 12.3%.

According to the data of the Central Bank of the Russian Federation, in February 2014 the weighted average period of lending as regards ruble MHL extended within a month rose to 15.5 years with the average value being equal to 14.7 years in 2013. As of March 1, 2014, the weighted average period of lending (14.8 years) on loans in foreign currency extended from the beginning of the year rose by 1.17 years as compared to the average value of 2013.

In 2013, as regards the number of MHL in rubles extended within a year per 1,000 persons the leaders were

Table 2

## THE BREAKDOWN OF FEDERAL DISTRICTS BY THE NUMBER OF MHL IN RUBLES EXTENDED WITHIN A YEAR PER 1,000 PERSONS OF THE POPULATION

Federal District	January 1, 2014			January 1, 2013		
	The number of MHL per 1,000 persons	Average value of MHL, rubles	Place of the federal district	Number of MHL per 1,000 persons	Average value of MHL, million Rb	Place of the federal district
Urals	7.89	1,720	1	7.57	1,512	1
Privolzhsky	7.09	1,247	2	6.60	1,039	2
Siberian	6.86	1,415	3	6.06	1,256	3
North-Western	6.03	1,799	4	5.05	1,679	6
The Russian Federation	5.73	1,626	5	5.17	1,447	5
Far Eastern	5.36	1,922	6	5.32	1,676	4
Central	4.84	2,089	7	4.03	2,039	7
Southern	4.38	1,473	8	3.58	1,329	8
North Caucasian	1.93	1,491	9	2.87	0,957	9

Source: on the basis of the data of the Central Bank of the Russian Federation and the Rosstat.

## DYNAMICS OF INDICES CHARACTERIZING BORROWERS OF THE RUSSIAN FEDERATION

	The overdue debt as % of the total debt		The volume of MHL early repaid within a year by means of the borrower's funds as % of the volume of the received MHL		The volume of funds collected from borrowers as a result of realization of mortgaged property, % of the overdue debt	
	2013	2012	2013	2012	2013	2012
Moscow	4.23	5.11	37.98	36.09	5.84	9.24
The Moscow Region	3.40	4.65	26.75	25.84	6.01	5.72
The Central Federal District	2.83	3.71	26.90	25.62	6.01	7.82
The North Caucasian Federal District	1.60	2.58	11.74	14.62	2.87	3.33
The Russian Federation	1.49	2.10	19.44	21.10	8.39	10.15
St. Petersburg	1.33	2.17	24.90	27.91	15.89	18.34
The Southern Federal District	1.27	1.83	12.76	15.65	4.05	4.96
The Siberian Federal District	1.00	1.62	13.92	20.28	13.23	11.40
The North-Western Federal District	0.98	1.68	19.00	21.84	12.52	15.89
The Privolzhsky Federal District	0.94	1.41	16.27	16.92	11.71	14.74
The Urals Federal District	0.74	1.04	18.82	21.89	12.99	14.81
The Far Eastern Federal District	0.41	0.56	16.87	19.05	24.44	20.55

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

still the Yamalo-Nenets Autonomous Region (11.55 MHL per 1,000 persons), the Tyumen Region (10.4), the Khanty-Mansiisk Autonomous Region (10.34), the Republic of Udmurtia (9.62) and the Republic of Tatarstan (8.65). Among federal regions, the leader was still the Urals Federal District, while the North Caucasian Federal Districts was the last one (*Table 2*). As regards financial volumes of the extended MHL, mortgage lending leaders, such as St. Petersburg (5.52), the Moscow Region (5.48) and Moscow (3.41) occupied the 46<sup>th</sup> place, the 49<sup>th</sup> place and the 82<sup>nd</sup> place, respectively.

In 2013 as in 2012, Moscow had the largest volume of the overdue debt as percentage of the total debt (*Table 3*). At the same time, as regards the volume of funds collected from borrowers Moscow is behind most of the regions. In 2013, as compared to 2012 and 2011 the general trend – which is typical of federal regions – of reduction of the share of the overdue debt in the outstanding debt prevailed, that is, the quality of regional mortgage portfolios was upgraded. As regards the volume of early repaid loans as percentage of the volume of the received loans the leaders are Moscow, the Moscow Region and the Central Federal District, in general. The lowest index as regards the funds collected from borrowers as a result of realization of mortgaged property as percentage of the overdue debt was registered with the North Caucasian Federal District, while the highest one, with the Far Eastern Federal District (*Table 3*).

According to the data of the Central Bank of the Russian Federation, the 2013 trend of reduction of the

debt on MHL in foreign currency in the total debt continued in 2014. According to the data of the Central Bank of the Russian Federation, as of March 1, 2013 the share of the debt on MHL in foreign currency in the total debt amounted to 4.3%, having decreased by 1.53 p.p. and 0.13 p.p. as compared to March 1, 2013 and February 1, 2014, respectively. Though as of March 1, 2014 the share of MHL in foreign currency in the volume of the extended loans increased by 0.1 p.p. as compared to February 1, 2014, it fell by 0.62 p.p. as compared to January 1, 2014 and amounted to 0.5%.

In the 1<sup>st</sup> quarter of 2013, the AHML refinanced Rb 9,555bn worth of 6,257 mortgages which is 19.82% and 13.68% lower as regards the number of loans and in money terms, respectively, than the result of the 1<sup>st</sup> quarter of the previous year. The share of loans as regards the *Materinsky Kapital* (Maternity Capital) program amounted to 10.36% of the total volume of refinancing in money terms with the average value of a loan being equal to Rb 1.5bn, while that as regards the *Voennaya Ipoteka* (Military Mortgage) program, to 35.07% with the average value of a loan equal to Rb 2,113m. In March 2014, the AHML refinanced Rb 4,311bn worth of 2732 mortgages which is 30.96% and 25.26% higher in money terms and as regards the number of loans, respectively, than the result of February 2014. The share of loans refinanced by AHML in the total number of MHL extended in February 2014 amounted to 3.0%, while that in January, to 3.2%. The average price of housing purchased by means of loans refinanced by AHML in January 2014 was formed at

the level of Rb 47,000 a sq. meter with the average floorspace of housing purchased by means of a mortgage being equal to 47.5 sq. m.

In April 2014, 100 bids worth over Rb 38bn were submitted for OAO AHML's corporate bonds with A30 series government guarantees and a par value of Rb 6bn.

In accordance with the December Message of the President of the Russian Federation, the Ministry of Housing and Building prepared a draft of the *Housing*

*for Russian Families* program. According to the program, it is expected that private companies will build additionally at their own account 25m sq. meters of economy class housing by 2017 at a price of maximum Rb 30,000 a sq. meter with the AHML compensating at its own account expenses related to utility infrastructure and provision of land plots on favorable terms. By estimates, builders' total costs will amount to Rb 750bn, including Rb 100bn worth of expenses on the utility infrastructure. ●