

MORTGAGE IN THE RUSSIAN FEDERATION IN SEPTEMBER 2015

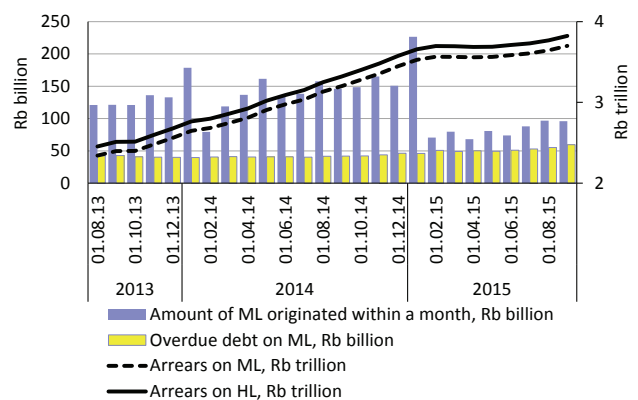
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Since the turn of the year to 1 September 2015, 396,198 mortgage loans (ML) totaling Rb 653.25 bn were originated. This is below the volume of loans extended for the corresponding period of 2014 in numerical terms (by 36.24%) and in monetary terms (by 39.14%), the volume of residual debt of ML amounts to Rb 3.7 trillion and by 15.64% exceeded indebtedness registered as of 1 September 2014. Outstanding debt on ML less past-due payments as of 1 September 2015 up to Rb 3.47 trillion, and in percent to the overall volume of indebtedness down 0.3 p.p. and amounted to 93.73%. Monthly weighted average interest rate on ML in rubles from 1 April 2015 to 1 September down 0.75 p.p. and equaled 13.78%.

According to the Central Bank of Russia, since the turn of the year to 1 September 2015, 406,476 housing loans (HL) were originated totaling Rb 665.79 bn. Of which, 396,198 mortgage loans (ML) were extended amounting to Rb 653.25 bn which is by 36.24% less in quantitative terms and by 39.14% in monetary terms of the loan volume extended as of 1 September 2014. Over August 2014, residual debt on HL up 2.45% to Rb 3.82 trillion and on ML – 1.52% to Rb 3.7 trillion. Latter by 15.64% exceeds the volume of past-due debt on ML as of 1 September 2014. As of 1 September 2015, past-due debt on HL amounted to Rb 64.05 bn and on ML – Rb 59.57 bn. Outstanding debt on ML over August 2015 up 8.13% in monetary terms and up 0.1 p.p. in percent of the residual debt and constituted 1.61% (Fig. 1).

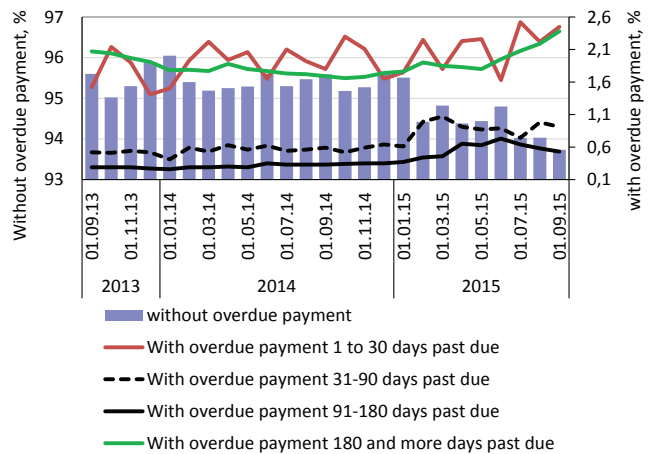
According to the CBR as of 1 September 2015, debt on ML with overdue payment of 180 days and more (default loans) amounted to Rb 88.09 bn or 2.38% of the overall amount of debt (Fig 2) which is 0.69 p.p. more compared to 1 September 2014 and 0.19 p.p. more against 1 August 2015. As of 1 September 2015, debt on ML without overdue payment went up to Rb 3.47 trillion and in percent of the overall debt amount decreased over August by 0.3 p.p. and came to 93.73% (Fig. 2).

As of 1 September 2015, judging by the number of ML originated year-to-date per a thousand of population Urals, North-Western and Volga federal districts took first, second and third place, respectively (Table 1). As of 1 September 2015, on average 2.71 ML per a thousand of population were originated across the Russian Federation which is nearly 1.5 times lower than as of 1 September 2014. Among the RF constituents, Yamal-Nenets autonomous district leads with 4.9 loans per a thousand of population. Among the federal districts, the Central district boasts of the highest percent of past-due debt of the residual debt (2.79%), and among the RF constituents Moscow leads with 4.77%.



Source: Central Bank of Russia.

Fig. 1. Dynamics of mortgage lending



Source: Central Bank of Russia.

Fig. 2. Debt on ML grouped by payment delay terms in percent of principal debt total

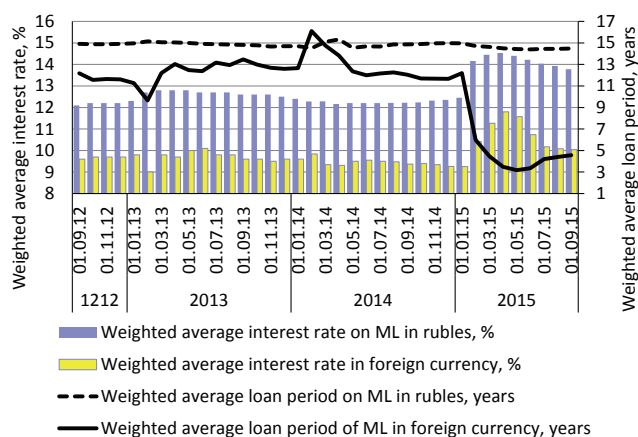
According to the CBR, weighted average interest rate on ML originated from the turn of the year in rubles, from 1 April 2015 to 1 September shrank by 0.75 p.p. to 13.75% (Fig. 3). Weighted average interest rate on ML originated from the turn of the year in foreign currency from 1 September to 1 September went down by 1.76 p.p. and amounted to 10.04%.

Table 1

**BREAKDOWN OF REGIONS REGARDING NUMBER OF ML PER A THOUSAND OF POPULATION ORIGINATED
YEAR-TO-DATE**

Federal district	Number, units	Value, Rb mn	Debt, Rb mn	Outstanding debt in % to residual debt	Place of regions according to number of ML	Outstanding debt in % to residual debt	Number of ML		Outstanding debt in % to residual debt
							01.09.2015	01.09.2014	
Urals	3.63	5.99	38.08	1.06	I	VIII	II	VIII	
North-Western	3.55	6.11	31.02	1.31	II	IV	III	V	
Volga	3.31	4.33	22.60	0.97	III	IX	I	VII	
Siberian	2.85	4.04	26.30	1.23	IV	V	IV	VI	
Russian Federation	2.75	4.47	25.30	1.61	V	II	V	III	
Far Eastern	2.70	5.18	30.62	0.64	VI	X	VI	IX	
Central	2.38	5.05	28.43	2.79	VII	I	VII	I	
Sothern	2.15	3.22	17.76	1.14	VIII	VII	VIII	IV	
North-Caucasus	0.98	1.49	8.07	1.60	IX	III	IX	II	
Crimea	0.03	0.07	0.11	1.22	X	VI	*	*	

Source: Central Bank of Russia.



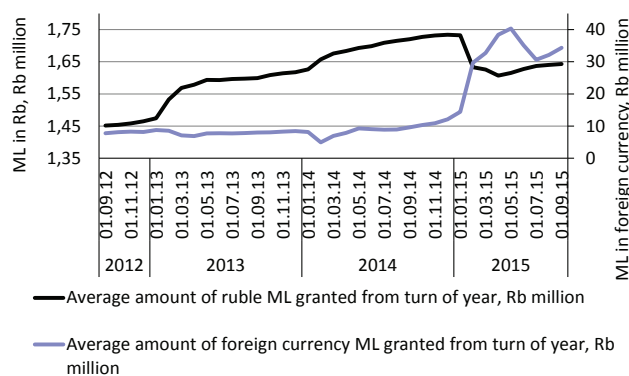
Source: Central Bank of Russia.

Fig. 3. Dynamics of weighted average interest rate and weighted average loan period on ML originated from the turn of the year

Weighted average loan period on ML in rubles originated from the turn of the year, as of 1 September constituted 14.48 years. On foreign currency loans weighted average loan period as of 1 September 2015 constituted 4.56 years (Fig. 3).

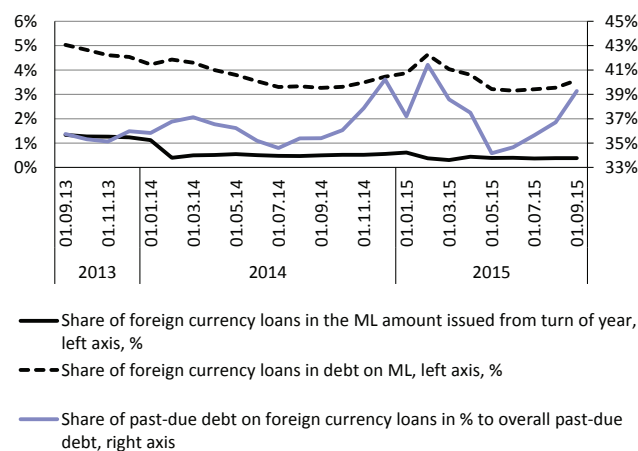
As of 1 September 2015, average amount of ML originated from the start of the year in rubles constituted Rb 1.643 mn falling by 5.71% and corresponding amount in foreign currency went up by 2.37-fold totaling Rb 34.33 mn (Fig. 4).

As of 1 September 2015, the share of foreign currency loans in the volume of ML originated from the turn of the year constituted 0.38% (Fig. 5). Due to low volume of foreign currency loans the share of foreign currency in debt on ML continues falling and as of 1 September 2015 constituted 3.58%. Whereas, the



Source: Central Bank of Russia.

Fig. 4. Dynamics of average ML amount, extended from turn of year



Source: Central Bank of Russia.

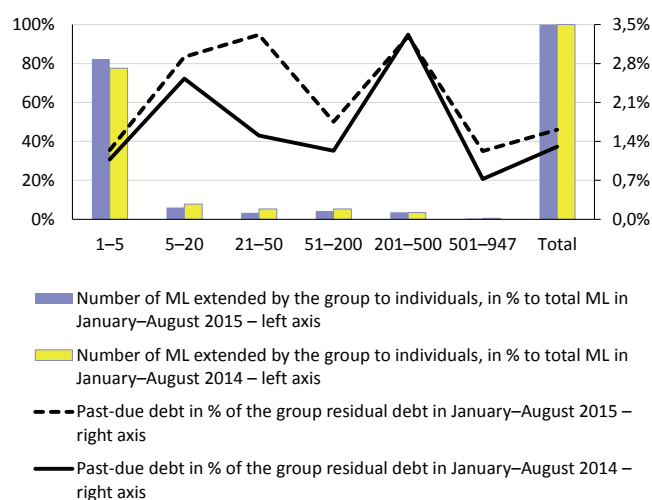
Fig. 5. Dynamics of ration Rb/foreign currency in housing mortgage loans

share of past-due debt on ML denominated in foreign currency in the overall outstanding debt remains high and as of 1 September 2015 came to 39.27% (Fig. 5). Thus, the share of loan arrears on ML denominated in foreign currency in the overall outstanding debt 10.97-fold exceeds the share of debt on ML denominated in foreign currency of the overall debt.

In January–August 2015, the share of five major banks (first group of credit organizations) ranked by the amount of assets (in descending order) in the overall number of ML extended to individuals went up to 82.33% (Fig. 6) against 77.63% for the same period of 2014.

For January–September 2015, 14 issues of mortgage-backed bonds for the total of Rb 63.58 bn were performed according to JSC Agency for Housing Mortgage Lending (AML). Whereas, 12 transactions totaling Rb 57.1 bn were performed with any form of AML participation.

Experts of AML together with Russian Ministry of Construction and market participants are developing a number of amendments into the law “On shared-equity construction of apartment buildings and other real estate facilities and on the introduction of amend-



Source: Central Bank of Russia.

Fig. 6. Dynamics of extended ML and outstanding debt along groups of credit organizations, ranked by the amount of assets

ments into certain legislative acts of the Russian Federation” aimed at stricter control over targeted use of funds of individuals and information transparency of developer. ●