

## MORTGAGE IN THE RUSSIAN FEDERATION IN NOVEMBER 2015

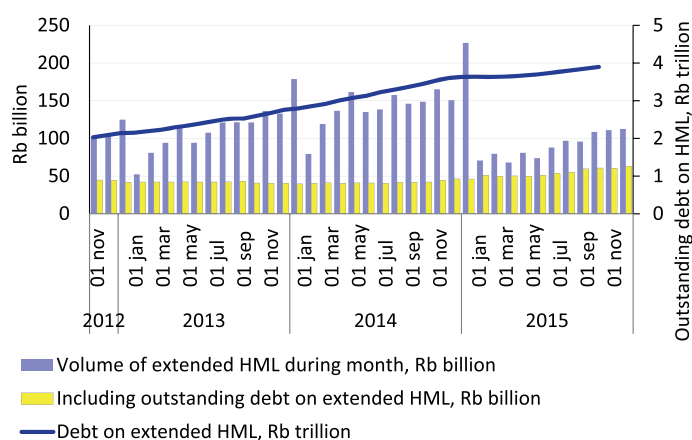
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*The volume of housing mortgage loans (HML) (Rb 985.29 bn) originated during January–November 2015 fell against the volume of HML originated over the same period of 2014 by 32.66% in quantitative terms and by 35.92% in monetary terms. The share of past-due debt in residual debt on HML for November 2015 has gone up in ruble loans by 0.02 p.p. to 1.05%, and on foreign currency loans – by 0.71 p.p. to 19.41%. Weighted average rate on HML in rubles extended during the month, for November 2015, has come to 12.29%, down 0.60 p.p. against October 2015 and down 2.42 p.p. maximum level posted in February 2015. The latter is due to the effective State program.*

In November 2015, according to data released by the Central Bank of Russia, 67 483 housing mortgage loans were originated to the tune of Rb 112.46bn (Fig. 1) up 2.99% on the quantity of loans and 1.32% in volume terms against October. As of 1 December 2015, since the turn of the year 594,242 HML have been originated totaling Rb 985.29bn in the context of debt to the tune of Rb 3,837.75bn (Fig. 1). At the same time, housing mortgage loans were extended less by 32.66% in quantitative terms and by 35.92% in monetary terms against 1 December 2014. Nevertheless, the relative share of mortgage in residential loans continues growing and as of 1 December 2015 since the turn of the year came to 97.69% of the total volume of residential loans (RL) as against 95.43% as of 1 December 2014. From the turn of the year, average HML value denominated in rubles and in foreign currency as of 1 December 2015 constituted Rb 1.65bn in rubles and Rb 34.11bn in foreign currency, down against 1 December 2014 by 4.65% in rubles and up 2.8 times in foreign currency. The volume of HML originated as of 1 December 2015 came to Rb 1,002.51bn or 608,293 loans in the context of debt totaling Rb 3.96bn (Fig. 1).

Past-due debt on HML as of 1 December 2015 up 3.69% in comparison with 1 November and came to Rb 62.71bn. At the same time, the share of past-due debt in the residual debt on HML for November 2015 went up on ruble loans by 0.02 p.p. and constituted 1.05%, and on foreign currency loans – by 0.71 p.p. to 19.41%.

According to the Central Bank of Russia, as of 1 December 2015, the share of debt on HML down 1.77 p.p. against 1 December 2014 and came to 93.85%. The share of debt on default loans (with 180 and more days past due) in the overall amount of HML debt went up against 1 December 2014 by 0.66 p.p. and constituted 2.4%.



Source: Central Bank of Russia.

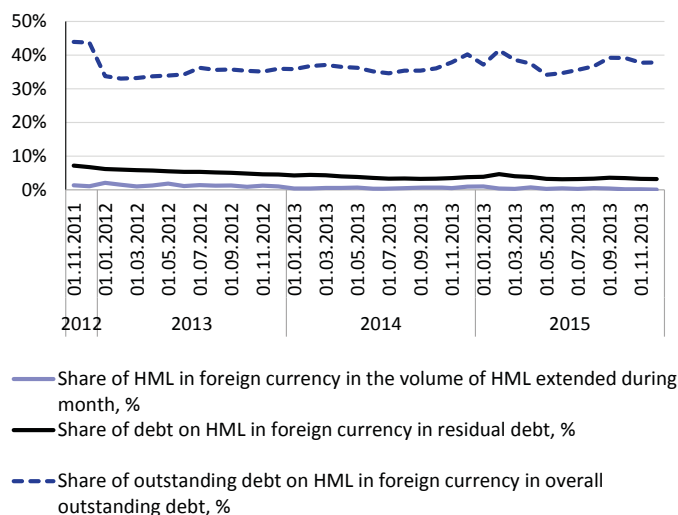
Fig. 1. Dynamic of HML origination

The share of HML denominated in foreign currency in the overall extended in November 2015 loans constituted 0.05% down 0.11 p.p. against October 2015. As of 1 December 2015, the share of such loans in the residual debt declined compared to 1 November 2015 by 0.04 p.p. and constituted 3.18%, and the share of outstanding debt on HML denominated in foreign currency in the overall outstanding debt came to 37.82% (Fig. 2).

Weighted average rate on HML originated during the month, as of November 2015, came to 12.29% down 0.6 p.p. against October 2015 and down 2.42 p.p. against maximum value posted in February 2015 (Fig. 3). Weighted average rate on HML in rubles originated during the month constituted 12.3% for November 2015 falling over the month by 0.59 p.p. Weighted average rate on ruble HML extended from the turn of the year as of 1 December 2015 constituted 13.43%, and on foreign currency HML – 9.84%.

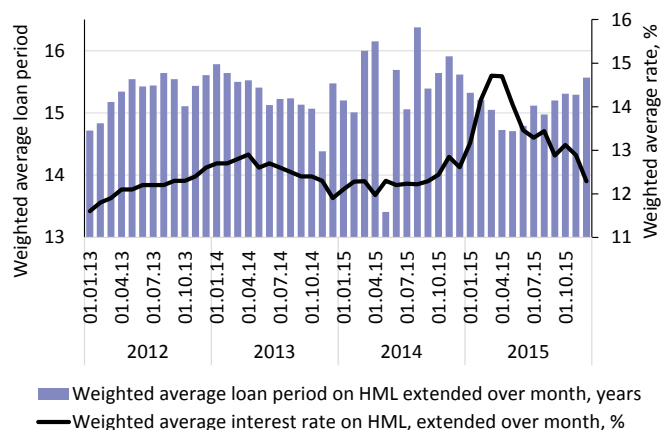
In November 2015, weighted average loan period on ruble HML extended during the month amounted to 15.07 years (Fig. 3), and weighted average loan period on ruble HML – 14.99 years. Weighted average loan period on ruble HML originated since the turn of the year amounted to 14.62 years and on foreign currency HML – 4.42 years.

The share of loans without collateral (difference between residential loans and HML) originated during 11 months of 2015 as of 1 December declined against 1 December 2014 by 66.72% to 14,051 and in volume terms – by 65.03% to Rb 17.22bn. The share of loans without collateral extended during the month in percent of residential loans for November 2015 fell in quantitative terms by 0.41 p.p. to 1.07% and in



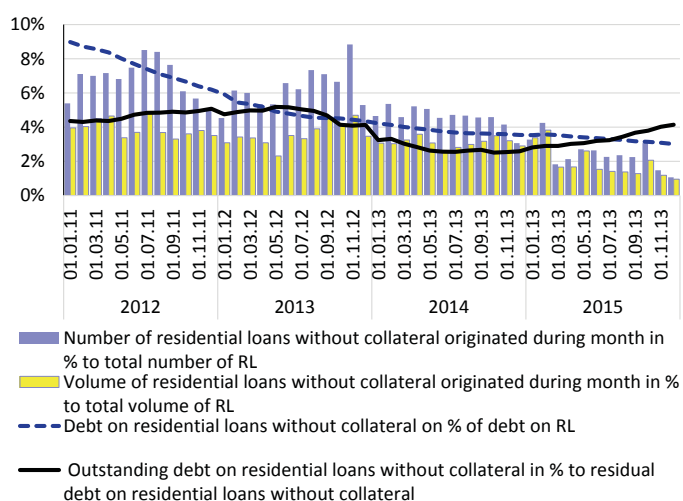
Source: Central Bank of Russia data.

Fig. 2. Dynamic of HML in foreign currency in major indicators of HML



Sources: Central bank of Russia, OAO "AIZHK".

Fig. 3. Weighted average loan periods and interest rates on ruble HML extended during month



Source: Central Bank of Russia.

Fig. 4. Dynamic of residential loans origination without collateral

volume terms – by 0.22 p.p. to 0.96%. Debt on loans without collateral in percent to debt on residential loans is consistently falling and as of 1 December 2015 came to 3.02%. Average amount of loan without collateral went up by Rb 1.5mn during November, but remains below the average value of HML (Rb 1.67 mn).

According to the RF Government Program on supporting mortgage lending in 2015, which will be extended till April 2016, the average interest rate on HML should not exceed 12%. The difference (i.e. all above that amount) should be covered by the subsidies from the federal budget. According to data released by OAO “AIZHK”, according to this Program subsidizing of mortgage rates on the primary market in 2015, over 200 thousand loans (30%) were extended with the interest rate of 12% and less. ●