

MORTGAGE IN THE RUSSIAN FEDERATION IN DECEMBER 2015

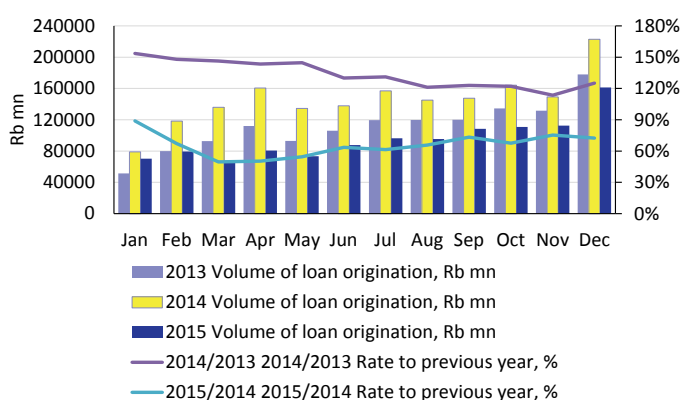
G.Zadonsky

In 2015, 691943 housing mortgage loans (HML) were originated totaling to Rb 1.15 trillion, which demonstrate a reduction against 2014 in quantitative terms by 31.68% and in value terms – by 34.96%. The HML portfolio quality deteriorate. In 2015 against 2014, outstanding debt denominated in rubles as a share of residual debt went up by 0.19 p.p. to 1.04% and in foreign currency – by 7.81 p.p. to 20.37%. In 2015, weighted average ruble rate on HML for the year against 2014 moved up by 0.88 p.p. to 13.33%, and weighted average rate in foreign currency moved up by 0.57 p.p. to 9.82%.

In 2015, according to CBR 691943 housing mortgage loans (HML) were originated to the tune of Rb 1.147 trillion, which shows a decline against 2014 in quantitative terms by 31.68% and in value terms – by 34.96%. In 2014 against 2013, these data indicated excess of 22.76% and 30.30%, respectively.

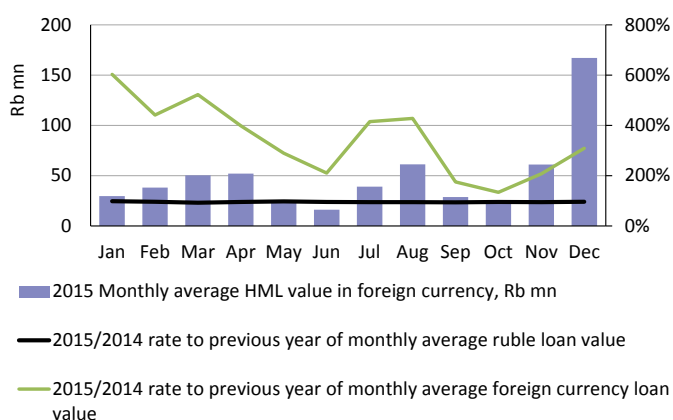
In December 2015, according to CBR, 97696 HML denominated in rubles were originated to the tune of Rb 161.22 bn. In December 2015 compared to December 2014, the HML growth rate down to 74.98% of the number of loans and to 71.87% in value terms, which is a far cry from December 2014 against December 2013 – by 123.29% in quantitative terms and by 126.1% in monetary terms (Fig. 1).

Average value of HML denominated in rubles originated in 2015 came to Rb 1.65mn down 4.59% against 2014. Average value of HML denominated in foreign currency originated in 2015 reached Rb 41mn per credit (Rb 3.77bn with a total number of 91 credits). In December 2015, barely 5 foreign currency loans were originated, which value averaged Rb 167mn. In 2015, average HML value denominated in rubles is in the range between minimum Rb 1.57mn and maximum Rb 1.69mn, then average HML value denominated in foreign currency hiked from Rb 16mn to Rb 167mn (Fig. 2).



Source: data released by CBR.

Fig. 1. Dynamics of ruble RL origination during month



Source: data released by CBR.

Fig. 2. Dynamics of monthly average HML value

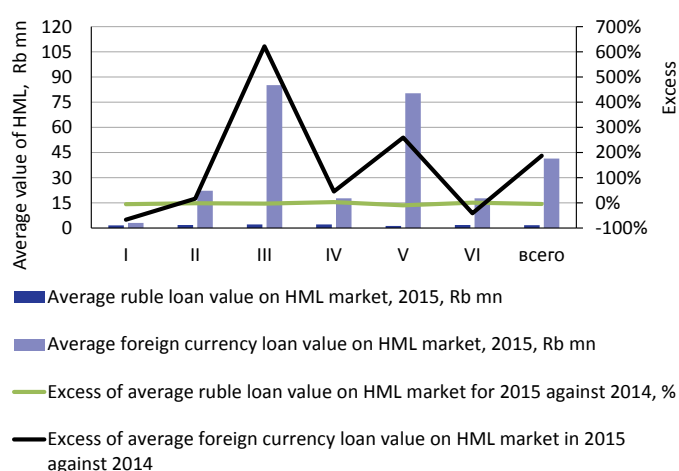
As of 1 January 2016, debt on HML came to Rb 3.92 trillion. Outstanding debt on HML hit Rb 66.08bn or 1.69% of the residual debt and up 0.38 p.p. than that on 1 January 2015. As of 1 January 2016 against 1 January 2015, the share of outstanding debt in residual debt went up on HML denominated in rubles by 0.19 p.p. to 1.04%, and on loans denominated in foreign currency moved up by 7.81 p.p. to 20.37% which shows decline of the HML portfolio quality denominated in rubles and in foreign currency.

As of 1 January 2016, according to CBR, the share of debt on HML less past-due payments to the total debt on HML down 0.85 p.p. compared to 1 January 2015 and came to 94.66%. The share of debt on default loans (with 180+ days overdue payments) in the total debt on HML went up during this period by 0.71 p.p. and constituted 2.47%.

According to CBR, of 6 groups of credit institutions grouped according to assets volume (in descending order), the share of the first group of five credit institutions with largest assets in the overall volume of extended HML during 2015 constituted 79.81% in quantitative terms and 77.11% in value terms adding 2.72 p.p. and 2.44 p.p., respectively compared to 2014.

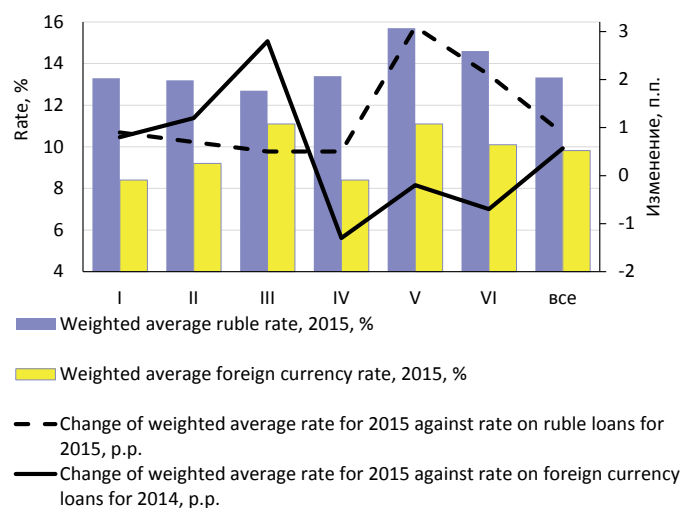
The lowest average value of HML denominated in rubles for 2015 (Rb 1.24mn, 23121 loans) was registered in group V, and the highest average value of HML denominated in foreign currency (Rb 766mn, 9 loans) was registered in group III (Fig. 3). Highest growth of the average HML denominated in foreign currency was registered in groups III and V by 621.5% and 259.3%, respectively. Maximum decrease of the average value of HML denominated in rubles was registered in group V – 10.1% (Fig. 3).

In 2015, weighted average annual rate on HML denominated in rubles increased against 2014 by 0.88 p.p. and came to 13.33% with maximum growth in group V by 3.1 p.p. to 15.7%. Regarding foreign currency HML weighted average annual rate moved up by 0.57 p.p. and came to 9.82%. The weighted average rates for 2015 on foreign currency loans fell during the year in group IV (8.4%), V (11.1%) and VI (10.1%) by 1.3 p.p., 0.2 p.p. and 0.7 p.p., respectively (Fig. 4).



Source: data released by CBR.

Fig. 3. Dynamics of average HML value across 6 groups of credit institutions ranked along assets amount (in decreasing order)



Source: data released by CBR.

Fig. 4. Dynamics of weighted average rate on HML across 6 groups of credit institutions ranked along assets volume (in decreasing order)

Weighted average loan period for 2015 for ruble HML constituted 14.7 years and for foreign currency loans – 4.0 years. According to CBR, in 2015, acquisition of receivables on HML by credit institutions went up by 9.3% against 2014 and constituted Rb 115.84bn. Acquisition of receivables on ruble loans moved up by 12.4% and came to 81.16bn and on foreign currency loans increased by 2.6% and totaled Rb 34.682bn. In 2015, the highest volume of receivables on HML was registered in group III and in foreign currency – in credit institutions of group VI.

State program on interest rate subsidization for newly constructed mortgage loans was developed in early 2015. It was designed to support construction building sector and preclude drastic growth of mortgage loans rates for purchase of property in newly building following growth of the key rate to 17% and consequently mortgage rates growth to 15-18% per annum. Overall from March to December 2015, 210600 mortgage loans to the tune of Rb 374.5bn were originated, which constitutes around 40% of all loans extended during this period.

During 2007–2015, the volume of housing mortgage loans extended by the Agency for Housing Mortgage Lending to military men constituted Rb 79.74bn. In AHML, the share of military mortgage in the total portfolio has come to over 14%. ●