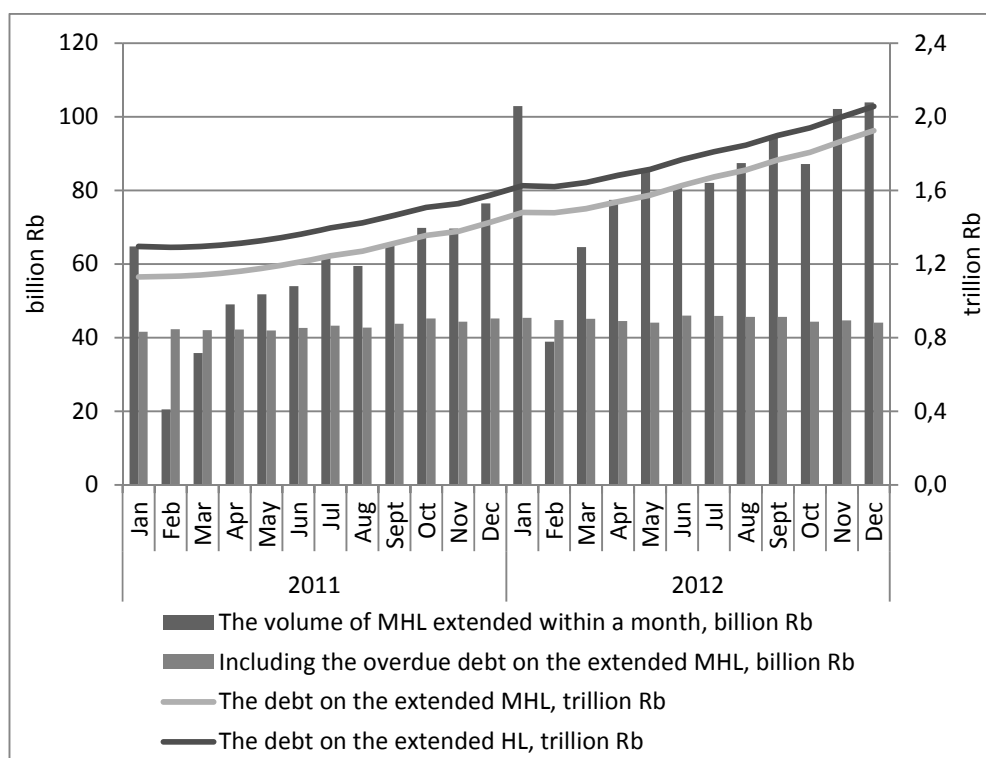


Georgy Zadonsky

Mortgage in the Russian Federation

In 12 months of 2012, the volume of mortgage housing loans (MHL) exceeded by 47.3% that in the same period of 2011 and amounted to Rb 904.6bn, despite the continued growth in the weighted average rate on MHL in rubles extended within a month. In November 2012, the weighted average rate amounted to 12.5%. In November 2012, the overdue debt as percentage of the outstanding debt on MHL in rubles decreased to 1.38%, while that on MHL in foreign currency increased to 15.35%.

According to the data of the Central Bank of the Russian Federation, as of December 1, 2012, from the beginning of the year 611,487 mortgage housing loans (MHL) for the total amount of Rb 904.6bn were extended with the debt amounting to Rb 1,923.5bn. From the beginning of 2012, the number of loans and the volume of loans in monetary terms were 36.1% and 47.3% higher, respectively, than those as of December 1, 2011. As of December 1, 2012, the volume of housing loans (HL) amounted to Rb 943.5bn or 657,994 loans with the debt of Rb 2,055.1bn. In November 2012 (Fig. 1), Rb 103.9bn worth of MHL was extended, which figure is 1.82% higher than in October. As of December 1, 2012, the overdue debt on MHL decreased by 2.36% as compared to November 1 and amounted to Rb 44.1bn. It is to be noted that in November 2012 the share of the overdue debt in the outstanding debt on MHL decreased by 0.06 p.p. as regards loans in rubles to amount to 1.38% and increased by 0.19 p.p. as regards loans in foreign currency to amount to 15.35%. In November 2012, the total overdue debt as percentage of the total outstanding debt decreased by 0.1 p.p. and amounted to 2.29% as of December 1.

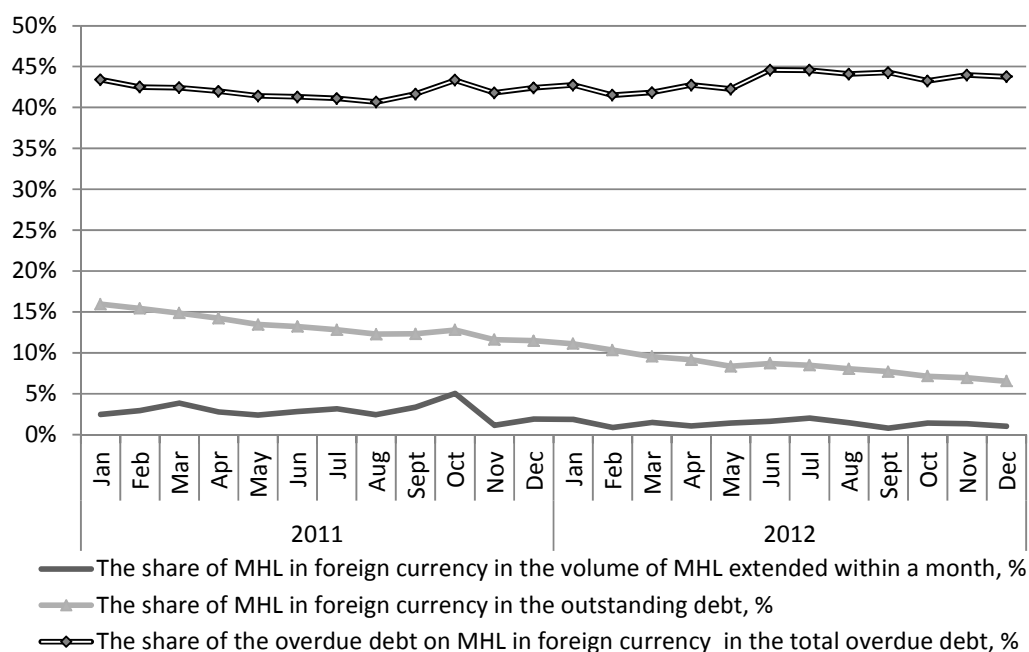


Source: the data of the Central Bank of the Russian Federation

Fig. 1. Dynamics of provision of housing loans

According to the data of the Central Bank of the Russian Federation, in November 2012 the share of the debt on MHL without overdue payments as percentage of the total debt on MHL increased by 0.09 p.p. and amounted to 94.87%. The share of the debt on defaulted loans (with payments overdue for over 180 days) in the total debt on MHL fell by 0.19 p.p. and amounted to 2.46%.

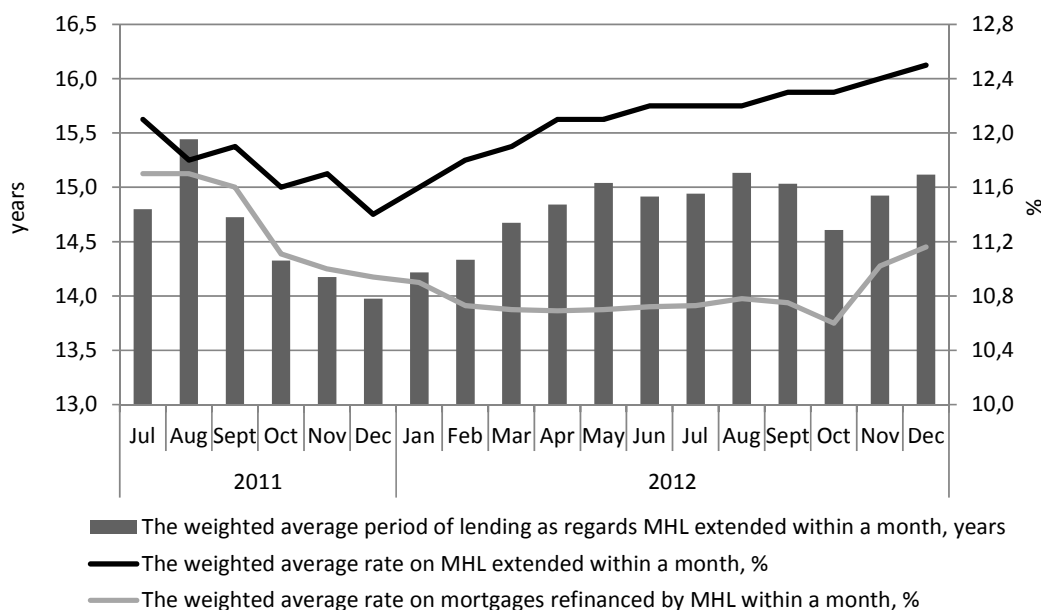
The share of MHL in foreign currency in the volume of loans extended in November 2012 amounted to 1.03% which is 0.3 p.p. lower than in October 2012. As of December 1, 2012, the share of such loans in the outstanding loan decreased by 0.4 p.p. as compared to November 1 and amounted to 6.54%, while the share of the overdue debt on MHL in foreign currency in the total overdue debt amounted to 43.76% as of December 1, 2012 (Fig. 2).



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

Fig. 2. Dynamics of correlation of rubles/foreign currency in the main MHL indices

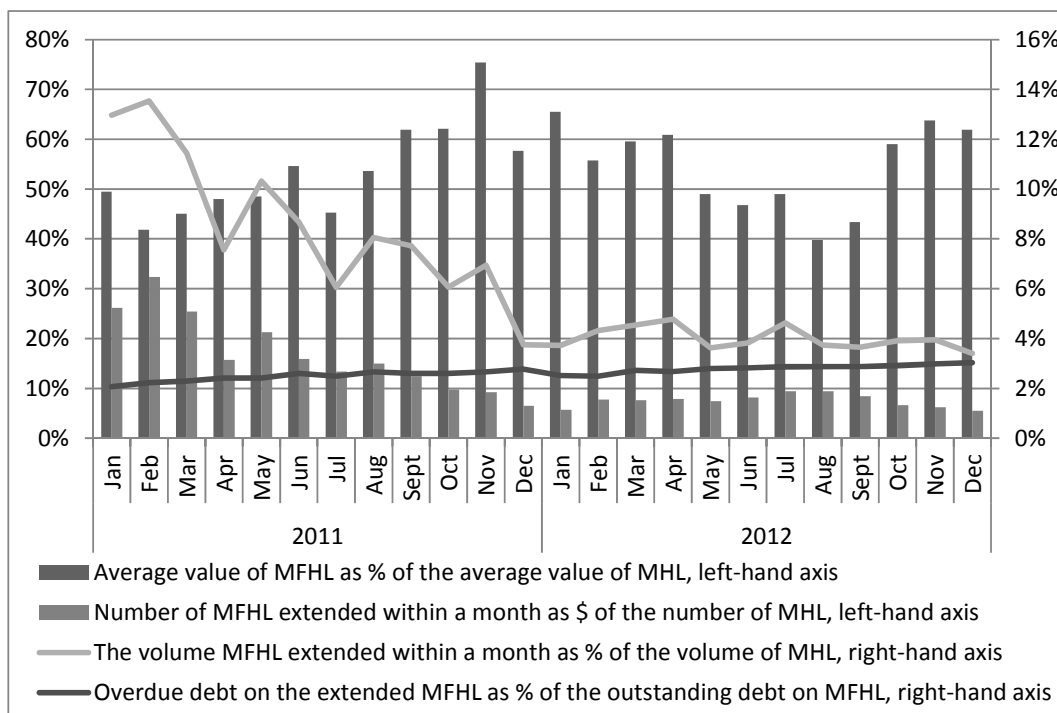
In November 2012, the weighted average rate on MHL in rubles extended within a month amounted to 12.5%, which is 0.1 p.p. and 1.1 p.p. higher than in October 2012 and November 2011, respectively. In November 2012, the weighted average rate on loans refinanced by OAO Agency for Housing Mortgage Lending (AHML) amounted to 11.16%, which is 0.56 p.p. higher than the minimum rate in September 2012 (Fig. 3). In the same period, the weighted average rate on HL in rubles extended within a month amounted to 12.6%, having gained 0.1 p.p. and 1.0 p.p. within a month and a year, respectively. As of December 1, 2013, the weighted average rate on MHL in rubles extended from the beginning of the year amounted as in the previous two months to 12.2%, while that on MHL in foreign currency to 9.7% as in the previous two months. In November 2012, the weighted average period of lending as regards MHL in rubles extended within a month amounted to 15.12 years (Fig. 3), while that as regards HL in rubles, to 15.0 years. As of December 1, 2012, the weighted average period of lending as regards MHL in foreign currency extended from the beginning of the year amounted to 11.6 years.



Source: the Central Bank of the Russian Federation and OAO AHML

Fig. 3. The weighted average periods as regards MHL in rubles extended within a month and interest rates on such loans.

Housing loans (HL) include apart from MHL (that is, mortgage loans) mortgage-free housing loans (MFHL), as well. If the overdue debt on MHL in rubles as percentage of the outstanding debt kept decreasing and amounted to 1.38% as of December 1, 2012, the respective index as regards MFHL in rubles kept growing and amounted to 3.03% as of December 1 (Fig. 4). As risks related to provision of such loans are higher than those of MHL, the average value of such loans is lower than that of MHL and as of December 1, 2012 the average MFHL in rubles amounts to 62% of the average MHL in rubles (Fig. 4).



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

Fig. 4. Dynamics of provision of non-mortgage housing loans (MFHL)

In January-December 2012, AMHL¹ refinanced 45,489 MHK for the total amount of Rb 61.39bn. In January-November 2012, the share of loans refinanced by AHML in the total volume of MHL in rubles amounted to 6.1%, which is 1.3 p.p. lower than in the same period of 2011. According to the estimates of AHML, in the total volume of loans refinanced by the Agency, social products amount to about 30%. In 2013, AHML expects to refinance over Rb 24bn worth of loans within the frameworks of all the social programs. The Agency plans to spend Rb 15bn and Rb 6bn on the *Military Mortgage* Program and the *Maternity Capital* Program, respectively. Also, about Rb 1bn and Rb 3bn are expected to be spent on the *Young Scientists* Program and the *Young Teachers* Program, respectively.

ZAO Ipotechny Agent NOMOS² has completed placement of Rb 5bn worth of A- and B-class mortgage-backed bonds with the maturity date of November 7, 2045. The Federal Financial Market Service of the Russian Federation registered the issue and prospectus of the above mortgage-backed bonds on November 29, 2012.

¹ OAO Agency for Housing Mortgage Lending (AHML) was established by [the Government of the Russian Federation](#) in 1997 to ensure liquidity of Russian commercial banks which provide long-term housing loans to households by means of purchasing of rights of claim under such loans with use of funds attracted through placement of the Agency's bonds on the [stock market](#).

² Ipotechny Agent NOMOS, a closed joint-stock company was established on November 15, 2011 as a mortgage agent in accordance with Federal Law No. 152-FZ of November 11, 2003 on Mortgage-Backed Securities for carrying out securitization of mortgage loans of NOMOS-BANK, an open-end joint stock company.