

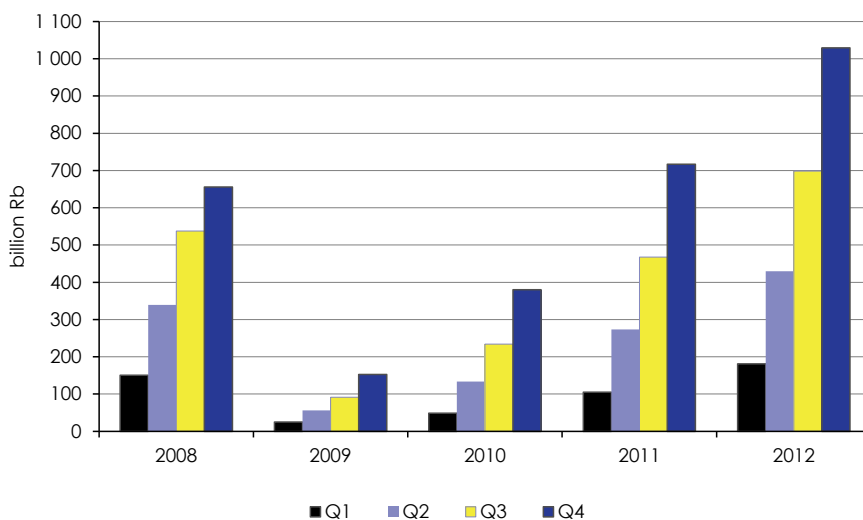
MORTGAGE IN THE RUSSIAN FEDERATION IN 2012

G.Zadonsky

Though the lending rate on mortgage housing loans (MHL) in rubles increased from 11.4% as of December 1, 2011 to 12.7% as of January 1, 2013 the volume of mortgage housing lending in 2012 increased 32% and 44% as regards the number of loans (690,661 loans) and in money terms (Rb 1,029 trillion), respectively, as compared to 2011. As of January 1, 2013, the share of the debt on MHL without overdue payments as a percentage of the total amount of the debt on MHL increased by 1.87 p.p. as compared to January 1, 2012 and amounted to 95.93%. The share of MHL in foreign currency in the volume of the extended loans keeps decreasing and amounted to 1.42% in 2012.



Source: OAO AHML (on the basis of the Rosreestr's data).
Fig. 1. Dynamics of the residential real property market



Source: the data of the Central Bank of the Russian Federation.
Fig. 2. Dynamics of mortgage housing lending with cumulative result from the beginning of the year

In 2012, the share of mortgaged real estate units in the total number of real estate units registered in real estate transactions kept growing and increased by 3.3 p.p. within a year (Fig. 1).

According to the data of the Central Bank of the Russian Federation, in 2012 the volumes of MHL kept growing: 690,661 loans for the total amount of Rb 1,029 trillion were extended, that is, 31.91% and 43.52% more as regards the number of loans and their value in money terms, respectively, as compared to 2011 (Fig. 2). As of January 1, 2013, the debt on MHL amounted to Rb 1,982 trillion. In 2012, the volume of housing loans (HL) amounted to Rb 1,072 trillion or 740,973 loans with the debt of Rb 2,112 trillion. As of January 2013, the overdue debt on MHL amounted Rb 41,655bn or 2.1% of the outstanding debt which figure is 0.96 p.p. lower than that as of January 1, 2012. As of January 1, 2013, the share of the overdue debt in the outstanding debt on MHL in rubles decreased by 0.5 p.p. to 1.48% as compared to that as of January

1, 2012 and increased by 0.15 p.p. to 11.91% on loans in foreign currency as compared to that as of January 1, 2012.

As of January 1, 2013, the number of credit institutions which extend housing loans decreased by 0.82% as compared to January 1, 2012, while that which extends MHL increased within the same period by 1.06%. In 2012, growth in the number of credit institutions which carry out refinancing of the earlier extended MHL amounted to 44.12% (Table 1).

Table 1

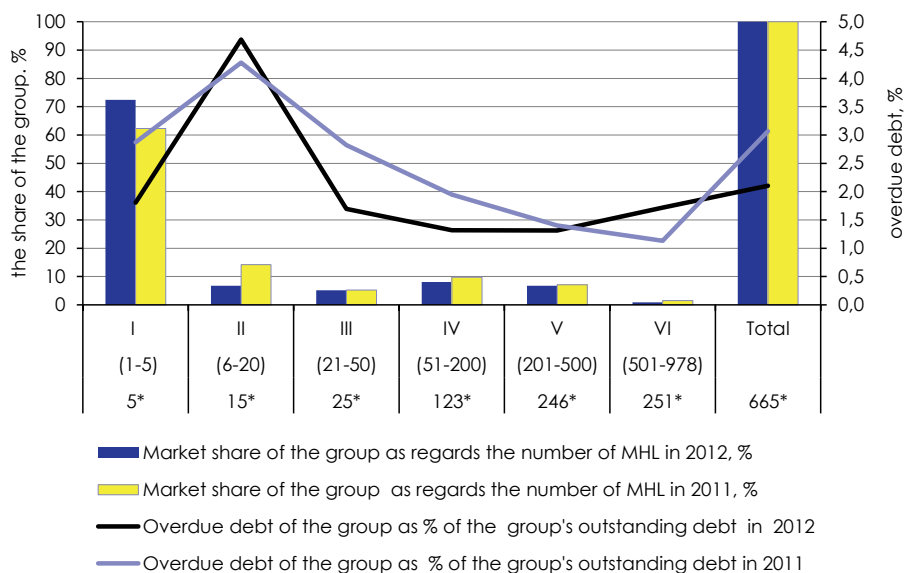
NUMBER OF CREDIT INSTITUTIONS WHICH ARE PARTICIPANTS IN THE MARKET OF HOUSING
(MORTGAGE HOUSING) LENDING

	Credit institutions					
	Existing ones	Those which extend housing loans	Those which extend MHL	Those buying the rights of claim under MHL	Those carrying out refinancing of the earlier extended MHL	Those attracting refinancing on the secondary MHL market
2010						
01.Jan.	1 058	699	584	117	5	167
01.Jul.	1 038	692	588	120	12	131
2011						
01.Jan.	1 012	723	631	134	22	175
01.Jul.	1 000	718	638	137	17	145
2012						
01.Jan.	978	731	658	141	34	168
01.Jul.	965	723	659	142	40	149
2013						
01.Jan.	956	725	665	146	49	175

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

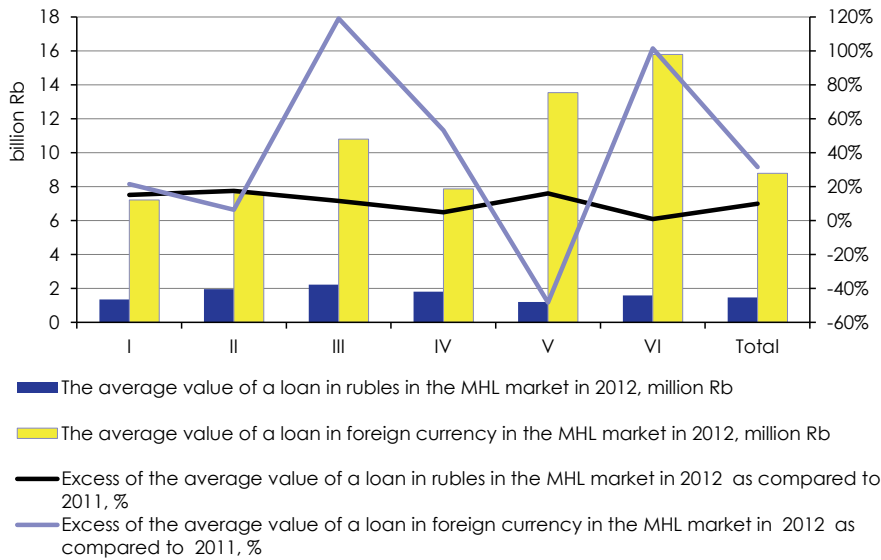
The share of MHL in foreign currency in the volume of loans extended in 2012 decreased by 1.3 p.p. to 1.42% as compared to 2011. As of January 1, 2013, the share of such loans in the outstanding debt fell by 5.16 p.p. to 5.97%, while the share of the overdue debt on MHL in foreign currency in the total overdue debt decreased by 8.89 p.p. and amounted to 33.87%.

According to the data of the Central Bank of the Russian Federation, as of January 1, 2013 the share of the debt on MHL without overdue payments as percentage of the total amount of the debt on MHL increased by 1.87 p.p. as compared to January 1, 2012 and amounted to 95.93%. Within the same period, the share of the debt on defaulted loans (with payments overdue for over 180 days) in the total amount of the debt on MHL decreased by 1.4 p.p. and amounted to 2.26%.

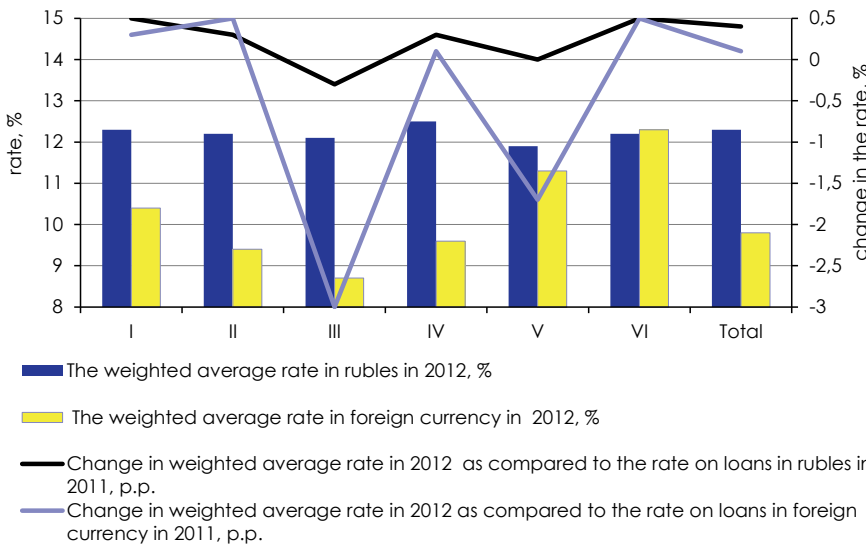


* number of credit institutions in the group as of January 1, 2013.

Source: on the basis of the data of the Central Bank of the Russian Federation.
Fig. 3. Dynamics of provision of MHL by the six groups of credit institutions ranged by the value of their assets (in a descending order)



Source: on the basis of the data of the Central Bank of the Russian Federation.
 Fig. 4. Dynamics of the average value of MHL by the six groups of credit institutions ranged by the value of their assets (in a descending order)



Source: on the basis of the data of the Central Bank of the Russian Federation.
 Fig. 5. Dynamics of the weighted average rate on MHL by the six groups of credit institutions ranged by the value of their assets (in a descending order)

to 2011 and amounted to 12.3%. Growth in interest rates on loans in rubles took place with all the groups, except for Group III (in which a decrease of 0.3 p.p. was registered) and Group V (where the interest rate remained unchanged). As regards MHL in foreign currency, the interest rate within a year grew by 0.1 p.p. and amounted to 9.8% (Fig. 5). As well as in case of loans in rubles, in 2012 weighted average rates on loans in foreign currency decreased by 3.0 p.p. and 1.7 p.p. only with Group III and Group IV, respectively (Fig. 5).

The weighted average rate on ruble loans extended in December 2012 increased by 0.2 p.p. as compared to December 2012 and amounted to 12.7%. In December, the respective rate on mortgages refinanced by OAO Agency for Housing Mortgage Lending (AHML) grew by 0.14 p.p. and amounted to 11.3%, while in January 2013 it rose by another 0.3 p.p. and amounted to 11.6%.

In 2012, the weighted average period of MHL lending by all the groups of credit institutions as regards MHL in rubles was at the level of 14.96 years, while that as regards loans in foreign cur-

As regards the number of MHL extended, in 2012 Group I of the five largest credit institutions still accounted for over a half of the MHL market, that is, 72.42% (Fig. 3), which is 10.12 p.p. more than in 2011 with simultaneous growth in the average loan value. The quality of the groups' credit portfolios in terms of a ratio of the group's overdue debt to the group's outstanding debt got worse in 2012 with Group II and Group VI, while it improved with the rest of the groups. It is to be noted that the largest share (4.69%) of the overdue debt was still with Group II (Fig. 3).

In 2012, the lowest average amount of MHL in rubles (Rb 1,205m) was registered with Group V, while the largest average amount of MHL in foreign currency (Rb 15,789m), with Group VI (Fig. 4). As compared to 2011, the average value of MHL in rubles increased with all the groups. The highest growth of 100% in the average value of MHL in foreign currency was registered with Group VI, while a decrease in growth, with Group IV.

In 2012, the weighted average rate on MHL in rubles rose by 0.4 p.p. as compared

rency amounted to 11.21 years. The largest weighted average period of lending as regards loans in rubles was registered with Group III (16.21 years), while that as regards loans in foreign currency, with Group I (17.9 years). The lowest weighted average period of lending was registered with Group V (10.89 years and 2.54 years for loans in rubles and loans in foreign currency, respectively).

According to the data of the Central Bank of the Russian Federation, in 2012 credit institutions bought Rb 81.76bn worth of rights of claim as regards MHL which is an increase of 5.53% on the 2011 figure. They bought Rb 63.24bn worth of rights of claim as regards loans in rubles (growth of 12.31%) and Rb 18.49bn worth of rights of claim as regards loans in foreign currency (a decrease of 12.54%). In 2012, the largest volume of the purchased rights of claim as regards both MHL in rubles and foreign currency was registered with Group IV of credit institutions.

In January 2013, the weighted average rate of OAO AHML (11.6%) gained 0.87 p.p. as compared to January 2012. In January 2013, the Agency refinanced Rb 2.84bn worth of 2,309 mortgages (standard products), which is 66% and 82% more as regards the number of mortgages and their value in money terms, respectively, than in January 2012.

Due to complaints of the Federal Antimonopoly Service of the Russian Federation as regards infringement by OAO AHML of competition on the real estate appraisal market, the Agency intends to give up accrediting of appraisers and carry out refinancing of those mortgages whose security has been appraised by any appraisal company which meets the requirements of the law.

ZAO Ipotechny Agent AHML 2010-1 carried out its obligations as regards A1-, A2- and B-class bonds placed on July 14, 2010; the borrowing volumes of A1- and A2-class bonds amounted to Rb 6,096bn each, while that of B-class bonds, to Rb 1,355bn; the maturity date of all the three issues is November 20, 2042. The company redeemed the entire A1-class issue (No. 4-01-72301-N of June 22, 2010) by paying the outstanding portion of the par value in the amount of Rb 282,611mn. The A2-class bond holders (issue No. 4-02-72301-N June 22, 2010) were paid a coupon income of 9% per annum with the total redemption amounting to Rb 138,257m. As regards B-class bonds (issue No. 4-03-72301-N of June 22, 2010), the total amount of income paid on the tenth coupon amounted to Rb 86,579m. ●