



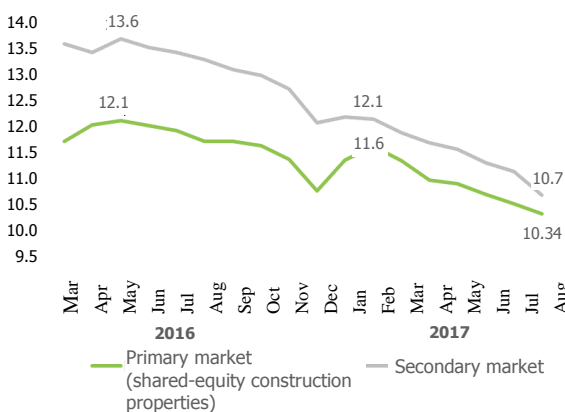
## AUGUST 2017: MORTGAGE ORIGINATION HITS RECORD HIGH

**AHML: According to the Bank of Russia statistics, the mortgage market keeps growing at a record pace.**

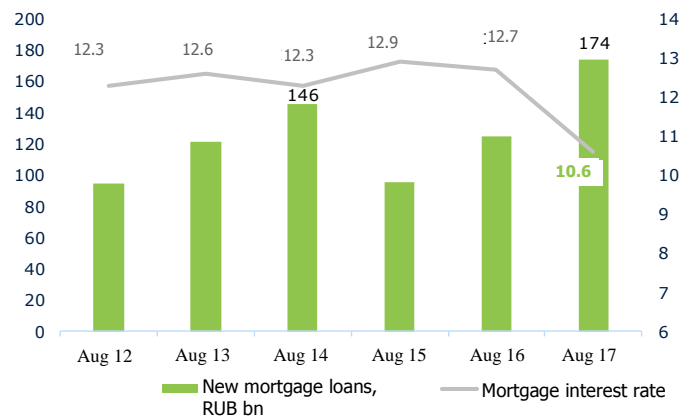
In 8M 2017, more than 600 thousand mortgage loans were issued for a total of over RUB 1.1 tn, up 14% y-o-y in volume terms and 22% y-o-y in value terms. Mortgage rates have dropped to their record lows since 2005 standing at 10.34% in the primary market and 10.7% in the secondary market. In August 2017, mortgage rate offerings by key lenders started from 9.5%. In September 2017, AHML reduced its interest rate to 9% for mortgages to be issued in Q4 2017.

- August 2017 proved to be a record-setting month for mortgage lending with 94.4 thousand mortgage loans issued for a total of RUB 174.1 bn, up 39% against August last year and 19% against August 2014. As a reminder, August 2014 was the month when the previous record was set (1 bn mortgage loans for a total of RUB 1.77 tn).

**Mortgage interest rates in 2016–2017**



**New mortgage loans and average rates in August 2012–2017**



- There is no doubt that these numbers will be exceeded by year-end 2017. Lower interest rates drive stronger origination growth – in early Q2 2017, the growth in the mortgage market was around 20% accelerating to ca. 40% by the end of Q3 2017.
- The average rate is keeping below 11% for the second month running. In August 2017, mortgage interest rates plunged to 10.34% in the primary market and 10.7% in the secondary market. For comparison, in July 2017, mortgage interest rates stood at 10.53% in the primary market and 11.14% in the secondary market, in August 2016 – 11.71% in the primary market and 13.25% in the secondary market. It should be reminded, however, that the relatively low mortgage interest rates available in 2016 in the primary market were supported by the government subsidy programme terminated starting from January 2017.