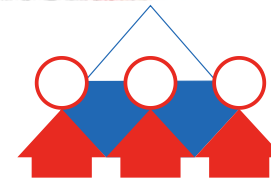


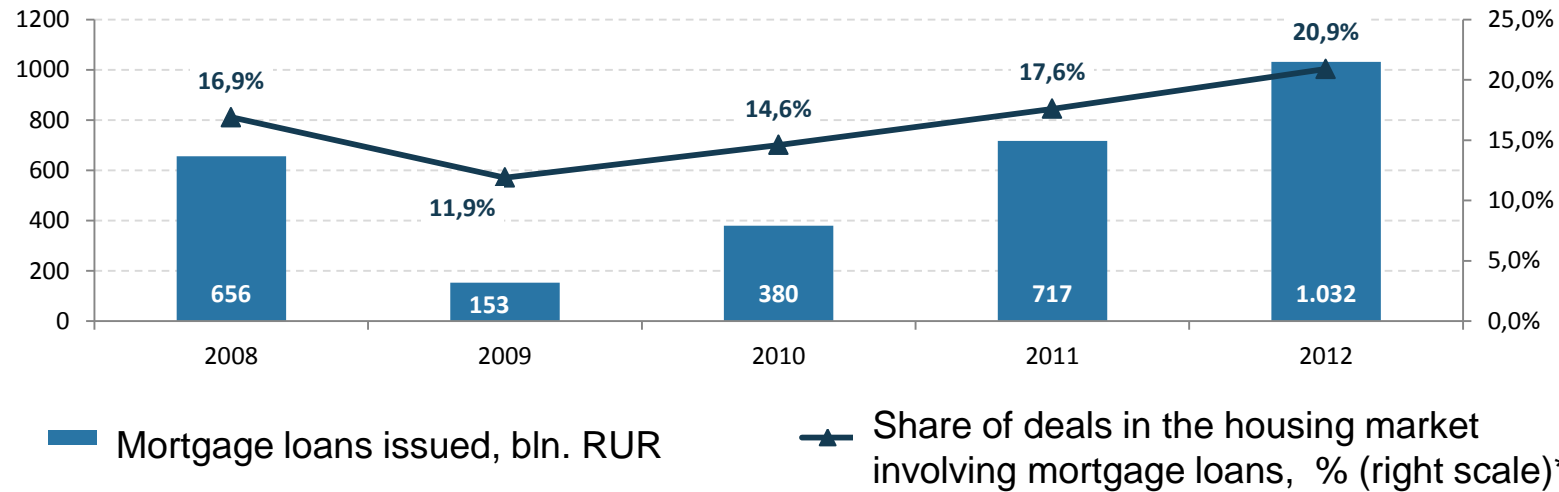
AHML's role in housing market development and providing housing to low-income families in Russia

N.Yu. Koltsova, AHML Deputy CEO

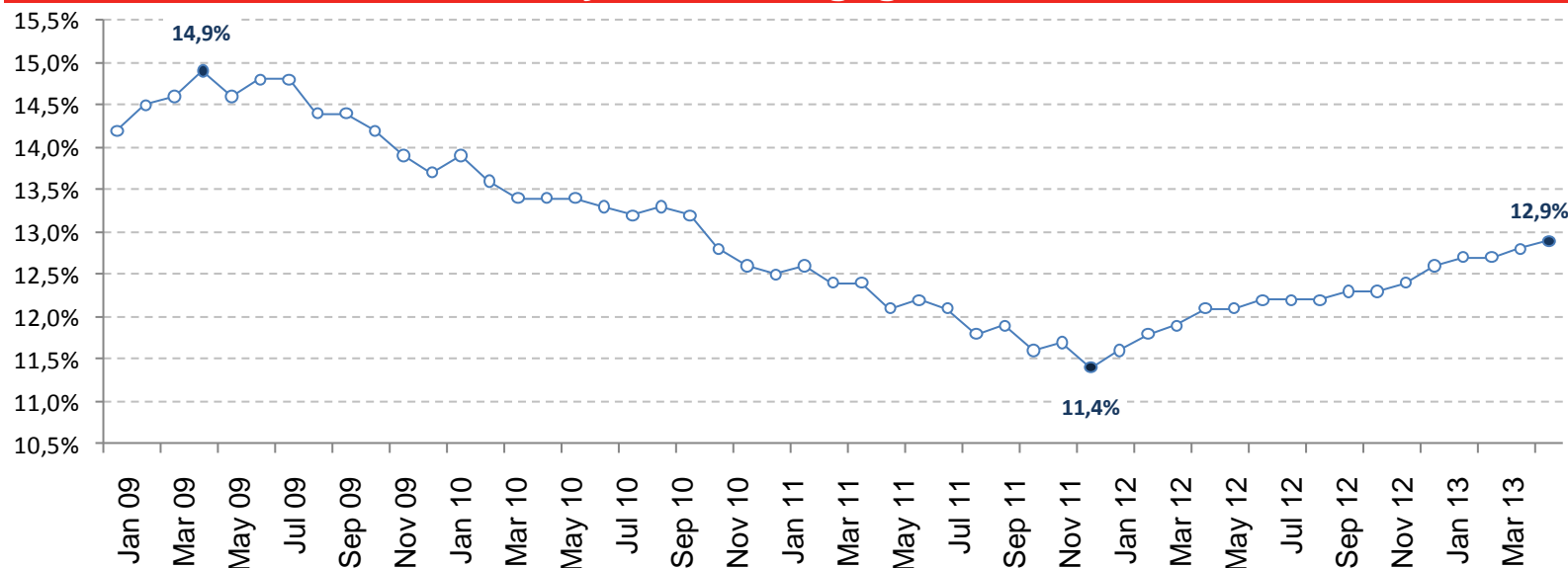
Russian mortgage market dynamics



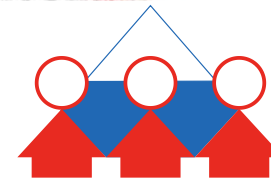
Post-crisis recovery of the mortgage market



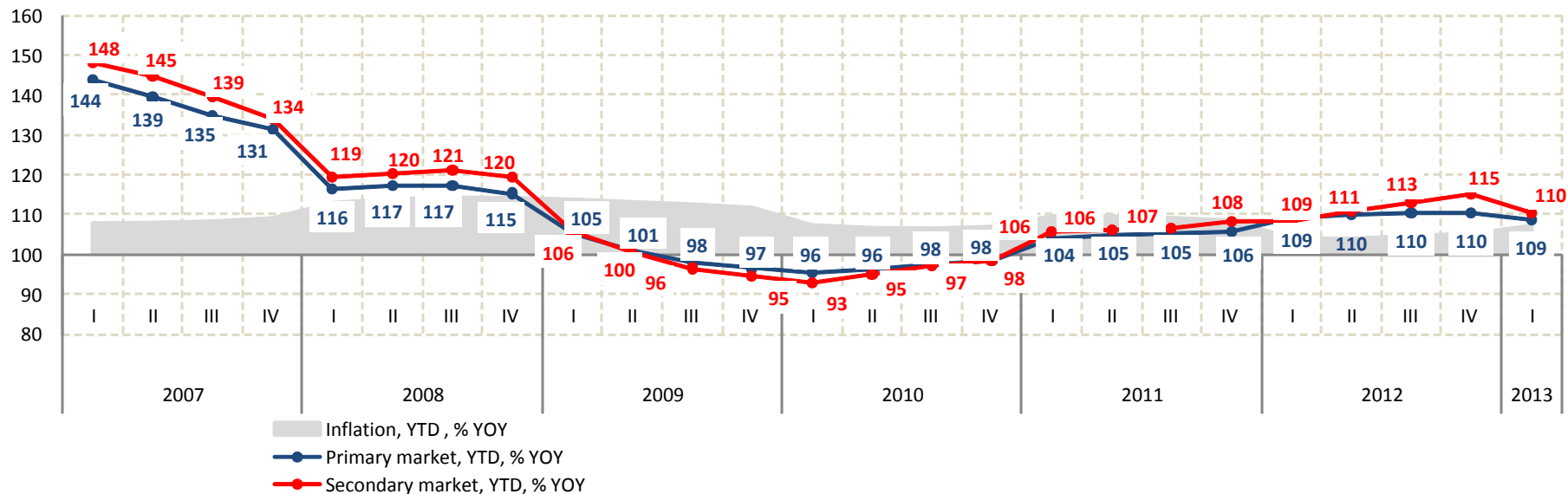
Monthly ruble mortgage loan rates, %



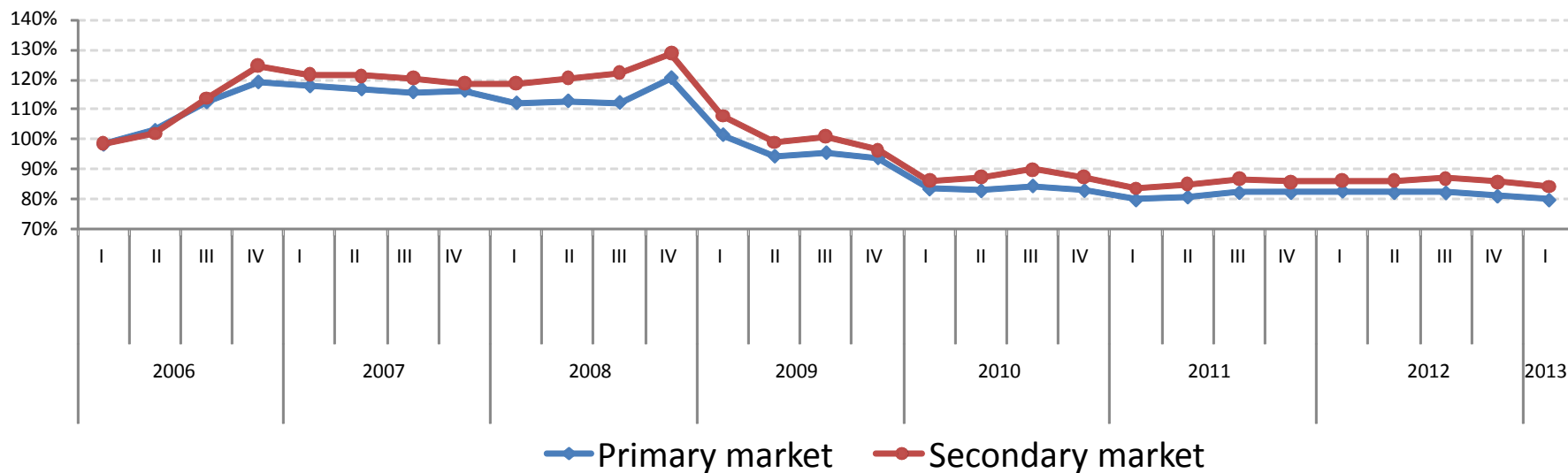
Housing affordability



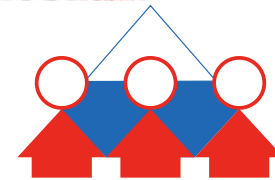
Housing market price index and inflation, %



Housing affordability index (2005=100%), %

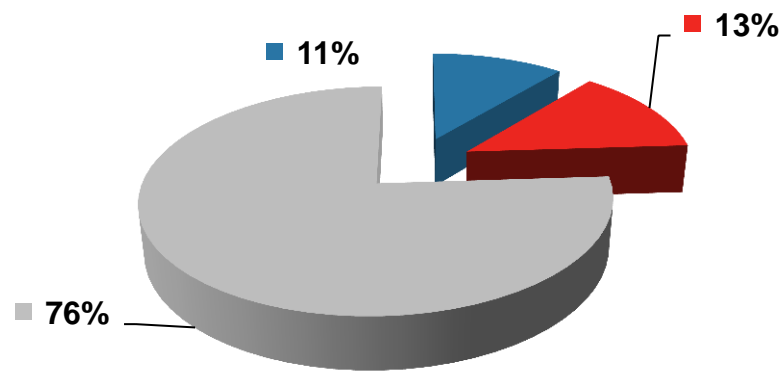


Features of Russia's housing market and demand



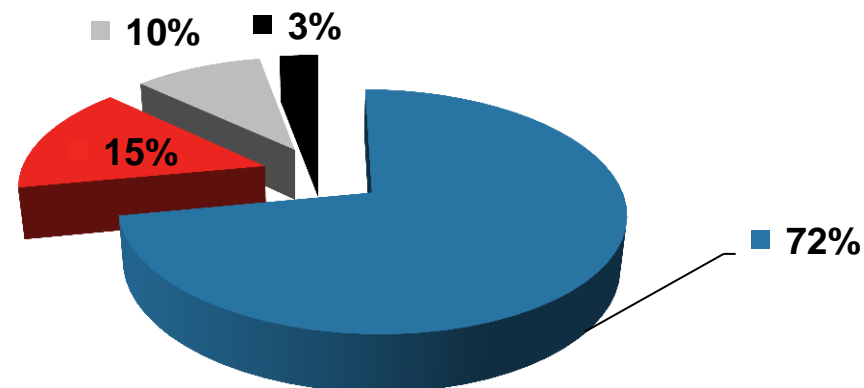
Demand for housing over the next five years, as self-assessed by the population

- Market demand
- Need, but cannot buy
- Do not plan to buy housing

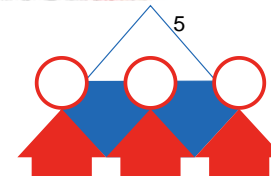


Households distribution by type of tenure

- Own housing
- Municipal or state housing
- Rent from an individual
- Rent from a legal entity



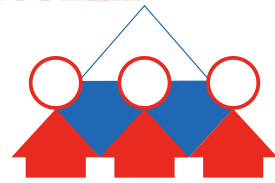
Target groups of the housing policy



TARGET GROUP	NEED		
	% of total in need of housing	under 13 sq.m. per person	under 20 sq.m. per person
Group 1 - property is available for purchase on the market with a mortgage loan	16,30%	4,60%	11,80%
Group 2 – the market provides for an extension of living space with use of a mortgage loan	14,40%	4,90%	9,50%
Group 3 – no housing improvement is available on the market, even with a mortgage loan, but the households themselves do not belong to the lowest-income category	53,20%	20,20%	33,10%
Group 4 – the lowest-income households	16,00%	8,00%	8,00%
Total	100%	37,60%	62,40%

➔ Development of subsidies for households of group 2 and development of lease (including social lease) as an alternative to housing ownership for not solvent households of groups 3 and 4.

Main types of government housing subsidies

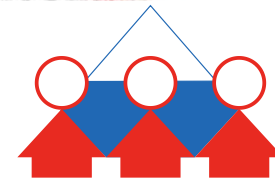


FEDERAL PROGRAMS

- In the framework of the Federal Target Program "Housing":
 - Downpayment subsidies for young families, young teachers
 - State Housing Certificates (discharged military personnel, firemen, migrants)
- Rental subsidies for certain categories of the population (military personnel, employees of national security agencies, etc.)
- Maternal subsidy (for down payment, loan repayment)

REGIONAL PROGRAMS

- Interest rate subsidy programs (e.g. Kaliningrad – subsidy for house purchase in the primary market granted to residents of the Kaliningrad Region in need of housing)
- Programs that take over a part of the rental payments (e.g. for health care workers, workers in the field of culture and education)



Facts

- AHML was founded in 1997 by decision of the Government of the Russian Federation as a national institution for the housing mortgage market development
- Fully owned by the government
 - Included in the list of strategic enterprises of the Russian Federation
- Sovereign investment ratings
 - Moody's: Baa1 (stable outlook)
 - Standard & Poor's: BBB (stable outlook)

Key areas of activity

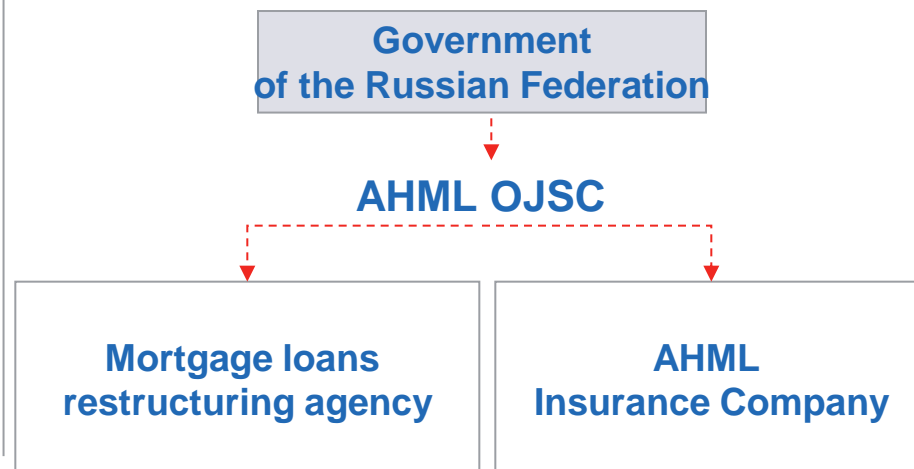
- Providing liquidity to other market participants by purchasing of mortgage loans and mortgage-backed securities
- Providing targeted loans for housing construction
- Increasing availability of mortgage loans for certain categories of citizens
- Credit support through provision of guarantees for issues of mortgage-backed securities
- Development of mortgage insurance market

Key financial indicators

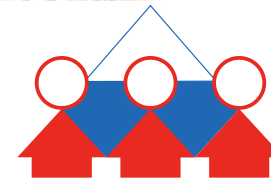
bIn. RUR	2010	2011	2012
Assets	197.5	268.9	295.8
- Mortgages	131.9	156.8	187.0
- Mortgage-backed securities	4.7	8.0	20.9
Equity	106.9	114.0	121.0
Net profit	7.3	8.0	8.3

Source : AHML IFRS

Structure of AHML Group



AHML standards and programs for certain categories of population

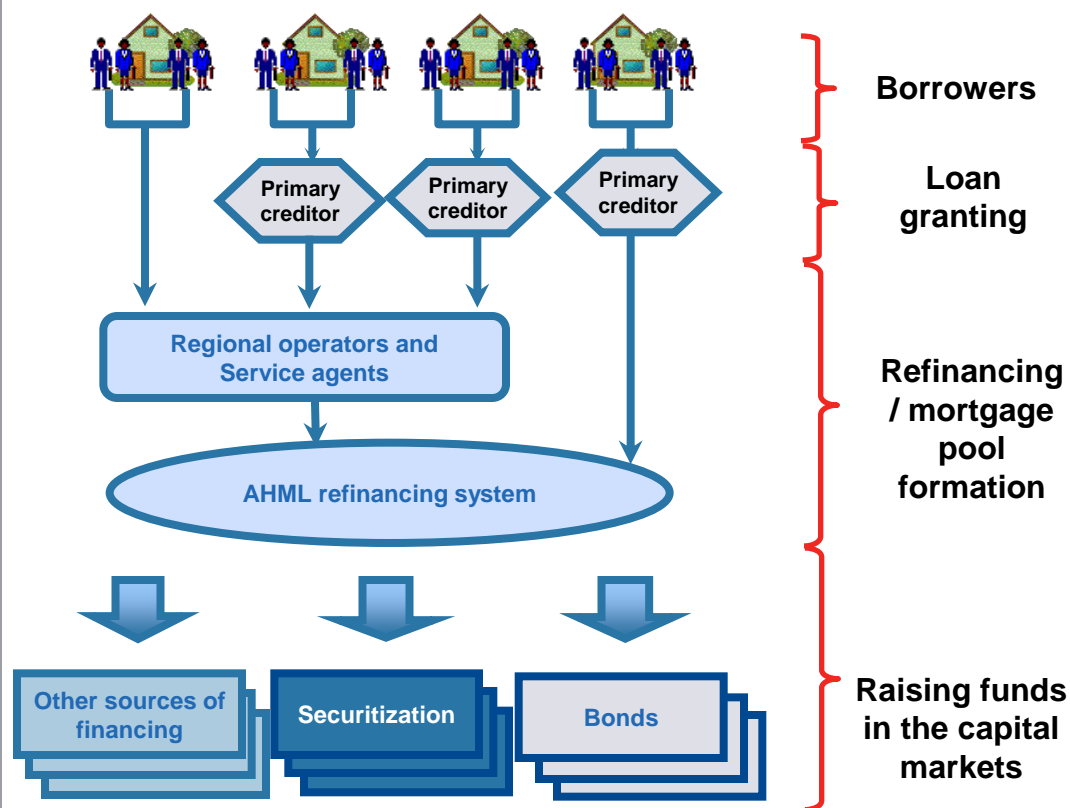


AHML standards

Currency	Rubles
Down payment	Min 30% (min. 10% subject to mortgage insurance)
Maximum loan amount	Depends on the region and LTV
Maximum loan period	30 years (loan maturity date must occur no later than the borrower reaches the age of 65)
Payment-to-income ratio	Maximum 45% (the remaining borrower income shall be no less than one minimum living wage per person)
Documents	Official confirmation of employment and income
Insurance	Property insurance is obligatory, life insurance - optional

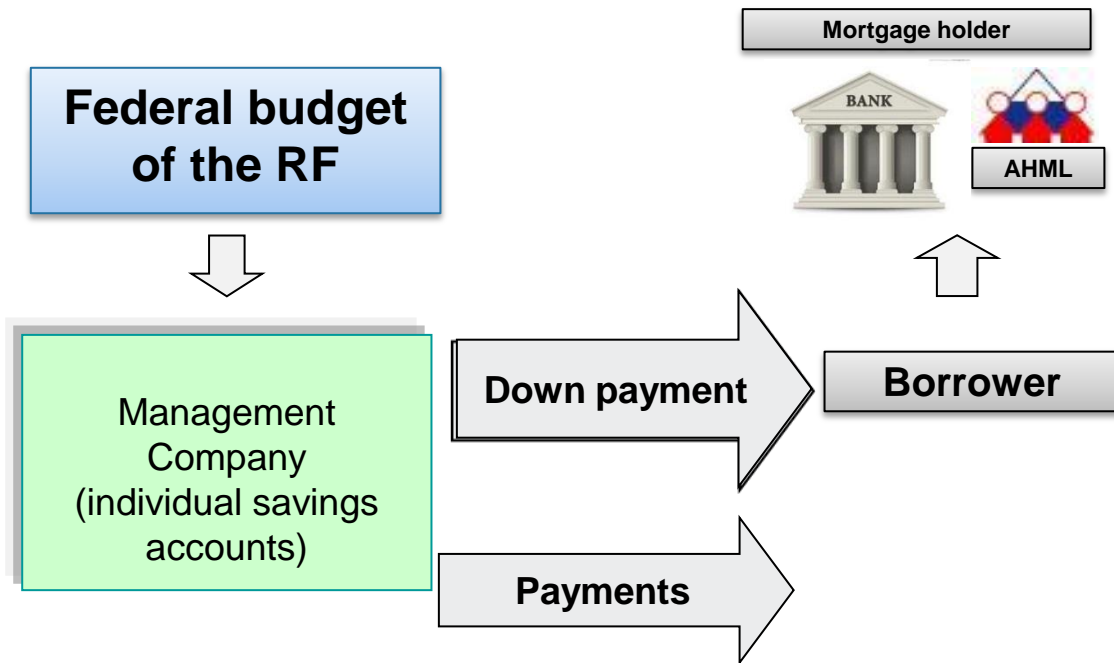
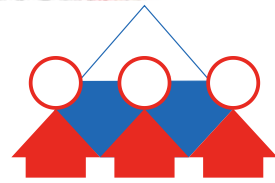
Key specialty products

- Military mortgage loan
- Maternal subsidy loan
- Newly built house loan
- Low-rise housing loan
- Loan for Young scientists
- Loan for Young teachers

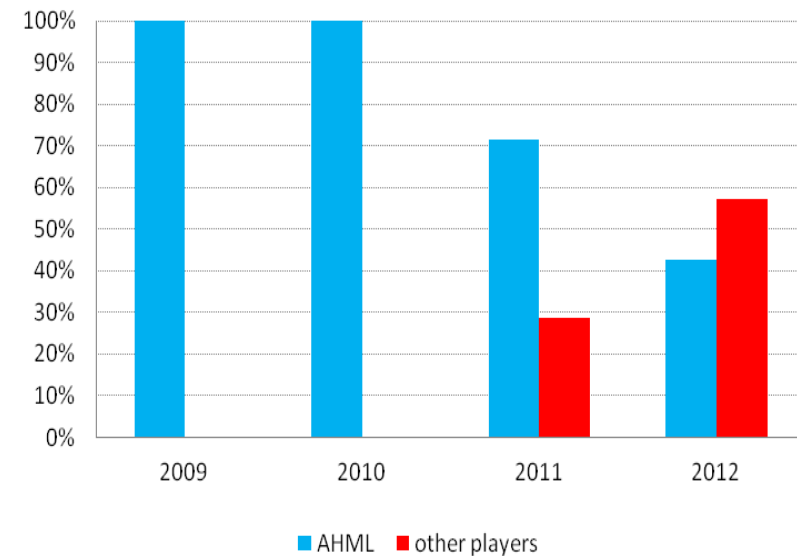


Source: AHML

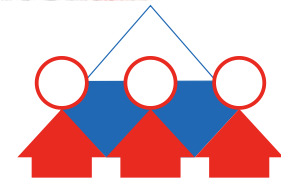
Key Principles of Military Mortgage Plan



Shares of market participants



- Provision of savings contributions to military servicemen is governed by the corresponding Federal Law.
- The loan amount does not depend on the military serviceman income.
- The plan allows military servicemen to purchase housing with little or no involvement of own funds.
- Interest rates under the Military Mortgage Plan are lower than the market rates.
- The agency was the first to start implementing the program in 2007 as part of trial implementation. Then, market players – major state and private banks – followed.



Rental Housing, AHML's new activity

MECHANISM:

- Long-term mortgage loans to legal entities (housing companies) for the purpose of purchasing rental property

TARGET GROUP:

- Governments of regions and towns of Russia, large enterprises, investors in rental housing

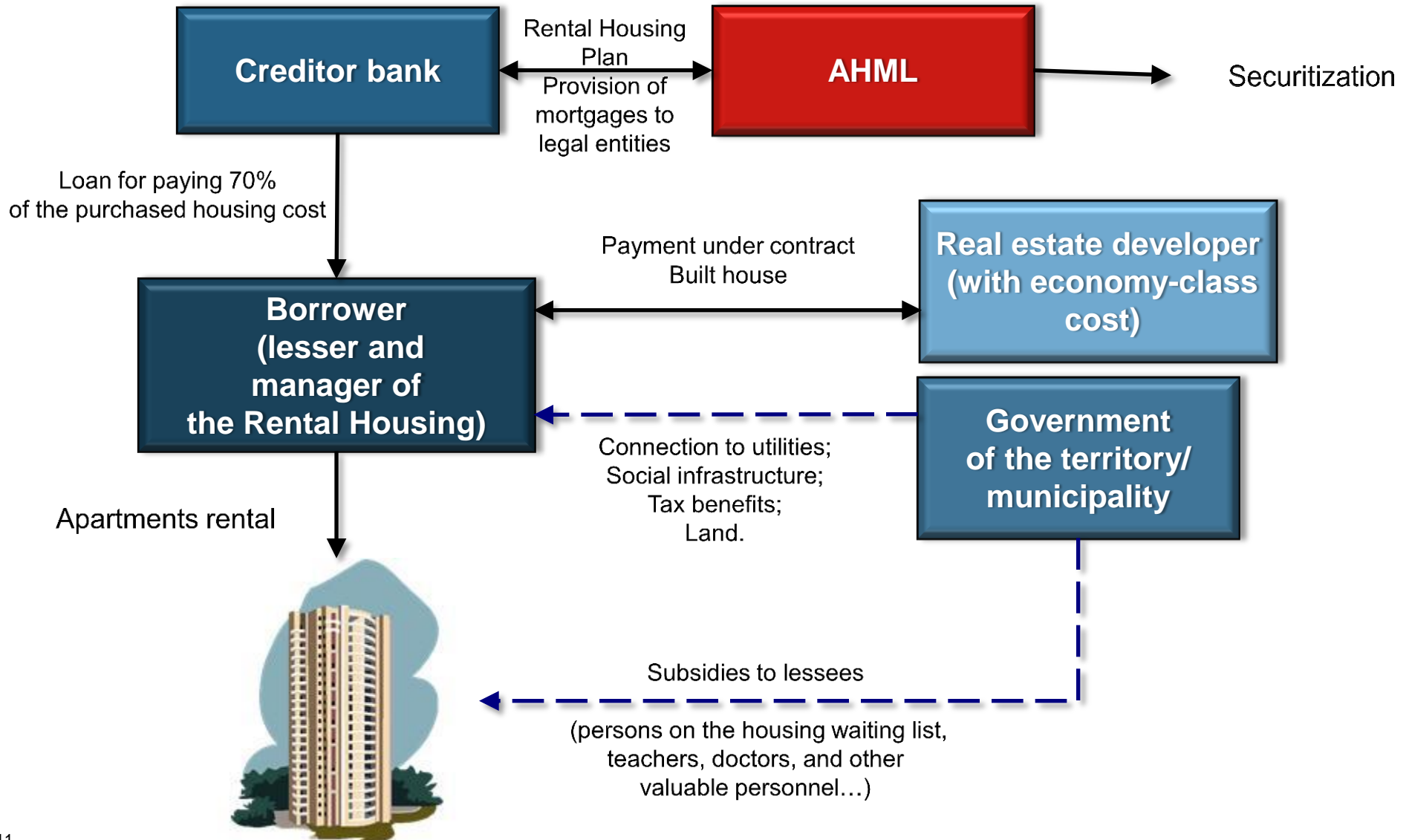
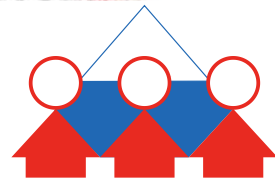
GOAL:

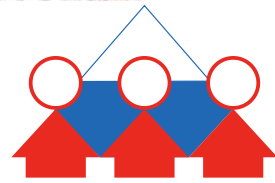
- Creation/ enlargement of the housing rental market by housing companies/ legal entities
- Increase housing construction volumes
- Defuse the housing "queue" problem, reduce social tensions
- Create conditions for growth of population migration activity and ensure influx of labor in cost-effective industries and regions
- Create conditions for the efficient management of an apartment house by a single owner of all the apartments.

FEATURES:

- The product can be combined with federal, regional and local programs for commercial housing development, including:
 - preferential allocation of land plots
 - financial participation of budgets of all levels
 - compensation of interest on infrastructure and construction loans
 - legal entity mortgage guarantees
 - subsidies to individuals.

Rental Housing Plan





Key drivers for improving the availability of mortgage loans:

- National currency
- Targeted subsidies
- Macroeconomic stability
- Funding cost reduction
- Lower operating and credit margins of market participants
- Assistance programs for borrowers

Key drivers of housing availability improvement:

- Macroeconomic stability
- Development of the rental housing sector and social rent
- Lower developers' costs at the stage of project registration
- Public-private partnership