

## **RESULTS OF BANK SURVEYS IN 2005**

### **A. Batyaeva**

In 2005, the banking sector continued to expand dynamically. The most prominent developments are visible in the loan market - the ratio of loans to total assets of all surveyed banks has exceeded 60%; loans to industrial enterprises and to individuals are growing in scale.

Procurement of new financial resources is going slightly worse. Commercial banks still rely on settlement accounts of juridical persons and deposits of individuals as major sources of liabilities. However, these accounts are mostly components of non-fixed ("demand") and short-term liabilities, which are relatively difficult to manage and very hard to make a foundation for development of long-term lending.

Nevertheless, lending to industrial enterprises is on the rise; terms of loans get longer, and new borrowers come to the loan market. This is attributable mostly to stronger performance of the nation's economy, to rising consumer welfare and to the resulting growth in supply of personal deposits.

Moreover, internal shifts in the banking sector are going in a positive direction. In the last two years, the banks succeeded in improvement of their facilities for servicing small clients. At the same time, the banks were able to upgrade catering of their borrowers, to assess their financial health more thoroughly. At the same time in spite of influx of new borrowers, the quality of their portfolios of loans is not getting much worse.

### **Sources of External Funds**

As before, settlement accounts of juridical persons and personal deposits are major sources of liabilities of commercial banks. In 2005, 92% and 87% of the surveyed banks named these items among their three main sources of liabilities (see Table 1). However, although deposits of individuals rated first in 2002 and 2004, and the two items gained equal numbers of "votes" to share the first and second positions in 2003, settlement accounts of juridical persons headed the list in 2005 once again, as they had for five years since 1997 till 2001. They have

### *Business Performance*

gained 11 percentage points on the year, while personal deposits, on the contrary, have lost 4 points.

Deposits of juridical persons traditionally rank third in the list, lagging far behind the first two items. In 2005, they have gained 42% of the "votes", which is 5 percentage points less than in 2004. This liability item is losing its "weight for the banks, and it has gone 24 points down after 2002 (when its highest rate was recorded).

Interbank borrowings have slightly grown in importance in formation of liabilities: +6 points on the year (from 7% to 13%). However, changes in the rate of this liability item show no definite trend in the long run, neither an upward nor a downward one.

In general, one could say that during 2005, the structure of procured resources has changed in favor of non-fixed or short-term deposits.

**Table 1**

### **Rating of Sources of External Funds**

(Shares of banks having mentioned each item as one of three major ones, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	(10)=(9)-(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>Settlement accounts of juridical persons</b>	82	86	79	94	84	87	81	81	92	+11
<b>Personal deposits</b>	80	76	61	81	75	90	81	91	87	-4
<b>Deposits of juridical persons</b>	32	34	36	51	49	66	55	47	42	-5
<b>Interbank borrowing</b>	28	15	7	12	15	9	16	7	13	+6
<b>Other</b>	7	8	15	17	13	7	6	10	13	+3
<b>Sum of shares by column</b>	231	219	201	255	236	259	239	236	247	+11

*Respondents were asked to point out no more than three items.*

### **Factors Limiting Inflow of Personal Savings**

High significance of personal deposits as one of the major sources of liabilities of commercial banks requires a more detailed examination of whatever factors can limit their supply.

According to bankers' assessments, the year 2005 turned out to be exceptionally good, for procurement of personal funds: 44% of the surveyed banks felt no limitations on handling deposits of individuals (see Table 2). As recently as a year ago, the share of such banks was only 27%. And in 2000, the most difficult year for the banks in this respect, it was just 11%.

In total, aggregate magnitude of all limitations on procurement of funds from physical persons has significantly decreased: their combined rating has declined by 39 percentage points on the year, from 134% to 95%, and by 55 points in two years (after 2003).

Let us point out that ranking of the limiting factors has not changed during the year. The first two lines in the list belong to competition with other banks for already two years (this was singled out by 34% of the surveyed banks) and with the Sberbank (21%). However, intensity of competition has weakened a little: -4 and -7 points on the year, respectively.

Declining intensity of competition is probably only partly related to internal changes in the banking sector (for instance, to gradual reduction in the number of banks). To a greater extent, it is due to growing supply of funds from physical persons for placement on deposit accounts. Fewer and fewer banks complain that they lack offers of money to be placed on personal deposits. As recently as in 2002, this item was mentioned by every third bank (33%); in 2003, by 18%; in 2004, by 17%, and in 2005, by only 6%.

Judging by results of surveys, the banks, in turn, try not to lose the new chances that open up in the market for private deposits, and improve facilities for servicing small depositors. At any rate, fewer and fewer banks complain about lack of such facilities - only 8% did in 2005 against 17% in 2004 and 24% in 2003.

Arrangement of infrastructure has probably allowed the banks to cut costs of retailing as well: this item was mentioned by 22% of the banks in 2004 and only 15% in 2005.

The standards established by the Central Bank have gained 2 points on the year as a limiting factor in procurement of funds from physical

*Business Performance*

persons (8% in 2005 against 6% in 2004), but nevertheless, they are obviously factors of marginal importance in recent two years.

**Table 2**  
**Factors Limiting Inflow of Personal Savings**  
 (Shares of banks having mentioned each item, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	(10)=(9)-(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Competition with other banks	12	10	6	12	8	10	23	38	34	-4
Competition with Sberbank	24	23	35	33	38	54	41	28	21	-7
High cost of retail banking	4	13	16	30	21	7	13	22	15	-7
Lack of adequate conditions for retail banking	8	3	6	4	10	10	24	17	8	-9
Lack of supply of personal savings	28	33	24	20	23	33	18	17	6	-11
Regulations set by Central Bank	48	35	28	38	44	30	28	6	8	+2
Other	13	10	10	12	4	2	3	6	3	-3
<i>Sum of shares by column</i>	137	127	125	149	148	146	150	134	95	-39
No limitations	25	25	19	11	21	24	27	27	44	+17

*The number of possible answers was unlimited.*

### Composition of Assets

Rating of various items of assets remains relatively stable over recent years, in spite of some fluctuations.

Lending to trade intermediaries is the top item for the eighth year in a row. In 2005, the rank of this item has increased by 6 points and reached its maximum: 82% of all surveyed banks named this type of operations one of the two main items of their assets (see Table 3).

Lending to industrial enterprises occupy the second position in our rating for eight years without a break. The situation has not changed by 2005 - the same second line in the list and 40% of the respondent banks, which named this item of assets among the two most important ones. However, the relative number of banks that gave this answer has been declining during the last four years: while in 2002, 67% of the

respondent banks named this item of assets among the two most important ones; in 2003, their rate was 47%, in 2004, 50% and in 2005, 40%. This is the lowest value of this indicator in the last nine years.

Among other items, loans to individuals have lost 10 points in the rating (41% in 2004 and 31% in 2005), and loans to other banks have gained 7 points (22% and 29%, respectively).

Other items of assets (leasing, factoring, investing in equities, investing in real estate, foreign currency assets and other) are obviously of secondary importance in the activities of the surveyed banks.

**Table 3****Rating of Main Asset Items**

(Shares of banks having mentioned each item among the two major ones, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	(10)=(9)-(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Lending to trade intermediaries	60	54	56	71	71	76	67	76	82	+6
Lending to industrial enterprises	70	52	56	60	44	67	47	50	40	-10
Lending to individuals	10	5	7	12	29	27	29	41	31	-10
Lending to other banks	10	8	10	9	15	13	22	22	29	+7
Factoring	0	0	0	0	0	0	4	0	6	+6
Investing in equities	1	1	1	0	0	0	0	0	5	+5
Investing in real estate	0	5	2	0	2	0	4	4	3	-1
Foreign currency assets	7	15	25	17	15	9	6	0	3	+3
Leasing	0	0	0	0	0	2	7	13	0	-13
Other	18	22	14	19	11	7	2	7	3	

*Respondents were asked to point out no more than two items out of nine offered in the questionnaire.*

**Efficiency of Operations**

In the REB surveys, respondent banks are offered to evaluate efficiency of various operations on a scale of "profitable - neutral - unprofitable".

### *Business Performance*

In 2005, there were some changes in the ranking of major types of operations by the rate of their profitability for the banks. Loans to individuals, which, for eight years since 1997 till 2004 steadily occupied the second line in the rating list, in 2005 gained additional 13 percentage points and took the first place among the most profitable banking operations. 96% of the surveyed banks assessed loans to individuals as a cost-effective type of activities. Lending to trade intermediaries gained 93% (no changes since 2004), and hence, was shifted from its customary first to the second position (see Table 4).

There was also an increase in the number of banks, which saw benefits in keeping of settlement accounts (+23 points from the previous year) and in lending to industrial enterprises (+13%). As a result, their shares were 89% and 88% respectively, and they fell into the third and the fourth lines of our rating.

Let us point out that these four types of operations - loans to individuals, to trade intermediaries, to industrial enterprises, and keeping of settlement accounts - are occupying the top four positions for six years in a row (since 2000). At the same time, relative weight of three out of four above-mentioned operations was steadily rising. Lending to individuals was seen as a well-paying type of operations by 60% of the banks in 2000 and by 96% in 2005. Loans to industrial enterprises were named as a lucrative business by 77% of the banks in 2000 and by 88% in 2005. Keeping of settlement accounts was seen as a profitable service by 51 % and 89%, respectively. The only stable rate belongs to lending to trade intermediaries, because it has practically set into the upper theoretically possible ceiling (100%) as early as 6 years ago.

One more pronounced tendency was seen in another type of banking operations - in foreign-currency trading. Although it was still profitable for most banks (for 59% in 2005), its rating is going steadily down: it was making money at 75% of the surveyed banks in 2000, and even at 91% in 1999. In 2005, the share of such banks also declined by 3%.

Other types of operations are profitable for less than a half of the banks. Interbank lending was considered profitable by about 48% of our respondents (+1 percentage point from 2004); investing in equities, by

35% (+ 6 points); trade in government bonds, by 18% (-2 points) and placement of securities issued by other juridical persons, by 10% (-13).

**Table 4****Rating of Various Banking Operations**

(Shares of banks considering the relevant operation profitable, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	(10)=(9)-(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Lending to individuals	31	49	45	60	60	72	72	83	96	+13
Lending to trade intermediaries	70	97	92	95	95	10	98	93	93	0
Keeping of settlement accounts	52	66	78	51	66	79	77	66	89	+23
Lending to industrial enterprises	39	50	64	77	86	82	81	75	88	+13
Foreign exchange operations	67	67	91	75	64	69	66	62	59	-3
Lending to other banks	60	67	48	67	71	66	55	47	48	+1
Equity investments	48	0	3	23	11	6	16	29	35	+6
Trading in government bonds	63	23	12	36	20	7	23	16	18	-2
Placement of securities issued by other juridical persons	17	5	3	0	10	14	24	23	10	-13

**indicators of Credit Activity**

As the REB surveys are showing, credit market in this country continues to progress rapidly. As a result, 2005 turned out to be the best year in the last nine years in terms of the entire range of indicators.

The share of outstanding lending by the surveyed banks amounts to 62% of their assets, which is the absolute maximum level in the 1997-2005 period. Meanwhile, the rate of loans to industrial enterprises has increased by 2 percentage points up to 19%, which is also a record high level in the last nine years (see Table 5).

Average term of all extended loans (across the entire portfolio of loans in all surveyed banks) in 2005 was long enough for the first time, reaching 7.3 months. This is 0.8 months longer than in 2004. At the same time, average term of lending to industrial enterprises increased still more - by 1.5 months from 6.3 to 7.8 months.

The share of "long-term loans" (extended for more than a year) has increased. In 2005, it was 20% - 3 percentage points higher than in

### *Business Performance*

2004, and 18(!) points higher than in 1997. In 2005, only one of each twenty banks wasn't engaged in long-term lending. This is almost less than one seventh (!) than it was in the pre-crisis 1997.

The volume of unsettled indebtedness has been declining for eight years. In 1997, its ratio to total loans was 19%; in 1998-1999, 8-9%; in 2000-2003, 3-5% and in 2004-2005, only 1%. To all appearances, its "quality" has not been getting worse... Bankers' expectations about repayment of unsettled debts in 2005 were almost the same as in 2002-2004: on the average, banks were looking forward to recover (within 6 months) about a half (46%) of total bad debts. The frequency of cases, which the banks took to courts of arbitrage against their persistent defaulters in 1999-2005, was roughly stable: one or two applications in a half-year.

**Table 5**  
**Indicators of Credit Activity of Commercial Banks**

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Share of credits in assets of banks, %	38	42	40	43	50	49	54	59	62
Share of credits to industrial enterprises in assets of banks, %	15	17	14	13	15	16	16	17	19
Share of long-term (over 1 year) credits in total credits, %	2	9	13	10	10	11	11	17	20
Share of banks granting <i>no</i> long-term loans, % of all banks	34	31	21	21	16	12 <sup>1)</sup>	16	10	5
Average term of lending, months.	3,1	4,2	4,6	5,0	5,4	4,8	5,6	6,5	7,3
Average term of lending to industrial enterprises, months.	3,5	4,9	4,7	5,3	5,4	5,1	6,1	6,3	7,8
Share of overdue debt in total debt, %	19	9	8	5	4	4	3	1	1
Share of banks having no overdue debts in their loan portfolios, %	5	8	5	13	15	10	8	10	11
Share of overdue debt repayable within a half-year in total overdue debt, %	32	32	38	30	40	45	45	52	46
Number of recourses to <i>arbitration</i> on overdue debt in a half-year	3,6	2,3	1,6	1,0	1,5	1,3	1,7	1,7	1,5

<sup>1)</sup> revised

### **Financial Condition of Borrowers**

Banks are fairly optimistic in their assessments of financial condition of their borrowers. While in 1997-1998, financial condition of enterprise borrowers was assessed as normal on the whole by only a half of all respondent banks, the share of such respondents was 70% in 1999, as high as 95% in 2001-2003, and 99% in 2004-2005.

The number of loss-making enterprise borrowers is also gradually declining. Their share was about 6% in 2004-2005 (see Table 6). Notice that in 2001, a relatively favorable year, this indicator was about 18%.

Let us point out that financial condition of borrowers is improving against the background of growing awareness of the banks about their actual state of affairs. Fewer and fewer banks tell that they have no information about financial condition of their debtors. In 2005, this was stated by only 11% of the surveyed banks, but as recently as in 2003, the rate of such banks was 30% (I).

**Table 6**  
**Share of Loss-Making Borrowers, % of total number of borrowers**

	2000	2001	2002	2003	2004	2005
Share of loss-making enterprise borrowers, %	13	18	8	13	6	6
Share of banks having no information about financial condition of their debtors (% of total number of banks)	-	-	32	30	19	11

### **Length of Dealings of Banks with Borrowers**

Entry of new borrowers into the loan market steadily continues. Almost every ruble out of each ten rubles of loans extended by a bank comes into the hands of a borrower that is new to the bank, and only one out of three rubles (30%) is taken by an "old-timer", which had been dealing with the bank for more than five years. In 1998, the relevant indicators were 3% and 83% respectively (see Table 7).

*Business Performance*

**Table 7**  
**Distribution of Outstanding Loans by Term of Dealing with an Enterprise, % of total lending**

Term of dealing with an enterprise	1997	1998	1999	2000	2001	2002	2003	2004	2005
Less than 1 year	8	3	8	9	7	7	13	12	9
1-3 years	4	4	15	19	20	28	31	33	26
3-5 years	13	10	24	20	23	27	26	24	36
More than 5 years	75	83	53	52	50	38	30	32	30

Direct assessment of changes in the number of borrowers shows the same trend: in 2005, the range of borrowers widened at 47% of the surveyed banks. This is the maximum indicator in the period since 1997 (see Table 8).

**Table 8**  
**Changes in the Range of Borrowers**

(Shares of banks whose range of borrowers expanded - remained unchanged - narrowed in two months before survey, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Expanded	15	12	29	32	39	29	40	40	47
Remained unchanged	79	82	64	64	56	67	56	57	52
Narrowed	6	6	7	4	5	4	4	3	1

### **Factors to Limit Lending Activities of Banks**

Further evolution of the loan market gradually relaxed the power of factors that were restraining activities of banks in this segment of banking services. In 2005, the number of banks that had no limitations to their credit activity has increased by 8 percentage points from 2004, from 16% to 24% (see Table 9). This is the best indicator in nine years of observation.

Although there were no major changes in the ranking, three out of four most important factors that limit credit activity of the banks have become less acute. The greatest improvement in the situation is related to weakening demand restraints. In 2005, only 11% of all respondents mentioned shortage of demand for credit resources - the lowest result in

the whole period of our observation. In 2003-2004, their share was 26%, and in 1999, 33%. As a result, lack of demand is the last point in the list of four most serious barriers to expansion of credit activity.

Less frequent are complaints about shortage of credit resources (37% of the surveyed banks in 2005 against 47% in 2004) and about insolvency of borrowers (32% and 34%, respectively).

The only factor that has become more severe is toughness of the Central Bank policy. In 2003-2004, this item was mentioned by 16% of the banks, and in 2005, 29%.

**Table 9****Main Factors to Limit Lending Activities of Banks**

(Shares of banks considering the relevant factors, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	(10)=(9)-(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
No limiting factors	9	8	10	12	13	20	14	16	24	+8
Shortage of credit resources	52	32	25	37	52	51	40	47	37	-10
Insolvency of borrowers	85	73	56	51	40	42	18	34	32	-2
Tough policy of Central Bank	42	42	35	37	39	29	16	16	29	+13
Shortage of demand for credit (from sound and promising borrowers)	25	32	33	32	19	27	26	26	11	-15
Lack of offices, equipment etc.	0	0	0	2	4	0	4	0	0	0
Price surge	0	7	0	2	4	2	2	0	0	0
Taxes	7	8	7	7	7	3	0	0	0	0
Shift of the bank to other types of operation	10	0	5	7	0	0	0	0	0	0
Inadequate skills of personnel	0	0	0	2	2	0	0	0	0	0
Other	0	3	3	3	4	0	6	3	19	+16

**Industry-Wise Priorities of Long-Term Lending**

In the last nine years, there was practically no change in the list of three industries considered by bankers as high priority objects for long-term lending. Food industry has been, and still is the undisputable leader in this list. In 2005, 43% of the surveyed banks named this industry the most preferred one for long-term lending (see Table 10). This is 6 points

*Business Performance*

less than in 2004, and in general, one of the lowest rates of this industry in nine years of observation.

**Table 10****Rating of Industries**

(Shares of banks considering the relevant industry attractive for long-term lending, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	(10)=(9)-(8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Food	32	45	50	56	57	61	54	49	43	-6
Building materials	12	16	14	21	21	23	20	26	42	+16
Fuel	34	25	25	26	25	33	26	44	36	-8
Electric power	33	29	25	22	30	24	27	33	29	-4
Machinery and metalworking	13	11	13	8	14	15	22	32	21	-11
Chemicals and petrochemicals	17	11	17	22	29	24	17	23	19	-4
Agriculture	5	2	7	7	13	12	8	6	18	+12
Logging, woodworking, pulp-and-paper	8	6	10	7	9	7	8	5	15	+10
Iron and steel and non-ferrous metals	14	8	9	13	19	12	17	11	12	+1
Light industry	4	6	5	8	9	19	12	8	5	-3
<i>All industries are bad</i>	19	25	16	13	7	5	7	2	2	0

*Respondents were asked to point out three industries.*

Fuel and electric power occupied the second and third places for eight years in a row. However, in 2005 they were driven back from these positions by building materials. The latter has gained 16 points on the year and won the second place with a rate of 42%. And fuel and electric power, with rates of 36% and 29% respectively, fell to the third and fourth places.

In addition to building materials, the most successful winners in 2005 were agriculture (+12 percentage points: from 6% in 2004 to 18% in 2005) and logging, woodworking and pulp-and-paper (+10 points: from 5% to 15%). As a result, these two industries entered the second echelon of the most preferable ones for long-term lending, along with

machinery (which "lost" 11 points on the year), chemicals (-4%) and metals (+1).

Light industry has apparently become an outsider in our list. Only 5% of the banks mentioned it among attractive objects for long-term lending.

### **Financial Condition of Banks**

Financial condition of the surveyed banks was getting steadily better over the last eight years. The fastest pace of improvement was typical of the post-crisis years (1999 and 2000). By 2001, none of the banks in our sample any longer assessed its financial condition as poor. In 2005, as many as 45% of the surveyed banks assessed their financial condition as good, and 55% believed it was normal (see Table 11). The improved situation was even better reflected in distribution of the banks by performance: in 2005, 94% of the surveyed banks made profit (see Table 12). This is one of the best results in nine years of our observation.

**Table 11**

**Financial Condition of Banks** (Shares of surveyed banks, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Good	12	17	34	42	32	32	39	40	45
Normal	72	78	65	57	68	68	61	60	55
Poor	16	5	1	1	0	0	0	0	0

**Table 12**

**Performance of Banks** (Share of surveyed banks, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Profits	74	80	83	91	92	90	89	100	94
Break-even	7	16	12	9	4	10	9	0	3
Losses	19	4	5	0	4	0	2	0	3

### **Prospects for Bankruptcy of Banks**

In the assessments made by the bankers, the threat of bankruptcy has substantially declined in recent five years. While in 1997-1999, less than a half (38-43%) of all banks believed to be out of this danger, in

### *Business Performance*

2000-2004 this was the opinion of the majority of our respondents (61-70%). In 2005, 70% of the banks considered the prospects for their bankruptcy unlikely (see Table 13).

Even in the face of this bright picture, almost every tenth bank (11%) has mentioned tough policy of the Central Bank of Russia and insolvency of their borrowers as posing a potential threat of bankruptcy.

Interestingly, while the situation in the banking sector is getting generally better, the bankers more and more often suppose that the threat of bankruptcy may come from erroneous governance. In 2005, 8% of the surveyed banks pointed at managerial errors among the factors leading to bankruptcy. Such significant "weight" of this factor was recorded for the last time in the crisis year 1998. Meanwhile, the importance of such points as shortage of external funds and high taxes has come to naught.

**Table 13**  
**Factors of Bankruptcies** (Share of banks, %)

	1997	1996	1999	2000	2001	2002	2003	2004	2005
<i>No danger</i>	38	43	43	70	61	61	70	65	70
Tough policy of the Central Bank	38	40	20	17	21	12	22	19	11
Insolvency of borrowers	57	33	24	17	15	13	5	11	11
Managerial errors	7	8	2	2	0	2	2	3	8
Lack of external funds	29	13	10	8	15	23	11	6	0
Tax burden	28	18	13	10	14	6	4	0	0
Other	2	18	9	4	4	5	3	3	3

*Respondents were asked to point out no more than three factors to make the danger of bankruptcy close.*

### **Competition in Banking Sector**

Pressure of competition in the banking sector has become slightly stronger in 2005. The majority of surveyed banks - 56% against 50% in 2004 - assessed it as tough (see Table 14). Other 44% believed it was insignificant, and none of the respondents reported about absence of competition in their markets

**Table 14**  
**Level of Competition** (Share of banks, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Strong	24	28	26	36	26	38	61	50	56
Insignificant	61	51	65	62	74	60	37	50	44
Absent	15	21	9	2	0	2	2	0	0

\* \* \*

Substantial positive shifts in the banking sector in 2005, along with better relations of the banks with other sectors of the economy, expansion of lending activity, better management of loan portfolios, arrangement of facilities for servicing individuals, better financial position of the banks as such against the background of keen interbank competition and gradual loss of monopolistic position in the market by the Sberbank give grounds for hope that positive development will continue in several years to come.

### **REB Sample**

Surveys of banks are conducted by REB bimonthly. As a rule, they cover from 20 to 40 banks. The sample is based on medium-scale regional banks with average workforce of about 210 employees and average salary about 10300 rubles. About 32% of all banks in the sample are the former special banks, and about 58% are new commercial banks.