

June 29, 2023

Banker Survey Report (Q2 2023)

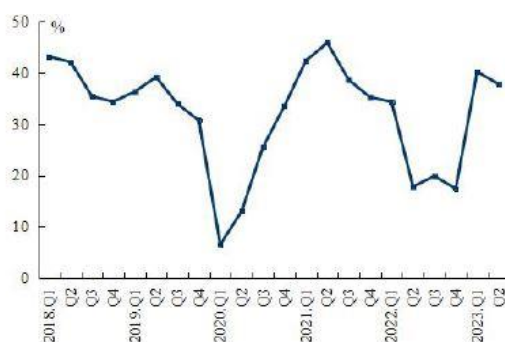
The results of nationwide banker survey conducted by the People's Bank of China (PBOC) in Q2 2023 are as follows.

I. Bankers' Macroeconomic Heat Index (BMHI)

Bankers' Macroeconomic Heat Index was 37.8 percent, down 2.4 percentage

points from the previous quarter. Among the surveyed, 62.4 percent bankers considered the current macroeconomic climate "normal", down 0.4 percentage points from the previous quarter; 31.0 percent considered it "relatively cool", up 2.6 percentage points from the previous quarter. For the next quarter, bankers' macroeconomic heat expectation index is 44.7 percent, 6.9 percentage points higher than that of the current quarter.

Figure 1: Bankers' Macroeconomic Heat Index



Source: Statistics and Analysis Department, PBOC.

II. Banking Industry Climate Index and Banking Profitability Index

The Banking Industry Climate Index registered 69.6 percent, down 2.3 percentage points from the previous quarter, and up 3.6 percentage points from the same period last year. The banking profitability index was 62.2 percent, down 3.7 percentage points from the previous quarter, and up 2.1 percentage points from the same period last year.

Figure 2: Banking Industry Climate Index and Banking Profitability Index

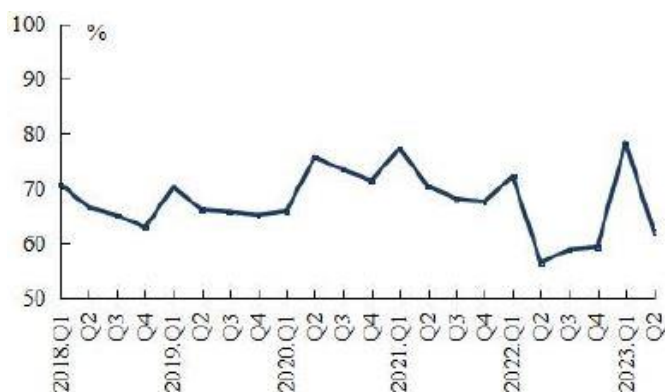


Source: Statistics and Analysis Department, PBOC.

III. Overall Loan Demand Index

The Overall Loan Demand Index was 62.2 percent, down 16.2 percentage points from the previous quarter, and up 5.6 percentage points from the same period last year. By sectors, the loan demand index of the manufacturing sector stood at 64.1 percent, down 9.8 percentage points from the previous quarter; the loan demand index of infrastructure was 61.0 percent, down 10.0 percentage points from the previous quarter; the loan demand index of wholesale and retail industry posted 60.0 percent, down 8.0 percentage points from the previous quarter; the loan demand index of real estate enterprises was 47.0 percent, down 8.4 percentage points from the previous quarter. By scale, the loan demand index of large-sized enterprises, medium-sized enterprises, and micro and small businesses posted 55.1 percent, 58.1 percent, and 64.5 percent, down 9.8 percentage points, 10.2 percentage points, and 12.1 percentage points from the previous quarter, respectively.

Figure 3: Overall Loan Demand Index

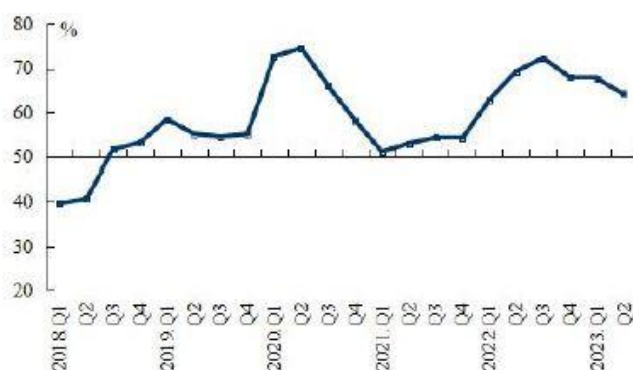


Source: Statistics and Analysis Department, PBOC.

IV. Monetary Policy Sentiment Index (MPSI)

The Monetary Policy Sentiment Index posted 64.2 percent, down 3.5 percentage points from the previous quarter, and down 5.1 percentage points from the same period last year. Among the surveyed, 29.9 percent bankers considered the monetary policy stance "eased", down 7.3 percentage points from the previous quarter; 68.5 percent considered the monetary policy stance "moderate", up 7.5 percentage point from the previous quarter. For the next quarter, the monetary policy sentiment expectation index is 64.5 percent, 0.3 percentage points higher than that of the current quarter.

Figure 4: Monetary Policy Sentiment Index



Source: Statistics and Analysis Department, PBOC.

Annex: Banker Survey Index Table

Unit: %

时 间	银行家 宏观经 济热度 指数 BMHI	货币政 策感受 指数 MPSI	贷款总 体需求 指数 Overall loan demand index	制造业 贷款需 求指数 Loan demand index of manufac tury sector	基础设 施贷款 需求指 数 Loan demand index of infrastruc ture	大型企 业 贷款需 求指 数 Loan demand index of large firms	中型企 业 贷款需 求指 数 Loan demand index of medium-size d firms	小微企 业 贷款需 求指 数 Loan demand index of small and micro sized firms	银行 贷款 审批 指数 Bank loan approval index	银行 业 景气 指数 Banking industry climate index	银行盈 利指 数 Banking Profitability Index
2020. Q2	13.0	74.6	75.8	70.6	69.7	60.7	66.9	78.6	60.8	63.9	62.1
2020. Q3	25.6	66.0	73.5	69.6	67.7	59.5	64.8	76.6	56.8	66.0	60.2
2020. Q4	33.6	58.2	71.6	68.6	65.0	59.3	62.9	74.7	53.6	67.9	60.9
2021. Q1	42.4	51.0	77.5	72.2	70.3	63.8	66.8	76.5	51.0	72.1	66.2
2021. Q2	45.9	52.9	70.5	68.7	65.1	59.1	62.3	72.3	49.8	69.6	63.8
2021. Q3	38.6	54.3	68.3	67.4	63.0	56.2	60.7	72.1	49.7	70.0	65.1
2021. Q4	35.3	54.1	67.7	67.0	60.8	57.1	60.5	70.5	51.6	70.2	64.8
2022. Q1	34.4	62.8	72.3	70.3	67.3	60.3	63.7	74.0	54.3	72.1	65.4
2022. Q2	17.8	69.3	56.6	59.7	58.5	51.4	54.2	61.0	58.0	66.0	60.1
2022. Q3	19.9	72.3	59.0	60.6	61.3	53.6	55.6	63.8	57.9	66.4	62.3
2022. Q4	17.4	68.0	59.5	62.2	60.6	54.6	56.4	62.5	57.9	65.8	61.3
2023. Q1	40.2	67.7	78.4	73.9	71.0	64.9	68.2	76.5	57.7	71.9	66.0
2023. Q2	37.8	64.2	62.2	64.1	61.0	55.1	58.1	64.5	55.6	69.6	62.2

Source: Statistics and Analysis Department, PBOC.

Note: Figures in this table are rounded to one decimal place. Possible discrepancies between year-on-year or quarter-on-quarter changes calculated from the figures and those published in the report are mainly due to rounding.

Introduction to Compilation:

The People's Bank of China (PBOC) started the banker survey in 2004. The survey is conducted on a full sampling and partial sampling basis, conducted full sampling survey covering banking institutions above the prefecture-level, and stratified PPS sampling survey covering rural credit cooperatives, including approximately 3,200 banking institutions surveyed nationwide. Respondents are heads of headquarters of banking institutions (including foreign-funded commercial banks) throughout China, and presidents or vice-presidents in charge of credit business of branches and sub-branches.

Most of the indexes in the banker survey report are calculated using the diffusion index approach, i.e. the proportion C_i represented by each option is calculated, and different options are given different weights Q_i (a weight of 1 to the "good/increase" option, 0.5 to "mediocre/unchanged", and 0 to "poor/decrease"), and the final indexes are obtained by adding up the results of each C_i multiplied by the corresponding Q_i . All indexes range between 0 and 100 percent. An index reading above 50 percent indicates an upward trend or expansion while a reading below 50 percent is a sign of a downward trend or contraction.

The calculation methods of major indices are introduced briefly as below.

1. Macroeconomic heat index: It is a diffusion index on the current macroeconomic situation. It is derived by calculating the proportions of bankers who considered the economic climate in the current quarter "relatively heat" and "normal", assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results.

2. Monetary policy sentiment index: It is an index reflecting bankers' monetary policy sentiment. This index is derived by calculating the proportions of bankers who considered the monetary policy stance in the current quarter "relatively loose" and "moderate", assigning the weights of 1 and 0.5 respectively, and adding the multiplication results together.

3. Overall loan demand index: It is a diffusion index reflecting bankers' judgment on overall loan demand. This index is derived by calculating the proportions of bankers who considered their bank's loan demand in the current quarter "increased" and "stayed unchanged basically", assigning the weights of 1 and 0.5 respectively, and adding the multiplication results together.

4. Loan demand index of the manufacturing sector: It is a diffusion index reflecting bankers' judgment on loan demand of the manufacturing sector. This index is derived by calculating the proportions of bankers who considered the loan demand of the

manufacturing sector in the current quarter "increased" and "unchanged", assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results together.

5. Loan demand index of infrastructure: It is a diffusion index reflecting bankers' judgment on the loan demand of infrastructure. This index is derived by calculating the proportions of bankers who considered the loan demand of infrastructure in the current quarter "increased" and "unchanged", assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results together.

6. Loan demand index of large enterprises: It is a diffusion index reflecting bankers' judgment on loan demand of large enterprises. This index is derived by calculating the proportions of bankers who considered the loan demand of the large enterprises in the current quarter "increased" and "stayed unchanged", assigning the weights of 1 and 0.5, and adding up the multiplication results.

7. Loan demand index of medium enterprises: It is a diffusion index reflecting bankers' judgment on loan demand of medium enterprises. This index is derived by calculating the proportions of bankers who considered the loan demand of medium enterprises in the current quarter "increased" and "stayed unchanged", assigning the weights of 1 and 0.5, and adding up the multiplication results.

8. Loan demand index of micro and small businesses: It is a diffusion index reflecting bankers' judgment on loan demand of micro and small businesses. This index is derived by calculating the proportions of bankers who considered the loan demand of micro and small businesses in the current quarter "increased" and "unchanged" respectively, assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results.

9. Bank loan approval index: It is a diffusion index reflecting tightness on loan approval conditions. This index is derived by calculating the proportions of bankers who considered the approval conditions of in the current quarter "loose" and "unchanged", assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results.

10. Banking industry climate index: It is a diffusion index reflecting bankers' judgment on the overall operation of the banks. This index is derived by calculating the proportions of bankers who considered the banks' overall operation in the current quarter "quite good" and "mediocre", assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results.

11. Banking profitability index: It is a diffusion index reflecting bankers' judgment on bank profitability. This index is derived by calculating the proportions of bankers who considered the banks' profits in the current quarter "increased (or losses reduced)" and "flat", assigning the weights of 1 and 0.5 respectively, and adding up the multiplication results.