

December 23, 2019

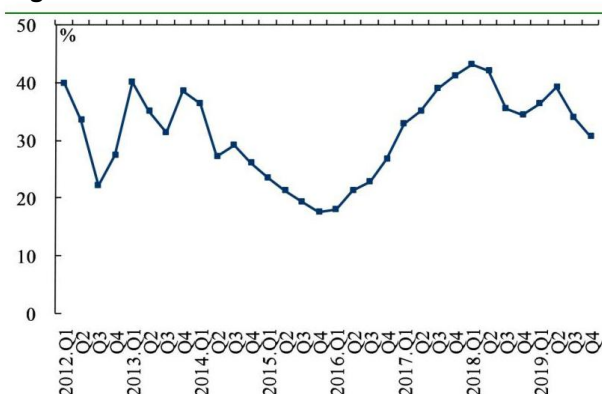
Bankers' Survey Report (Q4 2019)

The results of nationwide bankers' survey conducted by the People's Bank of China (PBC) in Q4 2019 are as follows.

I. Bankers' Macroeconomic Heat Index (BMHI)

Bankers' macroeconomic heat index was 30.7%, down 3.3 percentage points from the previous quarter. Among the surveyed, 40.0% bankers considered the current macroeconomic climate "relatively cool", up 6.6 percentage points from the previous quarter; 58.7% considered it "normal", down 6.7 percentage points from the previous quarter. For the next quarter, bankers' macroeconomic heat expectation index is projected at 34.4%, 3.7 percentage points higher than the BMHI of the current quarter.

Figure 1: Bankers' Macroeconomic Heat Index

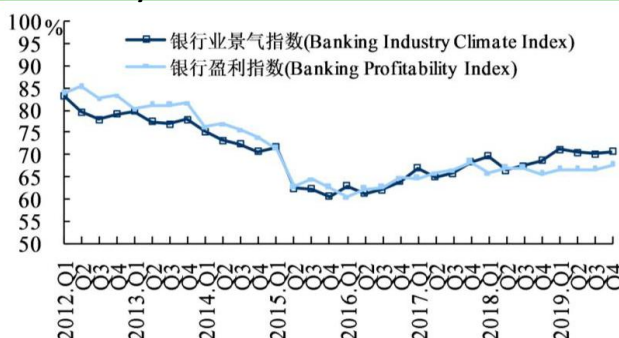


Source: Statistics and Analysis Department, PBC.

II. Banking Industry Climate Index and Bank Profitability Index

The banking industry climate index registered 70.7%, up 0.5 percentage points quarter on quarter and up 2.1 percentage points year on year. The bank profitability index was 67.6%, up 0.9 percentage points from the previous quarter and up 1.9

Figure 2: Banking Industry Climate Index and Bank Profitability Index



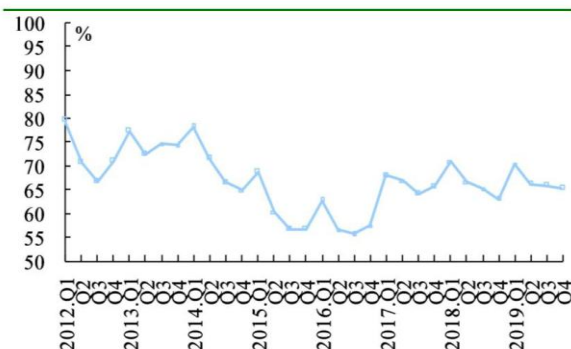
Source: Statistics and Analysis Department, PBC.

percentage points from the same period last year.

III. Overall Loan Demand Index

The overall loan demand index was 65.3%, down 0.5 percentage points from the previous quarter and up 2.3 percentage points from the same period last year. By sector, the loan demand index of the manufacturing sector stood at 59.2%, up 0.2 percentage points from the previous quarter; the loan demand index of infrastructure was 60.6%, up 0.3 percentage points from the previous quarter. By scale, loan demand index of large and medium-sized firms was 54.9% and 57.1% respectively, up 0.5 percentage points and the same as the previous quarter respectively; and that of micro and small-sized firms was 69.6%, down 0.6 percentage points from the previous quarter.

Figure 3: Overall Loan Demand Index

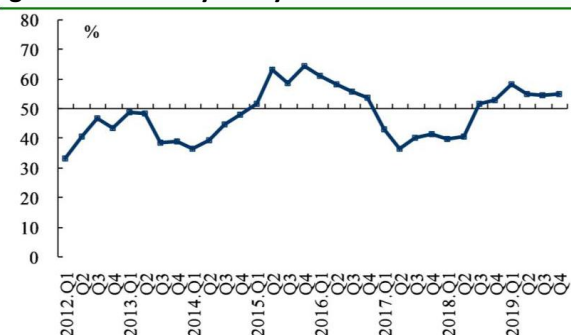


Source: Statistics and Analysis Department, PBC.

IV. Monetary Policy Sentiment Index (MPSI)

The monetary policy sentiment index posted 55.1%, up 0.6 percentage points quarter on quarter and up 2.0 percentage points year on year. Among the surveyed, 15.0% bankers considered the monetary policy stance "easing", up 2.0 percentage points from the previous quarter; 80.2% considered the monetary policy stance "moderate", down 2.7 percentage points from the previous quarter. For the next quarter, the monetary policy sentiment expectations index is projected at 61.1%, 6.0 percentage points higher than the MPSI of the current quarter.

Figure 4: Monetary Policy Sentiment Index



Source: Statistics and Analysis Department, PBC.

Annex: Bankers' Survey Index Table

Period	BMHI	MPSI	Overall loan demand index	Loan demand index of the manufacturing sector	Loan demand index of the infrastructure	Loan demand index of large firms	Loan demand indices of medium-sized firms	Loan demand index of micro and small-sized firms	Bank loan approval index	Banking industry climate index	Bank profitability index
2016.Q4	26.9	53.7	57.5	49.2	59.3	52.4	52.9	56.6	47.6	63.9	64.7
2017.Q1	33.0	43.0	68.0	57.2	66.3	59.5	60.1	62.6	47.9	66.9	64.7
2017.Q2	35.2	36.6	66.9	57.2	65.1	58.8	59.6	61.4	46.1	65.0	65.8
2017.Q3	39.0	40.4	64.2	57.6	61.6	57.1	58.4	61.4	45.1	65.8	66.5
2017.Q4	41.2	41.6	65.7	57.0	61.7	56.9	58.6	62.2	46.4	68.3	68.3
2018.Q1	43.2	39.7	70.9	61.4	64.4	61.1	62.7	66.3	44.6	69.7	65.9
2018.Q2	42.2	40.6	66.7	60.3	60.2	58.0	60.6	64.5	44.0	66.4	66.9
2018.Q3	35.5	51.6	65.2	58.4	60.8	56.3	58.1	67.1	47.7	67.5	66.9
2018.Q4	34.4	53.1	63.0	58.6	58.0	54.0	56.6	67.9	49.8	68.7	65.7
2019.Q1	36.4	58.4	70.4	62.5	63.4	58.3	60.8	71.8	51.4	71.2	66.7
2019.Q2	39.2	55.2	66.2	59.4	60.6	54.5	57.6	70.5	51.5	70.6	66.7
2019.Q3	33.9	54.5	65.9	59.0	60.2	54.4	57.2	70.2	51.1	70.2	66.7
2019.Q4	30.7	55.1	65.3	59.2	60.6	54.9	57.1	69.6	50.6	70.7	67.6

Source: Statistics and Analysis Department, the PBC.

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 (PBC) started the banker survey in 2004. The survey is conducted on a full sampling and partial sampling basis, i.e. full sampling survey covering banking institutions above the prefecture-level, and stratified PPS sampling survey covering rural credit cooperatives. About 3,200 banking institutions are 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%. An index reading above 50% indicates an upward trend or expansion while a reading below 50% 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 large firms: It is a diffusion index reflecting bankers' judgment on loan demand of large firms. This index is derived by calculating the proportions of bankers who considered the loan demand of the large firms in the current quarter "increased" and "stayed unchanged", assigning the weights of 1 and 0.5, and adding up the multiplication results.

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

8. 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.

9. 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.

10. Bank 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.