

The following survey asks short questions about credit outlook and current portfolio management strategy. The goal is to create a quick snapshot of current credit risk views, and actions, and an information base for IACPM members to discuss likely evolutions of the credit cycle over time.

Credit Outlook and Strategy. The following questions focus on your credit outlook and portfolio strategy.

1. Where do you expect Credit Spreads to be at the end of the next quarter, i.e., in 3 months?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses Dec-10	IACPM 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Dec-10	Dec-10	Dec-10		Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
CDX North America Investment Grade 5Y vs. 85*	3 6%	16 32%	31 62%	50	56.0	21.1	(17.4)	36.2	26.1
CDX North America High Yield 5Y vs. 432*	3 6%	16 32%	31 62%	50	56.0	25.0	(20.0)	40.9	26.7
iTraxx Europe 5Y vs. 106*	8 17%	20 43%	18 39%	46	21.7	22.4	(25.0)	37.5	22.5
iTraxx Europe Crossover 5Y vs. 440*	8 17%	16 35%	22 48%	46	30.4	14.3	(18.2)	41.0	22.5
iTraxx Japan Series 5Y vs. 102*	1 3%	8 28%	20 69%	29	65.5	37.1	(10.3)	66.7	18.5
iTraxx Asia ex-Japan Investment Grade 5Y vs. 103*	1 3%	4 13%	26 84%	31	80.6	51.4	(13.8)	56.5	33.3
iTraxx Asia ex-Japan High Yield 5Y vs. 371*	2 7%	5 17%	23 77%	30	70.0	40.0	(7.1)	60.9	29.6
iTraxx Australia 5Y vs. 104*	1 4%	11 39%	16 57%	28	53.6	44.4	0.0	63.6	28.0

IACPM Major Markets Credit Spread Outlook Index
(weighted average based on number of responses; includes first four indices listed in bold) 192 41.7 20.9 (20.1) 38.8 24.6

IACPM 3 Months Credit Spread Outlook Index
(weighted average based on number of responses; includes all indices listed above) 310 51.6 29.9 (15.3) 46.9 25.6

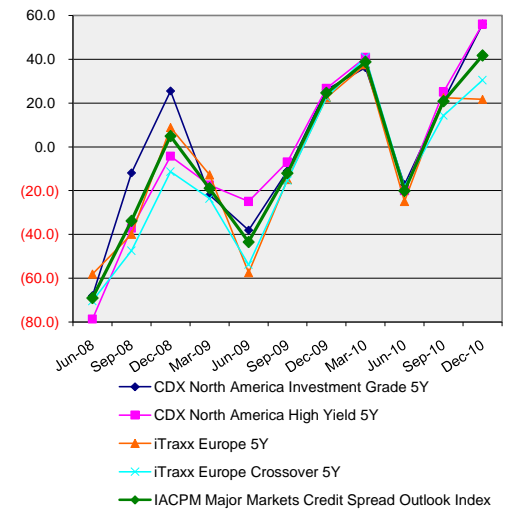
2. Where do you expect CMBX index prices to be at the end of next quarter, i.e., in 3 months?

Effective April 20, 2009 standard trading convention for Market CMBX indices changed to price from spread.

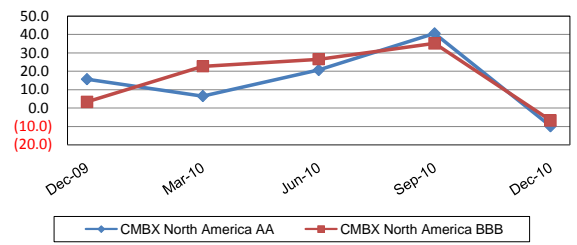
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses Dec-10	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-10	Dec-10	Dec-10		Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
CMBX North America AA vs. 61*	8 27%	11 37%	11 37%	30	(10.0)	40.5	20.6	6.5	15.6
CMBX North America BBB vs. 20*	7 24%	13 45%	9 31%	29	(6.9)	35.1	26.5	22.6	3.2

* (values as of December 29, 2010 in basis points; Source: Markit)

IACPM 3 Months Credit Spread Outlook Index



IACPM 3 Months CMBX Index Price Outlook Index



3. Where do you expect credit spreads to be in 12 months?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses Dec-10	IACPM 12 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Dec-10	Dec-10	Dec-10		Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
CDX North America Investment Grade 5Y vs. 85*	8 16%	11 22%	32 63%	51	47.1	50.0	31.9	53.2	46.8
CDX North America High Yield 5Y vs. 432*	7 14%	9 18%	35 69%	51	54.9	42.9	29.8	62.2	37.0
iTraxx Europe 5Y vs. 106*	9 20%	13 28%	24 52%	46	32.6	49.0	37.2	45.0	39.0
iTraxx Europe Crossover 5Y vs. 440*	12 26%	11 24%	23 50%	46	23.9	40.8	37.2	46.2	34.1
iTraxx Japan Series 5Y vs. 102*	2 7%	7 24%	20 69%	29	62.1	55.9	23.1	62.5	40.7
iTraxx Asia ex-Japan Investment Grade 5Y vs. 103*	2 7%	3 10%	25 83%	30	76.7	59.5	29.6	47.8	51.9
iTraxx Asia ex-Japan High Yield 5Y vs. 371*	4 13%	3 10%	23 77%	30	63.3	57.1	26.9	54.2	40.7
iTraxx Australia 5Y vs. 104*	3 10%	5 17%	21 72%	29	62.1	61.8	29.6	59.1	60.0

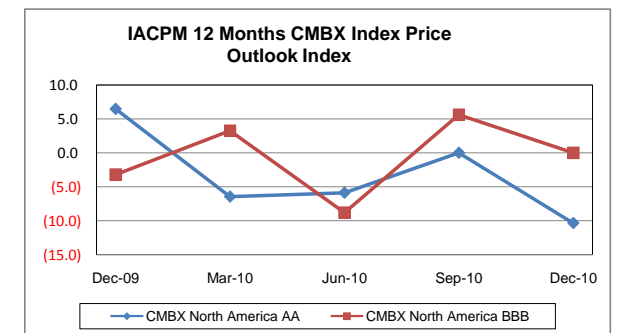
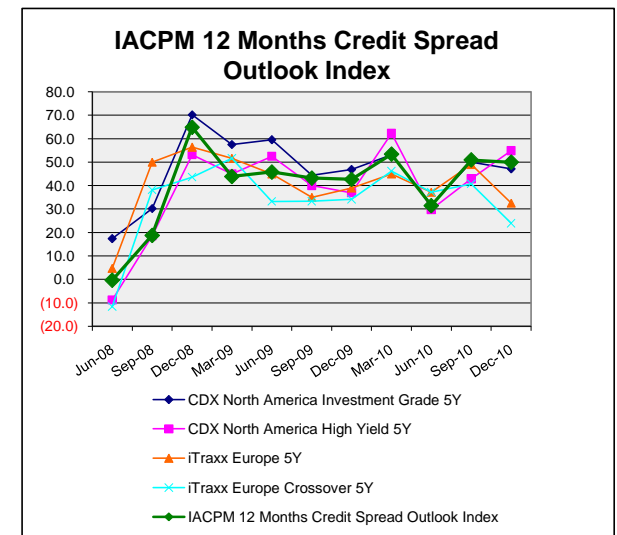
IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)	312	50.0	50.9	31.5	53.4	42.7
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4. Where do you expect CMBX index prices to be in 12 months?

Effective April 20, 2009 standard trading convention for Markit CMBX indices changed to price from spread.

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses Dec-10	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-10	Dec-10	Dec-10		Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
CMBX North America AA vs. 61*	10 34%	6 21%	13 45%	29	(10.3)	0.0	(5.9)	(6.5)	6.5
CMBX North America BBB vs. 20*	10 34%	9 31%	10 34%	29	0.0	5.6	(8.8)	3.2	(3.2)

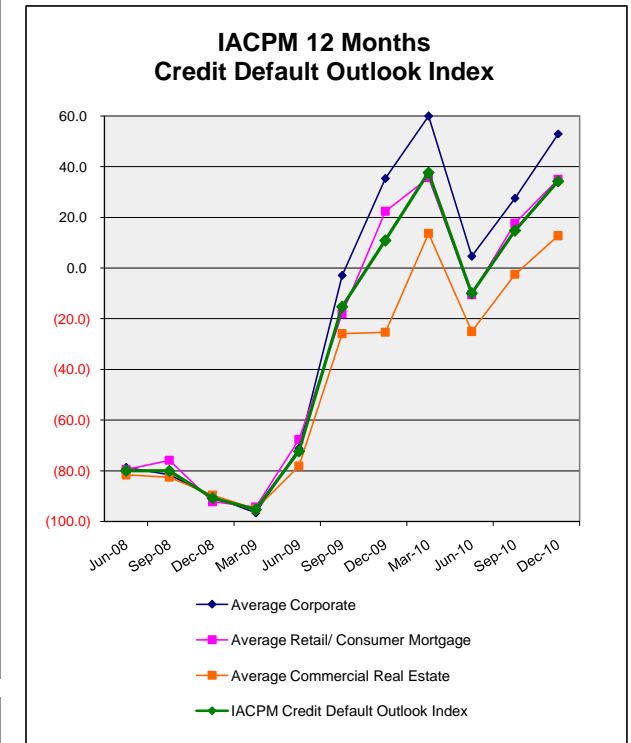
* (values as of December 29, 2010 in basis points; Source: Markit)



5. Where do you expect Credit Defaults to be in 12 months?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses Dec-10	IACPM 12 Months Credit Default Outlook Index (positive numbers indicate credit improvement)				
	Dec-10	Dec-10	Dec-10		Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
North America Corporate	3 6%	15 28%	35 66%	53	60.4	22.4	10.2	67.3	42.0
North America Retail/ Consumer Mortgage	5 10%	20 38%	27 52%	52	42.3	9.8	(10.4)	44.4	10.2
North America Commercial Real Estate	10 20%	20 41%	19 39%	49	18.4	(7.8)	(31.9)	(7.1)	(40.8)
Europe Corporate	8 17%	14 30%	24 52%	46	34.8	23.5	(9.5)	41.5	9.5
Europe Retail/ Consumer Mortgage	12 27%	15 33%	18 40%	45	13.3	6.4	(31.7)	13.9	4.7
Europe Commercial Real Estate	15 37%	17 41%	9 22%	41	(14.6)	(21.7)	(43.9)	(2.8)	(42.9)
Asia Corporate	1 3%	12 35%	21 62%	34	58.8	33.3	6.5	65.5	46.7
Asia Retail/ Consumer Mortgage	1 3%	14 45%	16 52%	31	48.4	30.3	0.0	37.5	43.3
Asia Commercial Real Estate	4 13%	13 43%	13 43%	30	30.0	17.6	(7.4)	41.7	(3.3)
Australia Corporate	2 6%	9 27%	22 67%	33	60.6	35.1	14.8	69.2	52.0
Australia Retail/ Consumer Mortgage	3 10%	11 38%	15 52%	29	41.4	33.3	12.0	52.4	52.0
Australia Commercial Real Estate	7 24%	8 28%	14 48%	29	24.1	12.1	0.0	50.0	8.0
Average Corporate	4 8%	13 30%	26 61%	42	53.0	27.6	4.7	60.0	35.4
Average Retail/ Consumer Mortgage	5 13%	15 38%	19 48%	39	35.0	17.7	(10.5)	35.7	22.4
Average Commercial Real Estate	9 24%	15 39%	14 37%	37	12.8	(2.4)	(25.0)	13.7	(25.3)

IACPM Credit Default Outlook Index (weighted average based on number of responses)	472	34.3	14.8	(10.0)	37.7	10.9
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6. Is your current strategy to increase or decrease the percentage of retained risk in your overall portfolio (via sale, hedge, asset acquisition/increase, etc)?

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
Increase aggressively	3	2	1	3	3	2	1	5%	3%	2%	6%	6%	4%	2%
Increase moderately	23	27	17	18	21	12	11	42%	45%	31%	35%	40%	24%	23%
Unchanged	15	13	19	14	9	16	13	27%	22%	35%	27%	17%	33%	27%
Decrease moderately	11	16	16	15	17	17	21	20%	27%	30%	29%	32%	35%	44%
Decrease aggressively	3	2	1	1	3	2	2	5%	3%	2%	2%	6%	4%	4%
Total Number of Responses	55	60	54	51	53	49	48	100%	100%	100%	100%	100%	100%	100%

7. What is the rationale for this strategy?

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
Balance sheet/Capital appetite	28	30	35	25	20	23	24	51%	50%	65%	49%	38%	47%	50%
Portfolio optimization	19	20	11	15	21	16	16	35%	33%	20%	29%	40%	33%	33%
Change in risk view	6	6	7	8	9	6	4	11%	10%	13%	16%	17%	12%	8%
Other, please comment	2	4	1	3	3	4	4	4%	7%	2%	6%	6%	8%	8%
Total	55	60	54	51	53	49	48	100%	100%	100%	100%	100%	100%	100%

Comments, September 2009

Happy with current strategy
Mandate
Not an issue for our portfolio

Comments, June 2009

European Commission retribution for state subsidy!
We're naturally long, so to shorten up is prudent.
Mandate

Comments, March 2009

At this stage of the market we aren't active player
Balance Sheet/Capital appetite and Portfolio Optimization
Consistent strategy regardless of credit view
Cost
Mandate
Portfolio optimization & PF optimization

8. What industry sectors are you most focused on for risk mitigation efforts in the next 3 months? (Top 3)

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
TMT: Telecom	8	4	5	6	4	3	3	15%	7%	8%	12%	8%	6%	6%
TMT: Media	5	4	2	6	8	13	11	9%	7%	4%	12%	15%	27%	23%
TMT: Technology	4	1	0	1	1	2	1	7%	2%	0%	2%	2%	4%	2%
Natural Resources: Oil and Gas	6	9	17	11	8	3	2	11%	15%	32%	22%	15%	6%	4%
Natural Resources: Paper	4	1	6	3	6	7	7	7%	2%	9%	6%	11%	14%	15%
Natural Resources: Metals/Mining	7	10	5	4	2	3	9	13%	17%	9%	8%	4%	6%	19%
Natural Resources: Chemicals	2	2	0	1	2	3	1	4%	3%	0%	2%	4%	6%	2%
Natural Resources: Utilities	5	7	3	6	2	0	0	9%	12%	6%	12%	4%	0%	0%
Industrial: Auto and related transportation	8	13	9	13	12	17	23	15%	22%	17%	25%	23%	35%	48%
Industrial: Airlines/ Aerospace/ Defense	2	9	6	9	9	14	8	4%	15%	9%	18%	17%	29%	17%
Industrial: Diversified	6	4	8	2	7	5	5	11%	7%	15%	4%	13%	10%	10%
Pharma/ Biotech/ Health Care	4	2	3	5	3	0	2	7%	3%	6%	10%	6%	0%	4%
Retail/ Consumer	14	20	14	13	22	23	21	25%	33%	26%	25%	42%	47%	44%
Financial: banks/ brokers	19	13	18	8	9	11	5	35%	22%	34%	16%	17%	22%	10%
Financial: insurance	7	5	3	4	7	7	6	13%	8%	6%	8%	13%	14%	12%
Financial: nonbank	7	13	7	6	6	11	7	13%	22%	13%	12%	11%	22%	15%
Real Estate: Commercial and Construction	31	32	31	30	40	32	27	56%	53%	58%	59%	75%	65%	56%
Real Estate: Residential	12	12	15	19	20	10	9	22%	25%	28%	37%	38%	20%	19%
Other, please specify	8	11	3	5	2	1	1	15%	18%	6%	10%	4%	2%	2%

Other, December 2010

MicroFinance
Textile/Garments; Electronics
Publishing
Marine
Sovereign (2x)

Other, September 2010

Entertainment & Recreation
European Sovereign/ Sovereign
Municipal
State and Local Government
Shipping
Small Business / Agriculture
Structured Credit
Textile/ Garments; Electronics

Other, June 2010

Marine
Alternative Investments
Sovereign Risks

Others, December 2009

Sovereign
Anything that is weakly rated and thus more capital consumptive under B2.

Other, March 2010

Conglomerates
Shipping
Electronics

Others, June 2009

We focus on specific names.

Demographics. The following questions relate to the size and nature of your firm and are for background demographic information.

9. Please identify the nature of your institution.

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
Bank/Investment bank	46	45	42	43	45	42	40	84%	75%	78%	84%	85%	86%	83%
Insurance company	6	8	7	4	4	3	3	11%	13%	13%	8%	8%	6%	6%
Fund	2	4	4	3	3	2	4	4%	7%	7%	6%	6%	4%	8%
Other, please identify	1	3	1	1	1	2	1	2%	5%	2%	2%	2%	4%	2%
Total	55	60	54	51	53	49	48	100%	100%	100%	100%	100%	100%	100%

Other, September 2010
ECA
Multilateral Development Bank
Commercial Bank

Other, December, June, March 2010 and December 2009
ECA

Other, Sep. 2009
ECA
Asset manager/cdpc

Other, June 2009
ECA

Other, March 2009
ECA
Bank and Insurance

10. Please identify your firm's continent of domicile.

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
North America	18	21	19	20	20	19	18	33%	35%	35%	39%	38%	39%	38%
Europe	25	26	25	21	21	19	20	45%	43%	46%	41%	40%	39%	42%
Asia	5	7	5	5	4	5	4	9%	12%	9%	10%	8%	10%	8%
Australia/ Oceania	4	3	3	2	4	4	3	7%	5%	6%	4%	8%	8%	6%
South America	0	0	0	0	0	0	1	0%	0%	0%	0%	0%	0%	2%
Middle East	0	0	0	0	0	0	0	0%	0%	0%	0%	0%	0%	0%
Africa	3	3	2	3	4	2	2	5%	5%	4%	6%	8%	4%	4%
Total	55	60	54	51	53	49	48	100%	100%	100%	100%	100%	100%	100%

11. Please identify your firm's approximate portfolio asset size. Please include only the assets for which the portfolio management group is responsible.

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
Less than \$50 billion	7	13	14	12	9	8	8	13%	22%	26%	24%	17%	16%	17%
\$50 billion to \$100 billion	15	10	9	11	13	12	10	28%	17%	17%	22%	25%	24%	21%
\$100 billion to \$200 billion	12	15	13	15	12	13	11	22%	25%	25%	29%	23%	27%	23%
Greater than \$200 billion	NA	NA	NA	NA	NA	NA	18	NA	NA	NA	NA	NA	NA	38%
\$200 billion to \$500 billion	8	8	9	5	12	8	NA	15%	14%	17%	10%	23%	16%	NA
Greater than \$500 billion	12	13	8	7	6	6	NA	22%	22%	15%	14%	11%	12%	NA
Does not apply	0	0	0	1	1	2	1	0%	0%	0%	2%	2%	4%	2%
Total	54	59	53	51	53	49	48	100%	100%	100%	100%	100%	100%	100%

12. In what part of your organization is the credit portfolio management group located?

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09
Line of business	25	26	23	22	25	24	25	45%	43%	43%	43%	47%	49%	52%
Risk management (including credit risk management)	24	24	20	18	20	17	15	44%	40%	37%	35%	38%	35%	31%
Finance/Treasury	3	3	5	6	6	5	4	5%	5%	9%	12%	11%	10%	8%
Does not apply	2	3	5	2	1	2	2	4%	5%	9%	4%	2%	4%	4%
Other, please specify	1	4	1	3	1	1	2	2%	7%	2%	6%	2%	2%	4%
Total	55	60	54	51	53	49	48	100%	100%	100%	100%	100%	100%	100%

Other, December 2010
General Management

Other, September 2010
Bad Bank
Direct report to top management
Global Credit
Planning / Seperate Division

Other, June 2010
Direct report to top management

Other, March 2010
Direct report to top management
Planning
Work Out Unit

Others, December 2009
Hybrid risk and business

Others, September 2009
Division

Participating Institutions

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
Aareal Bank					✓
Absa Bank	✓	✓	✓	✓	✓
ABN AMRO Bank NV	✓				
Ariel Reinsurance Company Ltd.	✓	✓	✓		
ATB Financial	✓	✓			
Atradius Insurance		✓	✓	✓	
Australia & New Zealand Banking Group	✓				✓
Banco Santander S.A.		✓			
Banesto			✓	✓	
Bank of America	✓	✓		✓	✓
Bank of Montreal	✓	✓	✓	✓	✓
Bank of Tokyo-Mitsubishi UFJ	✓	✓	✓	✓	✓
Bank of the West		✓		✓	✓
Barclays Capital	✓	✓		✓	✓
BBVA	✓	✓	✓		
BlueCrest Capital Management Limited	✓	✓	✓	✓	✓
BlueMountain Capital Management	✓	✓	✓	✓	✓
BNP Paribas	✓	✓	✓	✓	✓
BNP Paribas Fortis	✓	✓	✓	✓	✓
Capital One	✓	✓	✓	✓	✓
Channel Capital Advisors		✓	✓	✓	
CIBC World Markets		✓		✓	✓
Citigroup	✓	✓	✓	✓	✓
Citizens Financial Group	✓				
Commerzbank	✓	✓	✓	✓	✓
Commonwealth Bank of Australia	✓	✓	✓	✓	✓
Credit Agricole CIB	✓		✓		
Credit Suisse					✓
Deutsche Bank	✓	✓	✓		✓
European Investment Fund		✓	✓		
Export Development Canada	✓	✓	✓	✓	✓
Fifth Third Bank	✓	✓	✓	✓	✓
FirstRand Ltd.	✓	✓		✓	✓
Goldman Sachs	✓		✓	✓	
HSBC	✓	✓	✓	✓	✓
IKB Deutsche Industriebank AG	✓	✓	✓		
ING Group	✓	✓	✓	✓	
Intesa Sanpaolo	✓	✓	✓	✓	✓
JP Morgan Chase					✓
KBC	✓	✓		✓	✓

	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09
KeyCorp	✓	✓	✓		✓
KfW Banking Group	✓	✓		✓	✓
KfW IPEX				✓	
Landesbank Baden-Wuerttemberg		✓	✓	✓	✓
Lloyds TSB PLC	✓	✓	✓		✓
Manulife Financial	✓	✓	✓		
Metlife	✓	✓	✓		✓
Mitsubishi UFJ Trust and Banking Corporation	✓	✓	✓	✓	✓
Mizuho Corporate Bank		✓	✓	✓	
Monte Dei Paschi Di Siena		✓	✓		✓
Munich Reinsurance	✓	✓	✓	✓	✓
National Australia Bank	✓	✓	✓		✓
National Bank Financial			✓	✓	✓
Nationwide Insurance		✓			
Nedbank Ltd.					✓
Nomura Holdings					✓
NRW Bank	✓	✓	✓	✓	✓
OCBC Bank	✓	✓			
Orchard Global Asset Management		✓			
PNC Financial Services	✓	✓	✓	✓	✓
Primus Asset Management					✓
RBC Capital Markets	✓	✓	✓	✓	✓
Regions Bank	✓	✓	✓	✓	✓
Royal Bank of Scotland	✓				
Societe Generale	✓			✓	✓
Standard Bank of South Africa	✓	✓	✓	✓	✓
Standard Chartered	✓	✓	✓	✓	✓
State Street Bank				✓	
Sumitomo Mitsui Banking Corp	✓	✓	✓	✓	
Sun Life Assurance Company of Canada	✓				
SunTrust			✓		
Swiss Re	✓	✓	✓	✓	✓
TIAA-CREF		✓	✓	✓	✓
UBS AG	✓	✓	✓	✓	✓
UniCredit Corporate & Investment Banking	✓	✓	✓	✓	✓
Union Bank	✓	✓	✓	✓	✓
Wells Fargo		✓	✓	✓	
WestLB AG	✓	✓	✓	✓	✓
Westpac	✓	✓	✓	✓	✓
WGZ Bank AG			✓		

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