



Fourth Quarter 2011 Member Survey on Credit Outlook

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?

Effective September 2011 the iTraxx Asia ex-Japan HY is no longer listed by Markit due to a lack of liquidity.

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-11	IACPM 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Dec-11	Dec-11	Dec-11		Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
CDX North America Investment Grade 5Y vs. 121*	10 24%	14 33%	18 43%	42	19.1	0.0	22.2	22.9	56.0
CDX North America High Yield 5Y vs. 686*	13 32%	12 29%	16 39%	41	7.3	(15.0)	15.6	12.5	56.0
iTraxx Europe 5Y vs. 175*	17 45%	12 32%	9 24%	38	(21.1)	(15.4)	4.9	(4.4)	21.7
iTraxx Europe Crossover 5Y vs. 759*	20 53%	9 24%	9 24%	38	(29.0)	(20.0)	4.9	(2.2)	30.4
iTraxx Japan Series 5Y vs. 186*	6 25%	8 33%	10 42%	24	16.7	7.4	47.8	6.5	65.5
iTraxx Asia ex-Japan Investment Grade 5Y vs. 206*	7 30%	6 26%	10 43%	23	13.0	23.1	27.3	25.0	80.6
iTraxx Asia ex-Japan High Yield 5Y	NA	NA	NA	NA	NA	NA	27.3	29.0	70.0
iTraxx Australia 5Y vs. 182*	7 32%	7 32%	8 36%	22	4.6	21.4	26.9	31.0	53.6

IACPM Major Markets Credit Spread Outlook Index (weighted average based on number of responses; includes first four indices listed in bold)	159	(5.0)	(12.5)	12.2	7.5	41.7
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IACPM 3 Months Credit Spread Outlook Index (weighted average based on number of responses; includes all indices listed above)	228	0.0	(2.5)	19.2	13.6	51.6
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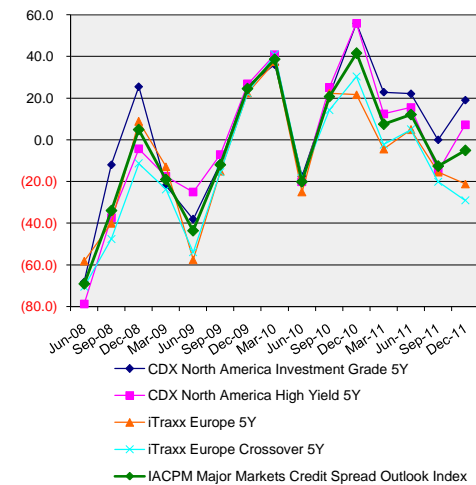
2. Where do you expect CMBX index prices to be at the end of next quarter, i.e., in 3 months?

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

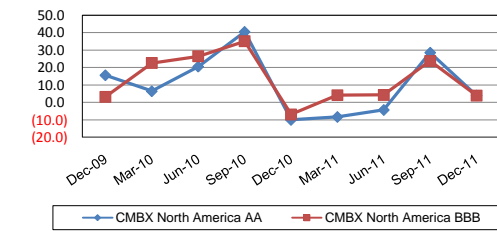
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses Dec-11	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-11	Dec-11	Dec-11		Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
CMBX North America AA vs. 43*	8 32%	10 40%	7 28%	25	4.0	28.6	(4.3)	(8.3)	(10.0)
CMBX North America BBB vs. 18*	9 36%	8 32%	8 32%	25	4.0	23.8	4.3	4.2	(6.9)

* Values as of December 29, 2011 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?

Effective September 2011 the iTraxx Asia ex-Japan HY is no longer listed by Markit due to a lack of liquidity.

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	IACPM 12 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Dec-11	Dec-11	Dec-11		Dec-11	Dec-11	Sep-11	Jun-11	Mar-11
CDX North America Investment Grade 5Y vs. 121*	8 20%	4 10%	29 71%	41	51.2	36.6	22.7	41.7	47.1
CDX North America High Yield 5Y vs. 686*	9 22%	4 10%	28 68%	41	46.3	31.7	18.2	37.5	54.9
iTraxx Europe 5Y vs. 175*	11 29%	9 24%	18 47%	38	18.4	28.2	12.2	28.9	32.6
iTraxx Europe Crossover 5Y vs. 759*	11 29%	9 24%	18 47%	38	18.4	27.5	12.2	31.1	23.9
iTraxx Japan Series 5Y vs. 186*	3 13%	7 29%	14 58%	24	45.8	33.3	30.4	29.4	62.1
iTraxx Asia ex-Japan Investment Grade 5Y vs. 206*	4 17%	5 22%	14 61%	23	43.5	34.6	31.8	39.4	76.7
iTraxx Asia ex-Japan High Yield 5Y	NA	NA	NA	NA	NA	NA	22.7	37.5	63.3
iTraxx Australia 5Y vs. 182*	5 23%	5 23%	12 55%	22	31.8	46.4	38.5	40.0	62.1

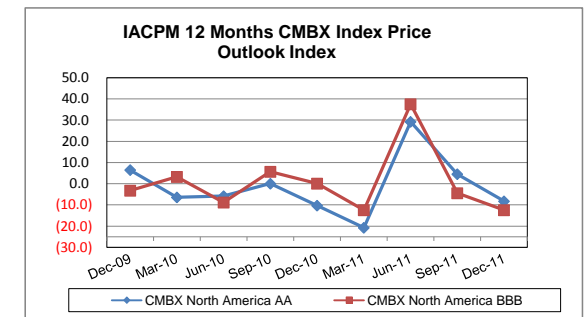
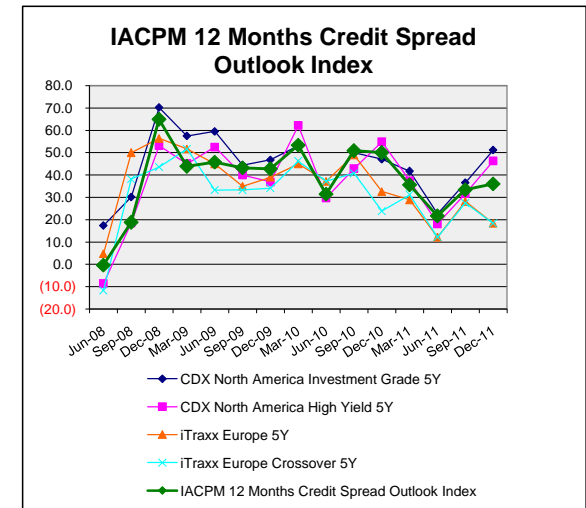
IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
	227	36.1	33.5	21.7	35.6

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.

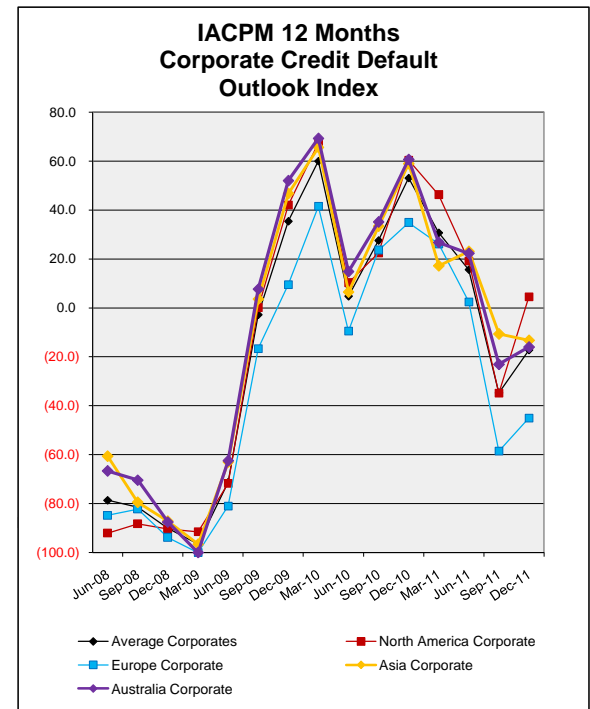
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-11	Dec-11	Dec-11		Dec-11	Dec-11	Sep-11	Jun-11	Mar-11
CMBX North America AA vs. 43*	7 29%	8 33%	9 38%	24	(8.3)	4.5	29.2	(20.8)	(10.3)
CMBX North America BBB vs. 18*	7 29%	7 29%	10 42%	24	(12.5)	(4.5)	37.5	(12.5)	0.0

* Values as of December 29, 2011 in basis points; Source: Markit



5. Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

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-11	IACPM 12 Months Credit Default Outlook Index (positive numbers indicate credit improvement)				
	Dec-11	Dec-11	Dec-11		Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
North America Corporate	13 30%	16 36%	15 34%	44	4.5	(34.9)	19.1	46.2	60.4
North America Retail/ Consumer Mortgage	10 25%	18 45%	12 30%	40	5.0	(33.3)	7.5	37.0	42.3
North America Commercial Real Estate	12 29%	19 46%	10 24%	41	(4.9)	(45.9)	7.5	17.0	18.4
Europe Corporate	25 63%	8 20%	7 18%	40	(45.0)	(58.5)	2.4	26.1	34.8
Europe Retail/ Consumer Mortgage	25 74%	6 18%	3 9%	34	(64.7)	(68.4)	(14.3)	7.3	13.3
Europe Commercial Real Estate	22 67%	9 27%	2 6%	33	(60.6)	(66.7)	(25.7)	(19.5)	(14.6)
Asia Corporate	9 30%	16 53%	5 17%	30	(13.3)	(10.7)	23.1	17.1	58.8
Asia Retail/ Consumer Mortgage	8 33%	11 46%	5 21%	24	(12.5)	(16.0)	13.6	10.3	48.4
Asia Commercial Real Estate	10 42%	10 42%	4 17%	24	(25.0)	(28.0)	13.6	0.0	30.0
Australia Corporate	9 36%	11 44%	5 20%	25	(16.0)	(23.1)	22.2	26.7	60.6
Australia Retail/ Consumer Mortgage	7 32%	11 50%	4 18%	22	(13.6)	(22.2)	8.7	37.0	41.4
Australia Commercial Real Estate	8 38%	10 48%	3 14%	21	(23.8)	(28.0)	23.8	15.4	24.1
Average Corporate	14 40%	13 37%	8 23%	35	(17.3)	(34.8)	15.6	30.7	53.0
Average Retail/ Consumer Mortgage	13 42%	12 38%	6 20%	30	(21.7)	(38.0)	2.5	23.1	35.0
Average Commercial Real Estate	13 44%	12 40%	5 16%	30	(27.7)	(44.7)	1.7	2.8	12.8
IACPM Credit Default Outlook Index (weighted average based on number of responses)				378	(22.0)	(39.0)	7.1	19.4	34.3



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-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
Increase aggressively	0	2	1	2	3	2	1	0%	4%	2%	4%	5%	3%	2%
Increase moderately	16	13	22	28	23	27	17	34%	28%	45%	53%	42%	45%	31%
Unchanged	15	16	15	8	15	13	19	32%	35%	31%	15%	27%	22%	35%
Decrease moderately	13	12	9	14	11	16	16	28%	26%	18%	26%	20%	27%	30%
Decrease aggressively	3	3	2	1	3	2	1	6%	7%	4%	2%	5%	3%	2%
Total Number of Responses	47	46	49	53	55	60	54	100%	100%	100%	100%	100%	100%	100%

7. What is the rationale for this strategy?

	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
Balance sheet/Capital appetite	29	24	28	37	28	30	35	62%	52%	57%	54%	51%	50%	65%
Portfolio optimization	11	11	15	18	19	20	11	23%	24%	31%	26%	35%	33%	20%
Change in risk view	6	8	4	10	6	6	7	13%	17%	8%	15%	11%	10%	13%
Other, please comment	1	3	2	3	2	4	1	2%	7%	4%	4%	4%	7%	2%

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

	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
TMT: Telecom	6	8	6	10	8	4	5	13%	17%	12%	19%	15%	7%	8%
TMT: Media	3	4	5	5	5	4	2	6%	9%	10%	9%	9%	7%	4%
TMT: Technology	5	1	2	3	4	1	0	11%	2%	4%	6%	7%	2%	0%
Natural Resources: Oil and Gas	4	4	7	8	6	9	17	9%	9%	14%	15%	11%	15%	32%
Natural Resources: Paper	2	1	2	4	4	1	6	4%	2%	4%	8%	7%	2%	9%
Natural Resources: Metals/Mining	2	3	6	3	7	10	5	4%	7%	12%	6%	13%	17%	9%
Natural Resources: Chemicals	1	2	1	3	2	2	0	2%	4%	2%	6%	4%	3%	0%
Natural Resources: Utilities	9	6	7	14	5	7	3	19%	13%	14%	26%	9%	12%	6%
Industrial: Auto and related transportation	9	9	8	6	8	13	9	19%	20%	16%	11%	15%	22%	17%
Industrial: Airlines/ Aerospace/ Defense	5	6	8	3	2	9	6	11%	13%	16%	6%	4%	15%	9%
Industrial: Diversified	3	6	7	4	6	4	8	6%	13%	14%	8%	11%	7%	15%
Pharma/ Biotech/ Health Care	4	3	3	3	4	2	3	9%	7%	6%	6%	7%	3%	6%
Retail/ Consumer	10	9	12	10	14	20	14	21%	20%	24%	19%	25%	33%	26%
Financial: banks/ brokers	26	25	14	16	19	13	18	55%	54%	29%	30%	35%	22%	34%
Financial: insurance	6	8	5	5	7	5	3	13%	17%	10%	9%	13%	8%	6%
Financial: nonbank	4	7	4	6	7	13	7	9%	15%	8%	11%	13%	22%	13%
Real Estate: Commercial and Construction	24	20	22	30	31	32	31	51%	43%	45%	57%	56%	53%	58%
Real Estate: Residential	9	8	11	13	12	12	15	19%	17%	22%	25%	22%	25%	28%
Other, please specify	4	7	8	11	8	11	3	9%	15%	16%	21%	15%	18%	6%

Other, December 2011

Anything exposed to Public Sector Spending
Increase in industries that we expect to be more defensive
Ship Finance

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-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
Bank/Investment bank	39	34	40	43	46	45	42	83%	74%	82%	86%	84%	75%	78%
Insurance company	5	7	6	5	6	8	7	11%	15%	12%	10%	11%	13%	13%
Fund	2	4	2	1	2	4	4	4%	9%	4%	2%	4%	7%	7%
Other, please identify	1	1	1	1	1	3	1	2%	2%	2%	2%	2%	5%	2%
Total	47	46	49	50	55	60	54	100%	100%	100%	100%	100%	100%	100%

Other

Export Credit Agency (ECA)

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

	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
North America	15	17	17	18	18	21	19	32%	37%	35%	36%	33%	35%	35%
Europe	22	20	23	23	25	26	25	47%	43%	47%	46%	45%	43%	46%
Asia	6	3	6	5	5	7	5	13%	7%	12%	10%	9%	12%	9%
Australia/ Oceania	2	3	1	2	4	3	3	4%	7%	2%	4%	7%	5%	6%
South America	0	0	0	0	0	0	0	0%	0%	0%	0%	0%	0%	0%
Middle East	0	0	0	0	0	0	0	0%	0%	0%	0%	0%	0%	0%
Africa	2	3	2	2	3	3	2	4%	7%	4%	4%	5%	5%	4%
Total	47	46	49	50	55	60	54	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-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
Less than \$50 billion	8	9	10	8	7	13	14	17%	20%	21%	16%	13%	22%	26%
\$50 billion to \$100 billion	12	10	12	10	15	10	9	26%	22%	25%	20%	28%	17%	17%
\$100 billion to \$200 billion	8	7	13	12	12	15	13	17%	16%	27%	24%	22%	25%	25%
\$200 billion to \$500 billion	9	10	4	9	8	8	9	19%	22%	8%	18%	15%	14%	17%
Greater than \$500 billion	10	9	8	10	12	13	8	21%	20%	17%	20%	22%	22%	15%
Does not apply	0	0	1	0	0	0	0	0%	0%	2%	0%	0%	0%	0%
Total	47	45	48	49	54	59	53	100%	100%	100%	100%	100%	100%	100%

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

	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10
Line of business	20	23	21	22	25	26	23	43%	50%	43%	44%	45%	43%	43%
Risk management (including credit risk management)	21	19	22	21	24	24	20	45%	41%	45%	42%	44%	40%	37%
Finance/Treasury	4	2	3	2	3	3	5	9%	4%	6%	4%	5%	5%	9%
Does not apply	1	2	2	1	2	3	5	2%	4%	4%	2%	4%	5%	9%
Other, please specify	1	0	1	4	1	4	1	2%	0%	2%	8%	2%	7%	2%
Total	47	46	49	50	55	60	54	100%	100%	100%	100%	100%	100%	100%

Other

Direct report to top management

Participating Institutions

	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
Absa Bank		✓	✓	✓	✓
ABN AMRO Bank NV	✓		✓		✓
AIG, Inc.		✓			
Allianz AG	✓				
Ariel Reinsurance Company Ltd.	✓	✓	✓	✓	✓
ATB Financial	✓		✓	✓	✓
Atradius Insurance			✓		
Australia & New Zealand Banking Group					✓
Banco Santander S.A.	✓			✓	
Bank of America	✓	✓	✓	✓	✓
Bank of Montreal	✓				✓
Bank of the West		✓		✓	
Bank of Tokyo-Mitsubishi UFJ	✓		✓	✓	✓
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		✓		✓	✓
Ecofin Ltd.	✓	✓			
European Investment Fund		✓			
Export Development Canada	✓	✓	✓	✓	✓
Fifth Third Bank			✓		✓
FirstRand Ltd.	✓	✓	✓	✓	✓
Goldman Sachs					✓
HSBC	✓	✓	✓	✓	✓
Huntington Bank	✓			✓	
IKB Deutsche Industriebank AG	✓		✓	✓	✓

	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10
ING Group		✓		✓	✓
Intesa Sanpaolo				✓	✓
KBC	✓	✓	✓	✓	✓
KeyCorp	✓	✓	✓	✓	✓
KfW Banking Group			✓	✓	✓
Lloyds TSB PLC	✓	✓	✓	✓	✓
Manulife Financial	✓	✓			✓
Metlife		✓	✓	✓	✓
Mitsubishi UFJ Trust and Banking Corporation	✓	✓	✓	✓	✓
Mizuho Corporate Bank	✓				
Morgan Stanley			✓		
Munich Reinsurance	✓	✓	✓	✓	✓
National Australia Bank		✓		✓	✓
Nationwide Insurance				✓	
Nedbank Ltd.	✓	✓			
NRW Bank	✓		✓	✓	✓
OCBC Bank	✓	✓	✓	✓	✓
PNC Financial Services		✓	✓	✓	✓
Prudential	✓	✓			
RBC Capital Markets	✓	✓	✓	✓	✓
Regions Bank	✓	✓	✓	✓	✓
Royal Bank of Scotland	✓	✓	✓	✓	✓
Societe Generale				✓	✓
Standard Bank of South Africa					✓
Standard Chartered	✓		✓	✓	✓
Sumitomo Mitsui Banking Corp	✓	✓	✓	✓	✓
Sun Life Assurance Company of Canada					✓
Swiss Re		✓	✓		✓
TIAA-CREF		✓	✓	✓	
UBS AG	✓	✓	✓	✓	✓
UniCredit Bank AG	✓	✓	✓	✓	✓
Union Bank	✓		✓	✓	✓
Wells Fargo	✓	✓	✓	✓	
WestLB AG	✓	✓	✓	✓	✓
Westpac	✓	✓	✓	✓	✓
WGZ Bank AG	✓				
Zions Bancorporation	✓		✓	✓	