



Second Quarter 2013 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?

	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses Jun-13	IACPM 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
					Jun-13	Mar-13	Dec-12	Sep-12	Jun-12
CDX North America Investment Grade 5Y vs. 86*	12 26%	23 50%	11 24%	46	(2.2)	4.3	38.8	(4.1)	(19.1)
CDX North America High Yield 5Y vs. 426*	20 47%	12 28%	11 26%	43	(20.9)	0.0	34.8	(6.3)	(26.8)
iTraxx Europe 5Y vs. 120*	12 31%	18 46%	9 23%	39	(7.7)	(12.8)	30.2	(7.1)	(30.0)
iTraxx Europe Crossover 5Y vs. 477*	17 46%	12 32%	8 22%	37	(24.3)	(8.3)	30.0	(4.9)	(41.0)
iTraxx Japan Series 5Y vs. 111*	9 35%	12 46%	5 19%	26	(15.4)	19.0	33.3	0.0	(6.9)
iTraxx Asia ex-Japan Investment Grade 5Y vs. 150*	11 41%	13 48%	3 11%	27	(29.6)	14.3	28.0	(8.7)	(10.7)
iTraxx Australia 5Y vs. 135*	8 35%	12 52%	3 13%	23	(21.7)	13.6	41.7	(10.0)	(15.4)

IACPM 3 Months Major Markets Credit Spread Outlook Index	165	(13.3)	(3.6)	33.7	(5.6)	(29.0)
(weighted average based on number of responses; includes first four indices listed in bold)						

IACPM 3 Months Credit Spread Outlook Index	241	(16.2)	1.7	33.9	(5.6)	(22.9)
(weighted average based on number of responses; includes all indices listed above)						

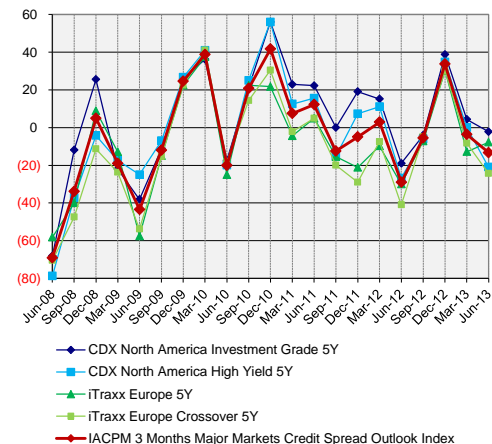
2. Where do you expect CMBX index prices to be at the end of next quarter, i.e., in 3 months?

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

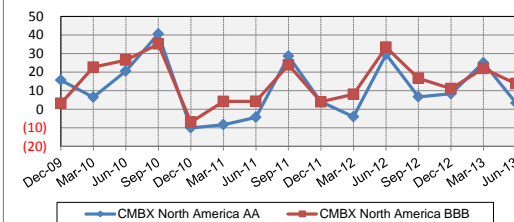
	Up	Unchanged	Down	Total Number of Responses Jun-13	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
					Jun-13	Mar-13	Dec-12	Sep-12	Jun-12
CMBX North America AA vs. 48*	9 30%	13 43%	8 27%	30	3.3	25.0	8.3	6.7	29.6
CMBX North America BBB vs. 17*	12 41%	9 31%	8 28%	29	13.8	21.9	11.1	16.7	33.3

* Values as of June 28, 2013; 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	IACPM 12 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Jun-13	Jun-13	Jun-13	Jun-13	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12
CDX North America Investment Grade 5Y vs. 86*	19 41%	13 28%	14 30%	46	(10.9)	0.0	24.5	-4.0	2.4
CDX North America High Yield 5Y vs. 426*	20 45%	12 27%	12 27%	44	(18.2)	(4.7)	17.4	-6.1	0.0
iTraxx Europe 5Y vs. 120*	19 48%	12 30%	9 23%	40	(25.0)	(15.8)	9.1	(9.3)	(7.7)
iTraxx Europe Crossover 5Y vs. 477*	20 54%	8 22%	9 24%	37	(29.7)	(13.9)	2.4	(11.9)	(7.9)
iTraxx Japan Series 5Y vs. 111*	12 44%	8 30%	7 26%	27	(18.5)	4.8	35.7	20.8	21.4
iTraxx Asia ex-Japan Investment Grade 5Y vs. 150*	10 27%	13 35%	14 38%	37	10.8	9.5	36.0	(8.7)	29.6
iTraxx Australia 5Y vs. 135*	7 30%	8 35%	8 35%	23	4.3	4.5	33.3	5.0	19.2
IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)				254	(13.4)	(4.0)	20.2	(4.0)	5.8

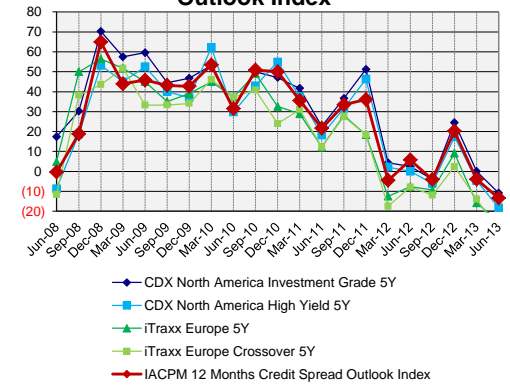
4. Where do you expect CMBX index prices to be in 12 months?

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

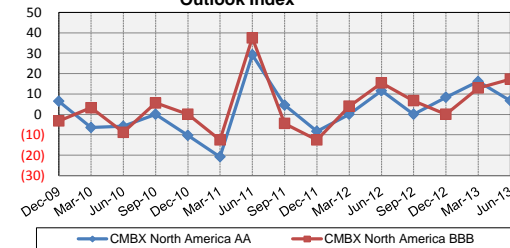
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Jun-13	Jun-13	Jun-13	Jun-13	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12
CMBX North America AA vs. 48*	10 33%	12 40%	8 27%	30	6.7	16.1	8.3	0.0	11.5
CMBX North America BBB vs. 17*	11 38%	12 41%	6 21%	29	17.2	12.9	0.0	6.7	15.4

* Values as of June 28, 2013; Source: Markit

IACPM 12 Months Credit Spread Outlook Index

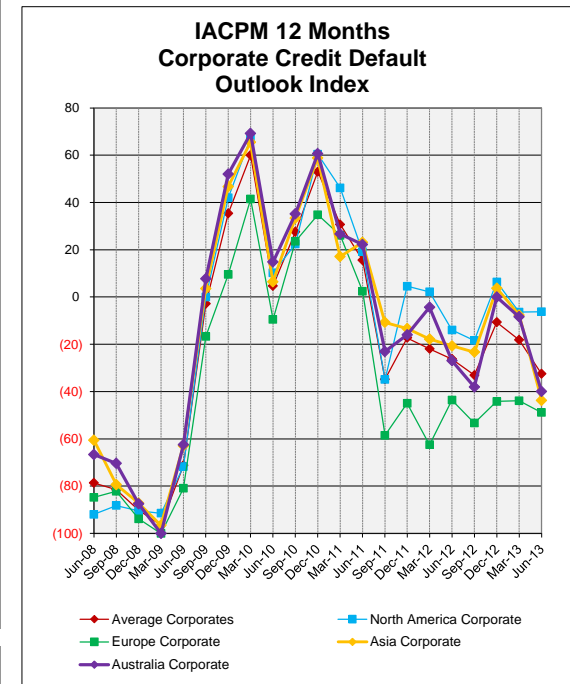


IACPM 12 Months CMBX Index Price Outlook Index



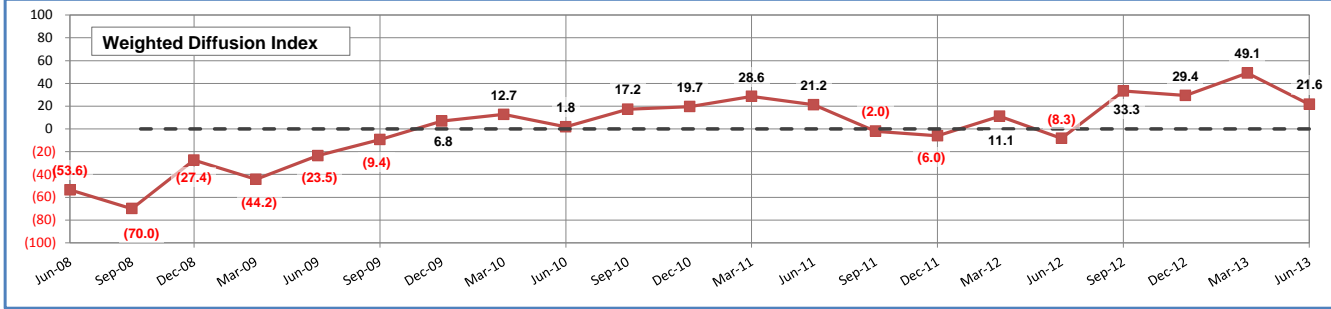
5. Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

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	IACPM 12 Months Credit Default Outlook Index (positive numbers indicate credit improvement)				
	Jun-13	Jun-13	Jun-13		Jun-13	Jun-13	Mar-13	Dec-12	Sep-12
North America Corporate	16 33%	19 40%	13 27%	48	(6.3)	(6.4)	6.4	(18.4)	(14.0)
North America Retail/ Consumer Mortgage	16 36%	14 32%	14 32%	44	(4.5)	22.5	22.2	(7.1)	(5.0)
North America Commercial Real Estate	12 27%	16 36%	16 36%	44	9.1	27.0	25.0	(23.8)	(12.5)
Europe Corporate	23 53%	18 42%	2 5%	43	(48.8)	(43.9)	(44.2)	(53.3)	(43.6)
Europe Retail/ Consumer Mortgage	25 63%	14 35%	1 3%	40	(60.0)	(40.6)	(57.5)	(55.0)	(54.3)
Europe Commercial Real Estate	23 61%	14 37%	1 3%	38	(57.9)	(34.4)	(53.8)	(56.4)	(42.1)
Asia Corporate	16 50%	14 44%	2 6%	32	(43.8)	(7.7)	3.7	(23.3)	(20.7)
Asia Retail/ Consumer Mortgage	18 64%	8 29%	2 7%	28	(57.1)	5.6	(12.5)	(26.1)	(15.4)
Asia Commercial Real Estate	19 66%	8 28%	2 7%	29	(58.6)	0.0	(12.5)	(34.8)	(26.9)
Australia Corporate	12 48%	11 44%	2 8%	25	(40.0)	(8.3)	0.0	(38.1)	(26.9)
Australia Retail/ Consumer Mortgage	14 58%	8 33%	2 8%	24	(50.0)	10.0	(8.7)	(47.4)	(24.0)
Australia Commercial Real Estate	14 58%	8 33%	2 8%	24	(50.0)	0.0	(8.7)	(40.0)	(28.0)
Average Corporate	17 45%	16 42%	5 13%	37	(32.4)	(18.1)	(10.6)	(33.1)	(26.3)
Average Retail/ Consumer Mortgage	18 54%	11 32%	5 14%	34	(39.7)	(0.9)	(13.6)	(32.3)	(24.6)
Average Commercial Real Estate	17 50%	12 34%	5 16%	34	(34.8)	(0.9)	(11.5)	(38.7)	(27.1)
IACPM Credit Default Outlook Index (weighted average based on number of responses)				419	(35.6)	(7.6)	(11.9)	(34.6)	(26.0)



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)?

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
Increase aggressively	1	2	1	3	0	2	0	2%	4%	2%	6%	0%	4%	0%
Increase moderately	20	29	23	25	13	18	16	40%	57%	46%	47%	28%	35%	34%
Unchanged	18	13	16	14	18	16	15	36%	25%	32%	26%	39%	31%	32%
Decrease moderately	11	7	10	10	13	14	13	22%	14%	20%	19%	28%	27%	28%
Decrease aggressively	0	0	0	1	2	1	3	0%	0%	0%	2%	4%	2%	6%
Total Number of Responses	50	51	50	53	46	51	47	100%	100%	100%	100%	100%	100%	100%



The weighted Diffusion Index for retained risk has been calculated by giving "Increase/ Decrease aggressively" twice the weight as "Increase/ Decrease moderately".

7. What is the rationale for this strategy?

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
Balance sheet/Capital appetite	26	31	31	29	24	26	29	52%	61%	62%	55%	52%	51%	62%
Portfolio optimization	15	13	15	18	14	18	11	30%	25%	30%	34%	30%	35%	23%
Change in risk view	5	3	2	3	5	5	6	10%	6%	4%	6%	11%	10%	13%
Other, please comment	4	4	2	3	3	2	1	8%	8%	4%	6%	7%	4%	2%
Total	50	51	50	53	46	51	47	100%	100%	100%	100%	100%	100%	100%

Other, June 2013

Ramping a new portfolio
Portfolio growth
North American markets are improving, which should allow taking on a bit more risk.

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

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
TMT: Telecom	7	9	11	6	5	10	6	14%	18%	22%	11%	11%	20%	13%
TMT: Media	1	3	5	3	4	2	3	2%	6%	10%	6%	9%	4%	6%
TMT: Technology	2	4	7	5	4	8	5	4%	8%	14%	9%	9%	16%	11%
Natural Resources: Oil and Gas	15	15	13	12	10	10	4	30%	29%	26%	23%	22%	20%	9%
Natural Resources: Paper	2	3	3	1	3	4	2	4%	6%	6%	2%	7%	8%	4%
Natural Resources: Metals/Mining	25	15	10	13	7	7	2	50%	29%	20%	25%	15%	14%	4%
Natural Resources: Chemicals	5	2	4	3	0	4	1	10%	4%	8%	6%	0%	8%	2%
Natural Resources: Utilities	4	4	4	2	4	3	9	8%	8%	8%	4%	9%	6%	19%
Industrial: Auto and related transportation	9	5	7	8	5	6	9	18%	10%	14%	15%	11%	12%	19%
Industrial: Airlines/ Aerospace/ Defense	6	10	9	10	7	14	5	12%	20%	18%	19%	15%	27%	11%
Industrial: Diversified	6	4	3	2	4	6	3	12%	8%	6%	4%	9%	12%	6%
Pharma/ Biotech/ Health Care	5	5	2	4	0	3	4	10%	10%	4%	8%	0%	6%	9%
Retail/ Consumer	10	10	12	10	6	15	10	20%	20%	24%	19%	13%	29%	21%
Financial: banks/ brokers	9	10	12	12	19	17	26	18%	20%	24%	23%	41%	33%	55%
Financial: insurance	0	3	3	2	2	6	6	0%	6%	6%	4%	4%	12%	13%
Financial: nonbank	2	5	3	5	8	6	4	4%	10%	6%	9%	17%	12%	9%
Real Estate: Commercial and Construction	18	12	20	17	13	18	24	36%	24%	40%	32%	28%	35%	51%
Real Estate: Residential	5	7	4	5	6	12	9	10%	14%	8%	9%	13%	24%	19%
Other, please specify	8	10	12	11	11	8	4	16%	20%	24%	21%	24%	16%	9%

Other, June 2013

Agriculture	Mostly investment grade counters in defensive industries
Educational Services	Peripheral risks
Healthcare	Shipping

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.

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
Bank/Investment bank	41	41	39	43	37	42	39	82%	80%	78%	81%	80%	82%	83%
Insurance company	5	5	6	6	6	5	5	10%	10%	12%	11%	13%	10%	11%
Fund	3	4	4	3	2	3	2	6%	8%	8%	6%	4%	6%	4%
Export Credit Agency (ECA)	1	1	1	1	1	1	1	2%	2%	2%	2%	2%	2%	2%
Total	50	51	50	53	46	51	47	100%	100%	100%	100%	100%	100%	100%

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

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
North America	22	18	22	20	17	19	15	44%	35%	44%	38%	37%	37%	32%
Europe	16	20	17	20	17	18	22	32%	39%	34%	38%	37%	35%	47%
Asia	6	7	7	6	7	8	6	12%	14%	14%	11%	15%	16%	13%
Australia/ Oceania	2	2	1	2	2	2	2	4%	4%	2%	4%	4%	4%	4%
South America	1	2	0	0	0	0	0	2%	4%	0%	0%	0%	0%	0%
Middle East	0	0	1	1	0	1	0	0%	0%	2%	2%	0%	2%	0%
Africa	3	2	2	4	3	3	2	6%	4%	4%	8%	7%	6%	4%
Total	50	51	50	53	46	51	47	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.

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
Less than \$50 billion	11	9	8	9	10	11	8	22%	18%	16%	17%	22%	22%	17%
\$50 billion to \$100 billion	12	15	14	14	11	12	12	24%	30%	29%	27%	24%	24%	26%
\$100 billion to \$200 billion	12	9	12	12	8	12	8	24%	18%	24%	23%	18%	24%	17%
\$200 billion to \$500 billion	7	6	6	6	6	5	9	14%	12%	12%	12%	13%	10%	19%
Greater than \$500 billion	7	9	7	10	9	9	10	14%	18%	14%	19%	20%	18%	21%
Does not apply	0	2	2	1	1	1	0	0%	4%	4%	2%	2%	2%	0%
Total	49	50	49	52	45	50	47	100%	100%	100%	100%	100%	100%	100%

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

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11
Line of business	21	21	18	21	17	21	20	42%	41%	36%	40%	37%	41%	43%
Risk management (including credit risk management)	21	21	24	22	19	19	21	42%	41%	48%	42%	41%	37%	45%
Finance/Treasury	3	4	3	5	2	5	4	6%	8%	6%	9%	4%	10%	9%
Does not apply	1	4	3	3	2	4	1	2%	8%	6%	6%	4%	8%	2%
Other, please specify	4	1	2	2	6	2	1	8%	2%	4%	4%	13%	4%	2%
Total	50	51	50	53	46	51	47	100%	100%	100%	100%	100%	100%	100%

Other - June 2013

Balance Sheet Management
CPM is represented in risk and business (2 functions)
Investment Banking
Strategic planning, Risk Management and Treasury

Participating Institutions

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12
Absa Bank	✓	✓		✓	✓
ABN AMRO BANK NV	✓	✓	✓	✓	✓
AIG, Inc.		✓	✓	✓	✓
Allianz AG			✓	✓	
Arch Reinsurance (former Ariel Re)					✓
Assenagon	✓	✓	✓	✓	
ATB Financial	✓	✓	✓	✓	✓
Banco Santander S.A.		✓	✓	✓	
Banco Santander Brazil	✓	✓			
Bank Leumi le-Israel			✓	✓	
Bank of America	✓	✓	✓	✓	✓
Bank of Montreal					✓
Bank of the West	✓	✓	✓	✓	✓
Bank of Tokyo-Mitsubishi UFJ	✓	✓	✓	✓	✓
Barclays	✓	✓	✓	✓	✓
BBVA	✓	✓		✓	✓
BlueCrest Capital Management Limited	✓	✓	✓	✓	✓
BNP Paribas	✓	✓	✓	✓	✓
Capital One	✓	✓	✓	✓	✓
CIBC World Markets		✓		✓	
CIFC Deerfield			✓		
Citigroup	✓	✓	✓	✓	✓
Commonwealth Bank of Australia	✓	✓	✓	✓	✓
Credit Agricole CIB	✓	✓	✓	✓	
Credit Suisse	✓	✓			
Deutsche Bank		✓	✓		
Development Bank of Japan	✓	✓	✓	✓	✓
European Investment Fund		✓			
Export Development Canada	✓	✓	✓	✓	✓
Fifth Third Bank	✓	✓	✓	✓	✓
FirstRand Ltd.	✓	✓	✓	✓	✓
HSBC	✓	✓	✓	✓	✓
Huntington National Bank	✓	✓	✓		
IKB Deutsche Industriebank AG	✓	✓	✓	✓	✓

	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12
Intesa Sanpaolo	✓		✓	✓	✓
KBC	✓	✓	✓	✓	✓
KeyCorp	✓	✓	✓	✓	✓
Lloyds TSB PLC	✓	✓	✓	✓	✓
Manulife Financial	✓		✓		✓
Mizuho Corporate Bank	✓	✓	✓	✓	✓
Munich Reinsurance	✓	✓	✓	✓	✓
National Bank Financial	✓		✓	✓	✓
Nationwide Insurance	✓	✓	✓	✓	✓
Nedbank Ltd.	✓	✓	✓	✓	✓
NRW Bank				✓	✓
OCBC Bank	✓	✓	✓		✓
Orchard Global Asset Management	✓	✓	✓	✓	✓
PNC Financial Services	✓				
Prudential				✓	
RBC Capital Markets	✓	✓	✓	✓	
Regions Bank	✓	✓	✓	✓	✓
Royal Bank of Scotland	✓	✓		✓	
Silicon Valley Bank	✓		✓		✓
Societe Generale			✓		
Standard Bank of South Africa				✓	
Standard Chartered		✓	✓	✓	✓
Sumitomo Mitsui Banking Corp	✓	✓	✓	✓	✓
Sun Life Financial	✓	✓			
Swiss Re	✓	✓	✓	✓	✓
TD Bank	✓		✓	✓	
UBS AG				✓	✓
UniCredit Bank AG	✓	✓	✓	✓	✓
UniCredit Group S.p.A.		✓		✓	✓
Union Bank	✓	✓	✓	✓	
Wells Fargo	✓	✓	✓	✓	✓
Westpac	✓	✓		✓	✓
Zions Bancorporation	✓	✓	✓	✓	✓