



First Quarter 2014 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.

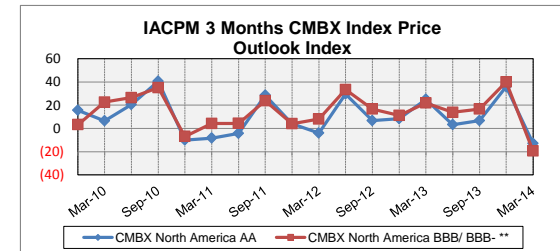
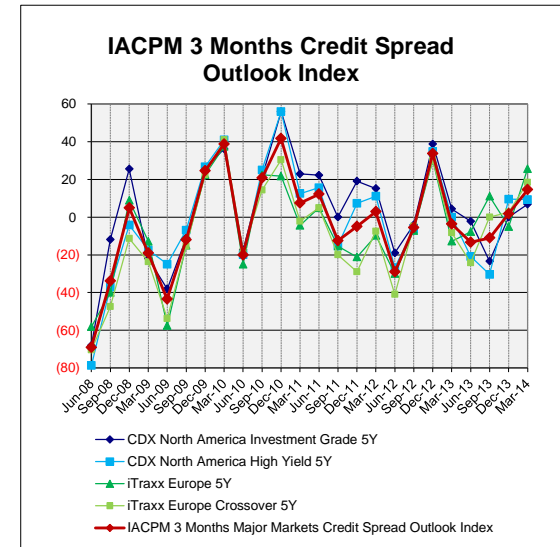
Credit Outlook and Strategy. The following questions focus on your credit outlook and portfolio strategy.

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

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 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Mar-14	Mar-14	Mar-14	Mar-14	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13
CDX North America Investment Grade 5Y vs. 70*	8 18%	25 57%	11 25%	44	6.8	0.0	(23.4)	(2.2)	4.3
CDX North America High Yield 5Y vs. 339*	9 21%	21 49%	13 30%	43	9.3	9.5	(30.4)	(20.9)	0.0
iTraxx Europe 5Y vs. 78*	6 15%	17 44%	16 41%	39	25.6	(5.1)	11.1	(7.7)	(12.8)
iTraxx Europe Crossover 5Y vs. 290*	7 18%	17 45%	14 37%	38	18.4	2.6	0.0	(24.3)	(8.3)
iTraxx Japan Series 5Y vs. 85*	3 12%	17 65%	6 23%	26	11.5	11.1	11.5	(15.4)	19.0
iTraxx Asia ex-Japan Investment Grade 5Y vs. 128*	8 31%	12 46%	6 23%	26	(7.7)	(12.5)	(19.2)	(29.6)	14.3
iTraxx Australia 5Y vs. 102*	5 22%	13 57%	5 22%	23	0.0	4.2	(8.7)	(21.7)	13.6

IACPM 3 Months Major Markets Credit Spread Outlook Index (weighted average based on number of responses; includes first four indices listed in bold)	164	14.6	1.8	(11.0)	(13.3)	(3.6)
---	-----	------	-----	--------	--------	-------

IACPM 3 Months Credit Spread Outlook Index (weighted average based on number of responses; includes all indices listed above)	239	10.5	1.7	(9.3)	(16.2)	1.7
--	-----	------	-----	-------	--------	-----



2. Where do you expect CMBX index prices to be at the end of 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	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Mar-14	Mar-14	Mar-14	Mar-14	Mar-14	Dec-13**	Sep-13**	Jun-13**	Mar-13**
CMBX North America AA vs. 100*	4 13%	19 61%	8 26%	31	(12.9)	36.0	6.7	3.3	25.0
CMBX North America BBB- vs. 98*	4 13%	17 55%	10 32%	31	(19.4)	40.0	16.7	13.8	21.9

* Values as of March 28, 2014; Source: Markit

** In previous Series 5 we were looking at BBB tranche. In current Series 6 a BBB tranche can't be justified due to limited issuance. Starting 1Q 2014 we are therefore looking at BBB-

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)					
	Mar-14	Mar-14	Mar-14	Mar-14	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	
CDX North America Investment Grade 5Y vs. 70*	22 49%	14 31%	9 20%	45	(28.9)	(14.0)	(4.3)	(10.9)	0.0	
CDX North America High Yield 5Y vs. 339*	21 48%	12 27%	11 25%	44	(22.7)	(11.9)	(6.5)	(18.2)	(4.7)	
iTraxx Europe 5Y vs. 78*	13 34%	14 37%	11 29%	38	(5.3)	(7.7)	13.3	(25.0)	(15.8)	
iTraxx Europe Crossover 5Y vs. 290*	15 41%	12 32%	10 27%	37	(13.5)	(7.9)	6.8	(29.7)	(13.9)	
iTraxx Japan Series 5Y vs. 85*	10 34%	14 48%	5 17%	29	(17.2)	(3.6)	3.8	(18.5)	4.8	
iTraxx Asia ex-Japan Investment Grade 5Y vs. 128*	12 41%	10 34%	7 24%	29	(17.2)	(12.0)	0.0	10.8	9.5	
iTraxx Australia 5Y vs. 102*	8 32%	11 44%	6 24%	25	(8.0)	8.3	4.2	4.3	4.5	
IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)					247	(17.0)	(7.9)	2.3	(13.4)	(4.0)

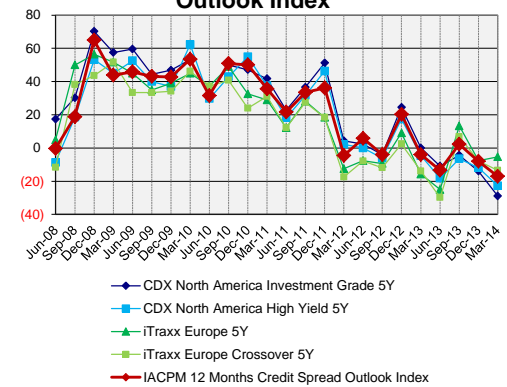
4. Where do you expect CMBX index prices to be in 12 months?

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	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Mar-14	Mar-14	Mar-14	Mar-14	Mar-14	Dec-13**	Sep-13**	Jun-13**	Mar-13**
CMBX North America AA vs. 100*	10 33%	12 40%	8 27%	30	6.7	12.5	16.7	6.7	16.1
CMBX North America BBB- vs. 98*	11 37%	11 37%	8 27%	30	10.0	8.3	13.3	17.2	12.9

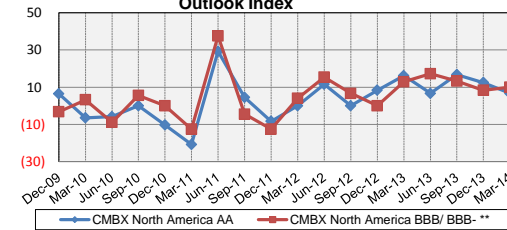
* Values as of March 28, 2014; Source: Markit

** In previous Series 5 we were looking at BBB tranche. In current Series 6 a BBB tranche can't be justified due to limited issuance. Starting 1Q 2014 we are therefore looking at BBB-

IACPM 12 Months Credit Spread Outlook Index

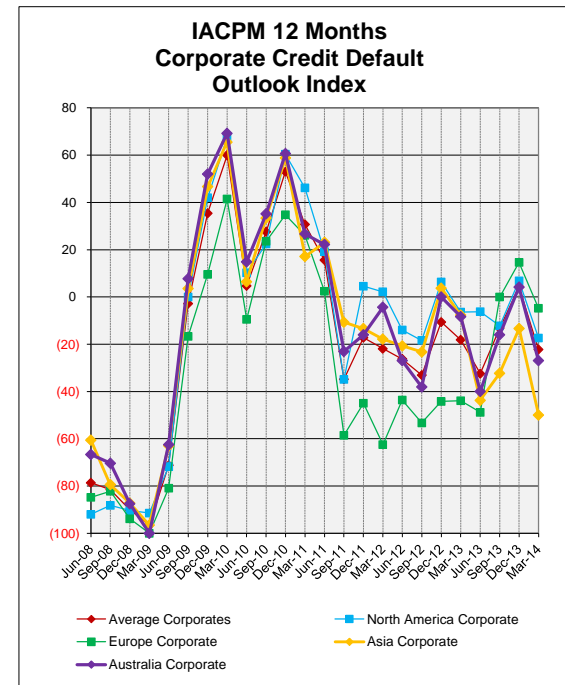


IACPM 12 Months CMBX Index Price Outlook Index



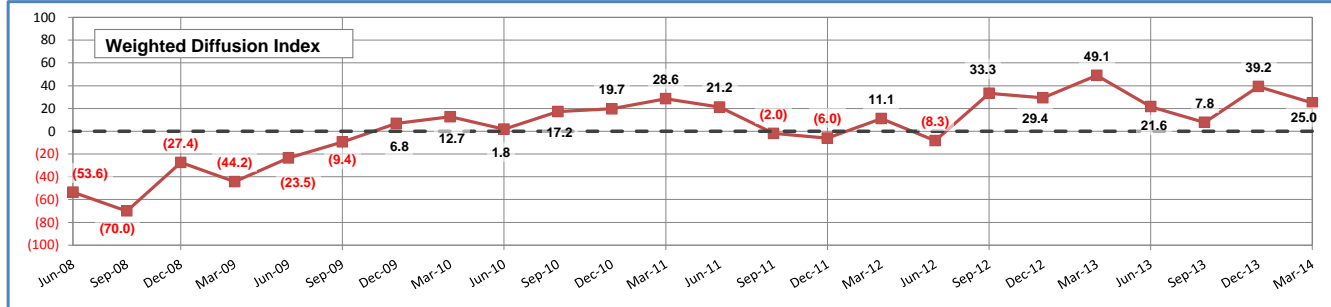
5. Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

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)				
	Mar-14	Mar-14	Mar-14		Mar-14	Mar-14	Dec-13	Sep-13	Jun-13
North America Corporate	17 37%	20 43%	9 20%	46	(17.4)	6.8	(12.2)	(6.3)	(6.4)
North America Retail/ Consumer Mortgage	8 20%	18 45%	14 35%	40	15.0	7.5	2.3	(4.5)	22.5
North America Commercial Real Estate	12 29%	15 37%	14 34%	41	4.9	15.4	7.0	9.1	27.0
Europe Corporate	11 26%	22 52%	9 21%	42	(4.8)	14.6	0.0	(48.8)	(43.9)
Europe Retail/ Consumer Mortgage	8 22%	21 58%	7 19%	36	(2.8)	8.3	10.8	(60.0)	(40.6)
Europe Commercial Real Estate	9 26%	19 54%	7 20%	35	(5.7)	16.7	5.4	(57.9)	(34.4)
Asia Corporate	18 60%	9 30%	3 10%	30	(50.0)	(13.3)	(32.3)	(43.8)	(7.7)
Asia Retail/ Consumer Mortgage	13 54%	8 33%	3 13%	24	(41.7)	(12.0)	(21.7)	(57.1)	5.6
Asia Commercial Real Estate	15 63%	6 25%	3 13%	24	(50.0)	(8.3)	(30.8)	(58.6)	0.0
Australia Corporate	10 38%	13 50%	3 12%	26	(26.9)	4.2	(16.0)	(40.0)	(8.3)
Australia Retail/ Consumer Mortgage	7 30%	13 57%	3 13%	23	(17.4)	(9.5)	(13.0)	(50.0)	10.0
Australia Commercial Real Estate	7 30%	13 57%	3 13%	23	(17.4)	0.0	(8.7)	(50.0)	0.0
Average Corporate	14 39%	16 44%	6 17%	36	(22.2)	4.3	(13.2)	(32.4)	(18.1)
Average Retail/ Consumer Mortgage	9 29%	15 49%	7 22%	31	(7.3)	0.8	(2.4)	(39.7)	(0.9)
Average Commercial Real Estate	11 35%	13 43%	7 22%	31	(13.0)	8.3	(3.9)	(34.8)	(0.9)
IACPM Credit Default Outlook Index (weighted average based on number of responses)				390	(14.6)	4.5	(6.9)	(35.6)	(7.6)



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)?

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
Increase aggressively	1	4	0	1	2	1	3	2%	9%	0%	2%	4%	2%	6%
Increase moderately	21	20	20	20	29	23	25	45%	43%	39%	40%	57%	46%	47%
Unchanged	14	15	15	18	13	16	14	30%	32%	29%	36%	25%	32%	26%
Decrease moderately	11	8	16	11	7	10	10	23%	17%	31%	22%	14%	20%	19%
Decrease aggressively	0	0	0	0	0	0	1	0%	0%	0%	0%	0%	0%	2%
Total Number of Responses	47	47	51	50	51	50	53	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?

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
Balance sheet/Capital appetite	31	27	29	26	31	31	29	66%	57%	57%	52%	61%	62%	55%
Portfolio optimization	12	15	14	15	13	15	18	26%	32%	27%	30%	25%	30%	34%
Change in risk view	3	3	5	5	3	2	3	6%	6%	10%	10%	6%	4%	6%
Other, please comment	1	2	3	4	4	2	3	2%	4%	6%	8%	8%	4%	6%
Total	47	47	51	50	51	50	53	100%	100%	100%	100%	100%	100%	100%

Other, March 2014

Deal structures; regulatory guidelines

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

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
TMT: Telecom	6	8	11	7	9	11	6	12%	16%	22%	14%	18%	22%	11%
TMT: Media	2	4	4	1	3	5	3	4%	8%	8%	2%	6%	10%	6%
TMT: Technology	4	1	1	2	4	7	5	8%	2%	2%	4%	8%	14%	9%
Natural Resources: Oil and Gas	16	20	16	15	15	13	12	32%	40%	32%	30%	29%	26%	23%
Natural Resources: Paper	1	2	2	2	3	3	1	2%	4%	4%	4%	6%	6%	2%
Natural Resources: Metals/Mining	18	16	21	25	15	10	13	36%	32%	42%	50%	29%	20%	25%
Natural Resources: Chemicals	0	2	1	5	2	4	3	0%	4%	2%	10%	4%	8%	6%
Natural Resources: Utilities	6	6	8	4	4	4	2	12%	12%	16%	8%	8%	8%	4%
Industrial: Auto and related transportation	6	6	10	9	5	7	8	12%	12%	20%	18%	10%	14%	15%
Industrial: Airlines/ Aerospace/ Defense	7	5	5	6	10	9	10	14%	10%	10%	12%	20%	18%	19%
Industrial: Diversified	3	3	5	6	4	3	2	6%	6%	10%	12%	8%	6%	4%
Pharma/ Biotech/ Health Care	3	4	2	5	5	2	4	6%	8%	4%	10%	10%	4%	8%
Retail/ Consumer	12	14	11	10	10	12	10	24%	28%	22%	20%	20%	24%	19%
Financial: banks/ brokers	8	6	10	9	10	12	12	16%	12%	20%	18%	20%	24%	23%
Financial: insurance	1	1	1	0	3	3	2	2%	2%	2%	0%	6%	6%	4%
Financial: nonbank	3	3	3	2	5	3	5	6%	6%	6%	4%	10%	6%	9%
Real Estate: Commercial and Construction	16	16	16	18	12	20	17	32%	32%	32%	36%	24%	40%	32%
Real Estate: Residential	6	11	6	5	7	4	5	12%	22%	12%	10%	14%	8%	9%
Other, please specify	5	4	4	8	10	12	11	10%	8%	8%	16%	20%	24%	21%

Other, March 2014

Agriculture	European Main index
Consumer Discretionary	Regulatory "Higher-Risk Assets"

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.

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
Bank/Investment bank	39	39	42	41	41	39	43	83%	83%	84%	82%	80%	78%	81%
Insurance company	6	5	5	5	5	6	6	13%	11%	10%	10%	10%	12%	11%
Fund	1	2	2	3	4	4	3	2%	4%	4%	6%	8%	8%	6%
Export Credit Agency (ECA)	1	1	1	1	1	1	1	2%	2%	2%	2%	2%	2%	2%
Total	47	47	50	50	51	50	53	100%	100%	100%	100%	100%	100%	100%

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

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
North America	20	19	20	22	18	22	20	43%	40%	39%	44%	35%	44%	38%
Europe	17	15	20	16	20	17	20	36%	32%	39%	32%	39%	34%	38%
Asia	6	7	6	6	7	7	6	13%	15%	12%	12%	14%	14%	11%
Australia/ Oceania	2	2	2	2	2	1	2	4%	4%	4%	4%	4%	2%	4%
South America	1	2	1	1	2	0	0	2%	4%	2%	2%	4%	0%	0%
Middle East	0	0	0	0	0	1	1	0%	0%	0%	0%	0%	2%	2%
Africa	1	2	2	3	2	2	4	2%	4%	4%	6%	4%	4%	8%
Total	47	47	51	50	51	50	53	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.

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
Less than \$50 billion	8	9	9	11	9	8	9	17%	19%	18%	22%	18%	16%	17%
\$50 billion to \$100 billion	7	9	12	12	15	14	14	15%	19%	24%	24%	30%	29%	27%
\$100 billion to \$200 billion	9	9	11	12	9	12	12	20%	19%	22%	24%	18%	24%	23%
\$200 billion to \$500 billion	11	9	7	7	6	6	6	24%	19%	14%	14%	12%	12%	12%
Greater than \$500 billion	11	11	11	7	9	7	10	24%	23%	22%	14%	18%	14%	19%
Does not apply	0	0	1	0	2	2	1	0%	0%	2%	0%	4%	4%	2%
Total	46	47	51	49	50	49	52	100%	100%	100%	100%	100%	100%	100%

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

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12
Line of business	16	19	18	21	21	18	21	34%	40%	35%	42%	41%	36%	40%
Risk management (including credit risk management)	23	21	24	21	21	24	22	49%	45%	47%	42%	41%	48%	42%
Finance/Treasury	5	5	4	3	4	3	5	11%	11%	8%	6%	8%	6%	9%
Does not apply	2	1	3	1	4	3	3	4%	2%	6%	2%	8%	6%	6%
Other, please specify	1	1	2	4	1	2	2	2%	2%	4%	8%	2%	4%	4%
Total	47	47	51	50	51	50	53	100%	100%	100%	100%	100%	100%	100%

Other - March 2014

Global Credit Silo

Participating Institutions

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13
Absa Bank				✓	✓
ABN AMRO Bank NV			✓	✓	✓
AIG, Inc.	✓	✓			✓
Allianz AG	✓	✓	✓		
Assenagon			✓	✓	✓
ATB Financial	✓	✓	✓	✓	✓
Banco Itau-Unibanco		✓			
Banco Santander S.A.	✓	✓	✓		✓
Banco Santander Brazil	✓	✓	✓	✓	✓
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					✓
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.		✓		✓	✓
Hang Seng Bank			✓		
HSBC	✓	✓	✓	✓	✓
Huntington National Bank		✓	✓	✓	✓

	Mar-14	Dec-13	Sep-13	Jun-13	Mar-13
IKB Deutsche Industriebank AG	✓	✓	✓	✓	✓
Intesa Sanpaolo			✓	✓	
JP Morgan Chase	✓	✓			
KBC		✓	✓	✓	✓
KeyCorp	✓	✓	✓	✓	✓
Lloyds TSB PLC	✓	✓	✓	✓	✓
Manulife Financial			✓	✓	
Mizuho Corporate Bank	✓	✓	✓	✓	✓
Munich Reinsurance	✓	✓	✓	✓	✓
National Bank Financial		✓		✓	
Nationwide Insurance	✓	✓		✓	✓
Nedbank Ltd.	✓	✓	✓	✓	✓
OCBC Bank	✓	✓	✓	✓	✓
Orchard Global Asset Management		✓		✓	✓
PNC Financial Services	✓	✓	✓	✓	
RBC Capital Markets	✓	✓	✓	✓	✓
Regions Bank	✓	✓	✓	✓	✓
Royal Bank of Scotland	✓	✓	✓	✓	✓
Silicon Valley Bank	✓	✓	✓	✓	
Societe Generale		✓	✓		
Standard Chartered	✓	✓	✓		✓
Sumitomo Mitsui Banking Corp	✓	✓	✓	✓	✓
Sumitomo Mitsui Trust Bank, Limited	✓				
Sun Life Financial	✓	✓	✓	✓	✓
Swiss Re	✓		✓	✓	✓
TD Bank	✓		✓	✓	
UniCredit Bank AG	✓	✓	✓	✓	✓
UniCredit Group S.p.A.	✓	✓			✓
Union Bank	✓	✓	✓	✓	✓
Wells Fargo			✓	✓	✓
Westpac	✓	✓	✓	✓	✓
WGZ Bank AG	✓				
Zions Bancorporation	✓	✓	✓	✓	✓