



Fourth Quarter 2014 Credit Outlook Survey Result Analysis

This short survey is conducted at the end of each quarter. It asks questions about credit outlook and current portfolio management strategy. Survey results are a 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.

43 IACPM members participated.

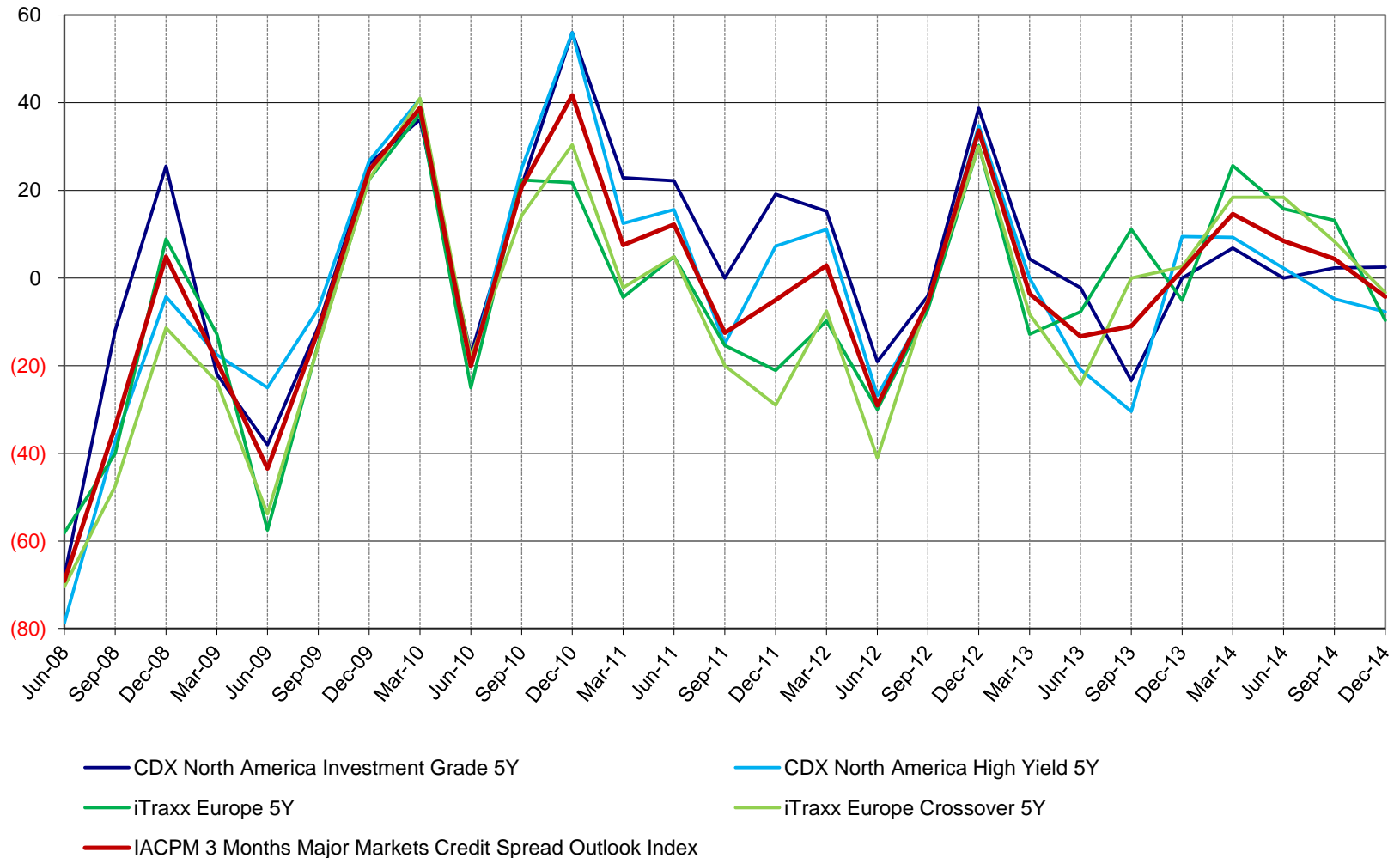
Credit Outlook and Strategy

The following questions focus on credit outlook and portfolio strategy.

IACPM 3 Months Credit Spread Outlook Index

Expected direction Credit Spreads will move over the course of the next 3 months

(underlying data on next page)



IACPM 3 Months Credit Spread Outlook Index

Expected direction Credit Spreads will move over the course of the next 3 months

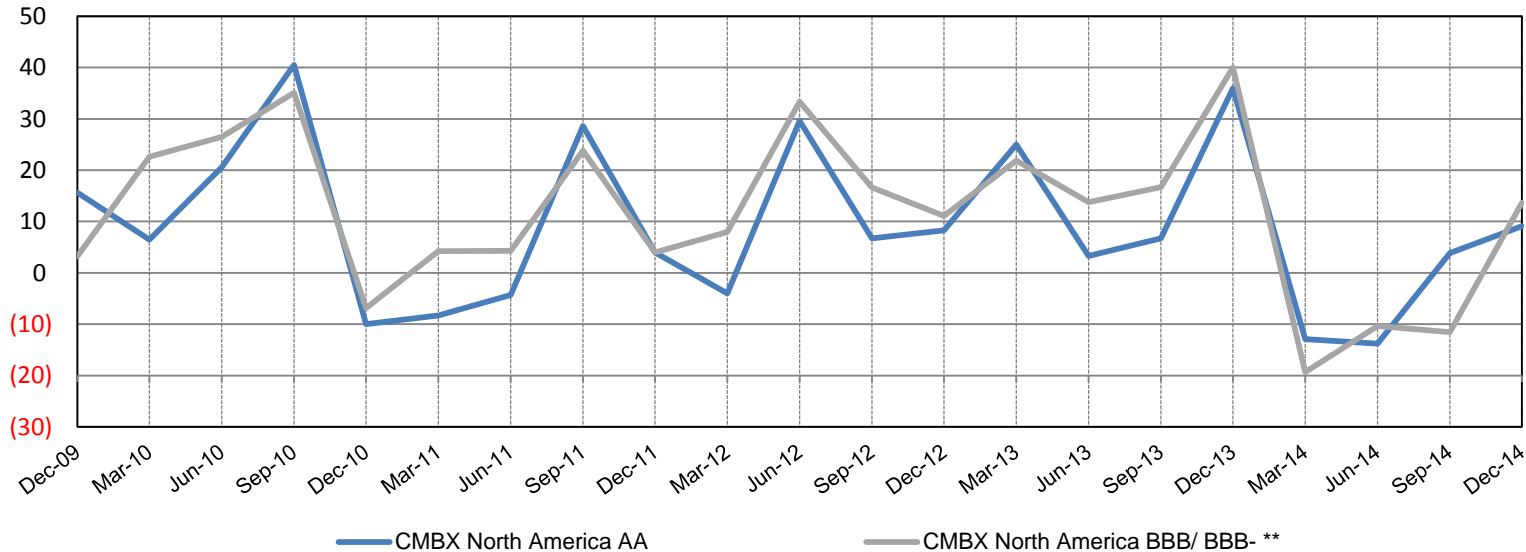
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses	IACPM 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
CDX North America Investment Grade 5Y	11 28%	17 43%	12 30%	40	2.5	2.3	0.0	6.8	0.0
CDX North America High Yield 5Y	15 38%	12 31%	12 31%	39	(7.7)	(4.8)	2.3	9.3	9.5
iTraxx Europe 5Y	9 29%	16 52%	6 19%	31	(9.7)	13.2	15.8	25.6	(5.1)
iTraxx Europe Crossover 5Y	11 37%	9 30%	10 33%	30	(3.3)	8.3	18.4	18.4	2.6
iTraxx Japan Series 5Y	4 21%	11 58%	4 21%	19	0.0	(8.3)	16.0	11.5	11.1
iTraxx Asia ex-Japan Investment Grade 5Y	7 39%	8 44%	3 17%	18	(22.2)	(20.0)	7.7	(7.7)	(12.5)
iTraxx Australia 5Y	7 41%	8 47%	2 12%	17	(29.4)	(10.5)	(4.3)	0.0	4.2

IACPM 3 Months Major Markets Credit Spread Outlook Index	140	(4.3)	4.4	8.5	14.6	1.8
(weighted average based on number of responses; includes first four indices listed in bold)						

IACPM 3 Months Credit Spread Outlook Index	194	(7.7)	(0.9)	7.9	10.5	1.7
(weighted average based on number of responses; includes all indices listed above)						

IACPM 3 Months CMBX Index Price Outlook Index

Expected direction CMBX index prices will move over the course of the next 3 months



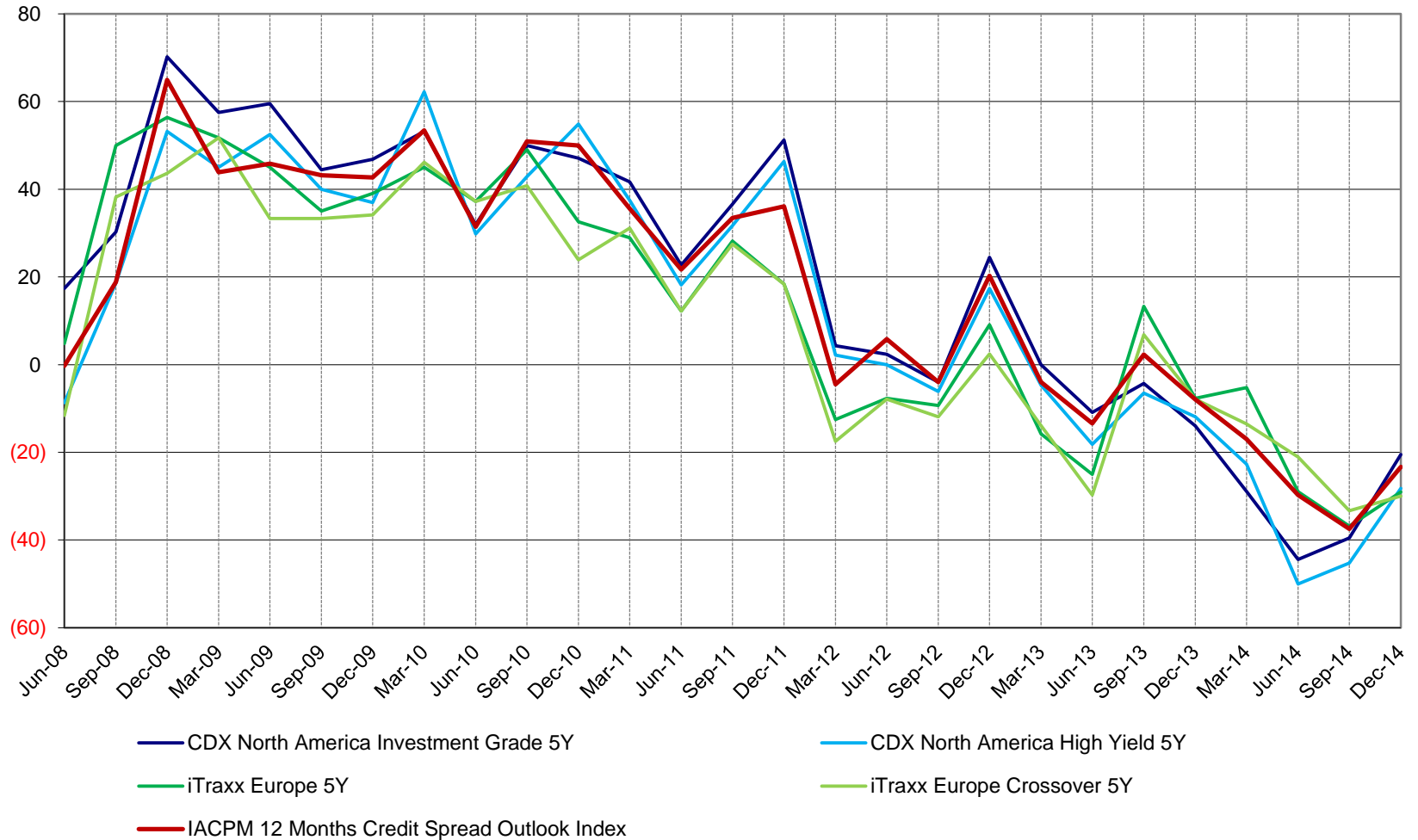
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Sep-14	Jun-14	Mar-14
CMBX North America AA	7 32%	10 45%	5 23%	22	9.1	3.8	(13.8)	(12.9)	36.0
CMBX North America BBB-	9 41%	7 32%	6 27%	22	13.6	(11.5)	(10.3)	(19.4)	40.0

** 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

Expected direction Credit Spreads will move over the course of the next 12 months

(underlying data on next page)



IACPM 12 Months Credit Spread Outlook Index

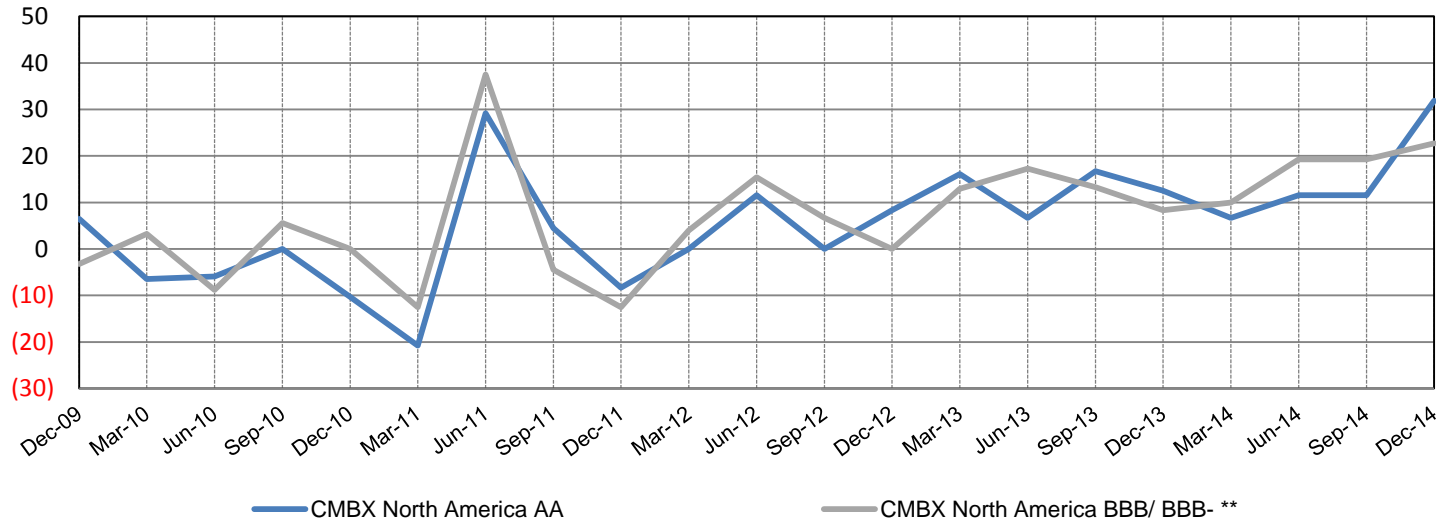
Expected direction Credit Spreads will move over the course of the next 12 months

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)				
	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
CDX North America Investment Grade 5Y	18 46%	11 28%	10 26%	39	(20.5)	(39.5)	(44.4)	(28.9)	(14.0)
CDX North America High Yield 5Y	20 51%	10 26%	9 23%	39	(28.2)	(45.2)	(50.0)	(22.7)	(11.9)
iTraxx Europe 5Y	16 52%	8 26%	7 23%	31	(29.0)	(36.8)	(28.9)	(5.3)	(7.7)
iTraxx Europe Crossover 5Y	16 53%	7 23%	7 23%	30	(30.0)	(33.3)	(21.1)	(13.5)	(7.9)
iTraxx Japan Series 5Y	6 32%	8 42%	5 26%	19	(5.3)	(25.0)	(11.5)	(17.2)	(3.6)
iTraxx Asia ex-Japan Investment Grade 5Y	8 44%	5 28%	5 28%	18	(16.7)	(37.5)	(11.1)	(17.2)	(12.0)
iTraxx Australia 5Y	7 41%	7 41%	3 18%	17	(23.5)	(40.0)	(20.8)	(8.0)	8.3

IACPM 12 Months Credit Spread Outlook Index	193	(23.3)	(37.4)	(29.8)	(17.0)	(7.9)
(weighted average based on number of responses)						

IACPM 12 Months CMBX Index Price Outlook Index

Expected direction CMBX index prices will move over the course of the next 12 months

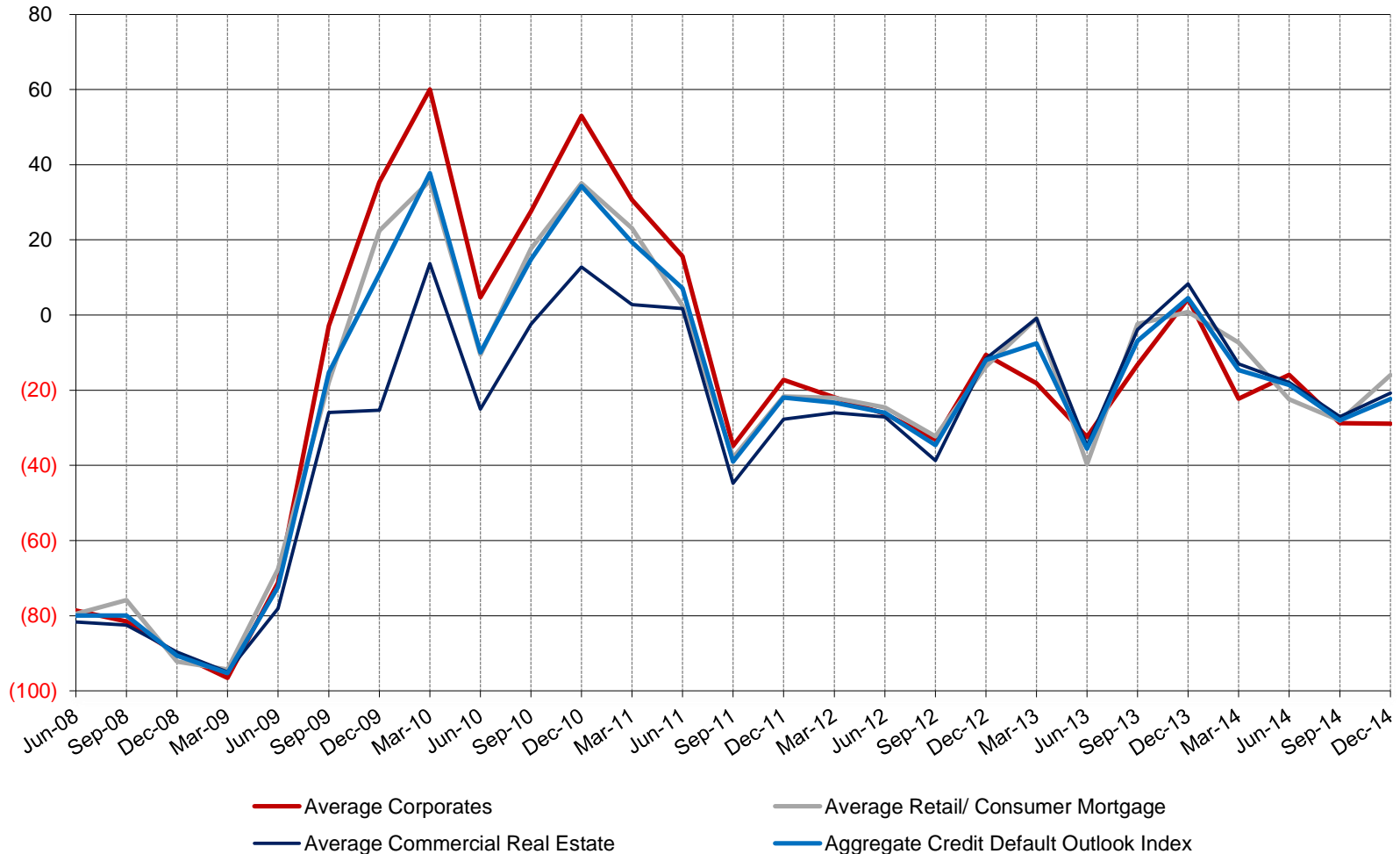


Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Sep-14	Jun-14	Mar-14
CMBX North America AA	11 50%	7 32%	4 18%	22	31.8	11.5	10.3	6.7	12.5
CMBX North America BBB-	11 50%	5 23%	6 27%	22	22.7	19.2	17.2	10.0	8.3

** 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 Default Outlook Index

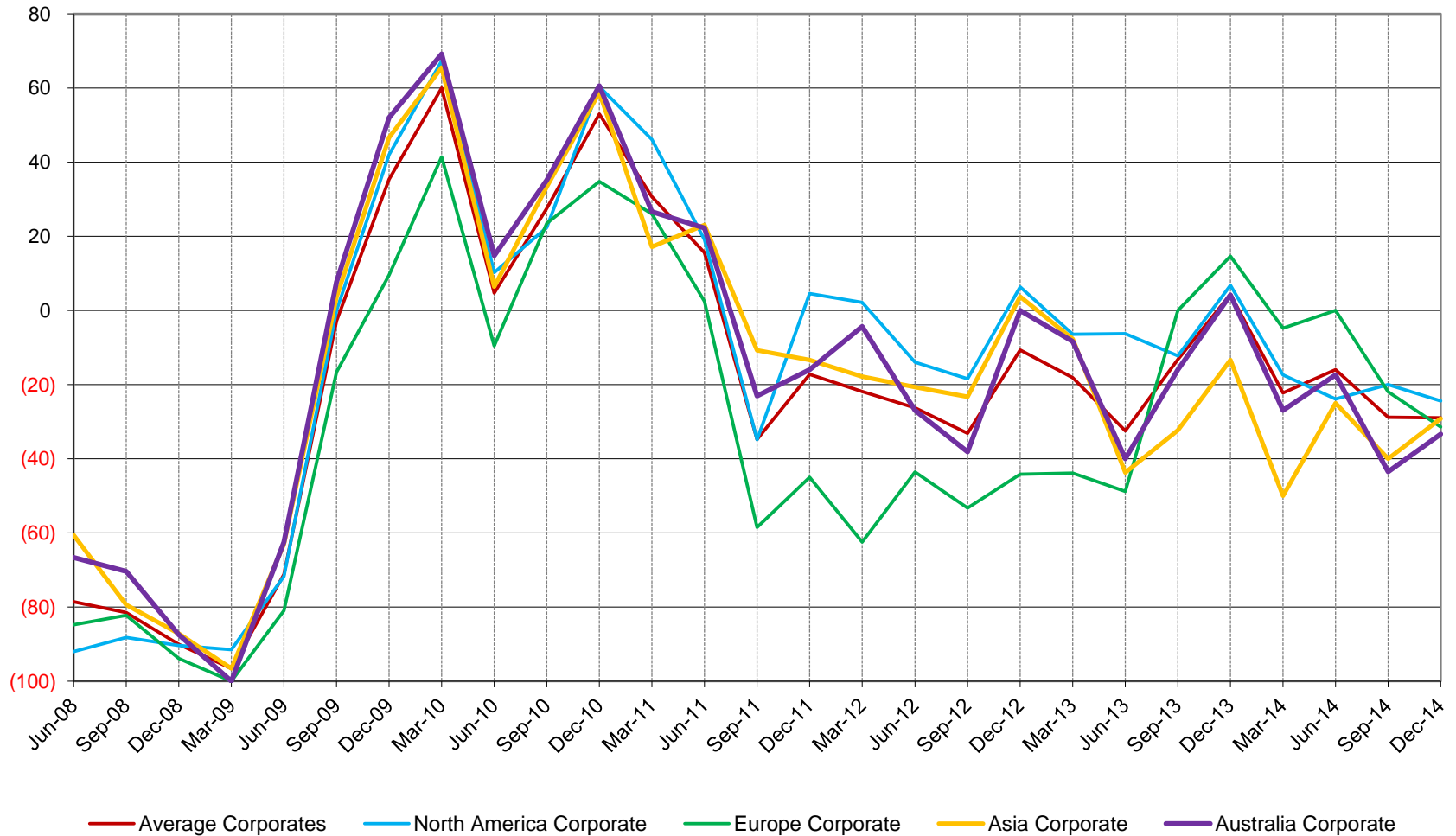
Expected direction Corporate Credit Defaults will move over the course of the next 12 months
(annual twelve month trailing; positive numbers indicate credit improvement; underlying data on next page)



IACPM 12 Months **Corporate** Credit Default Outlook Index

Expected direction Corporate Credit Defaults will move over the course of the next 12 months

(annual twelve month trailing; positive numbers indicate credit improvement; underlying data on next page)



IACPM 12 Months Credit Default Outlook Index

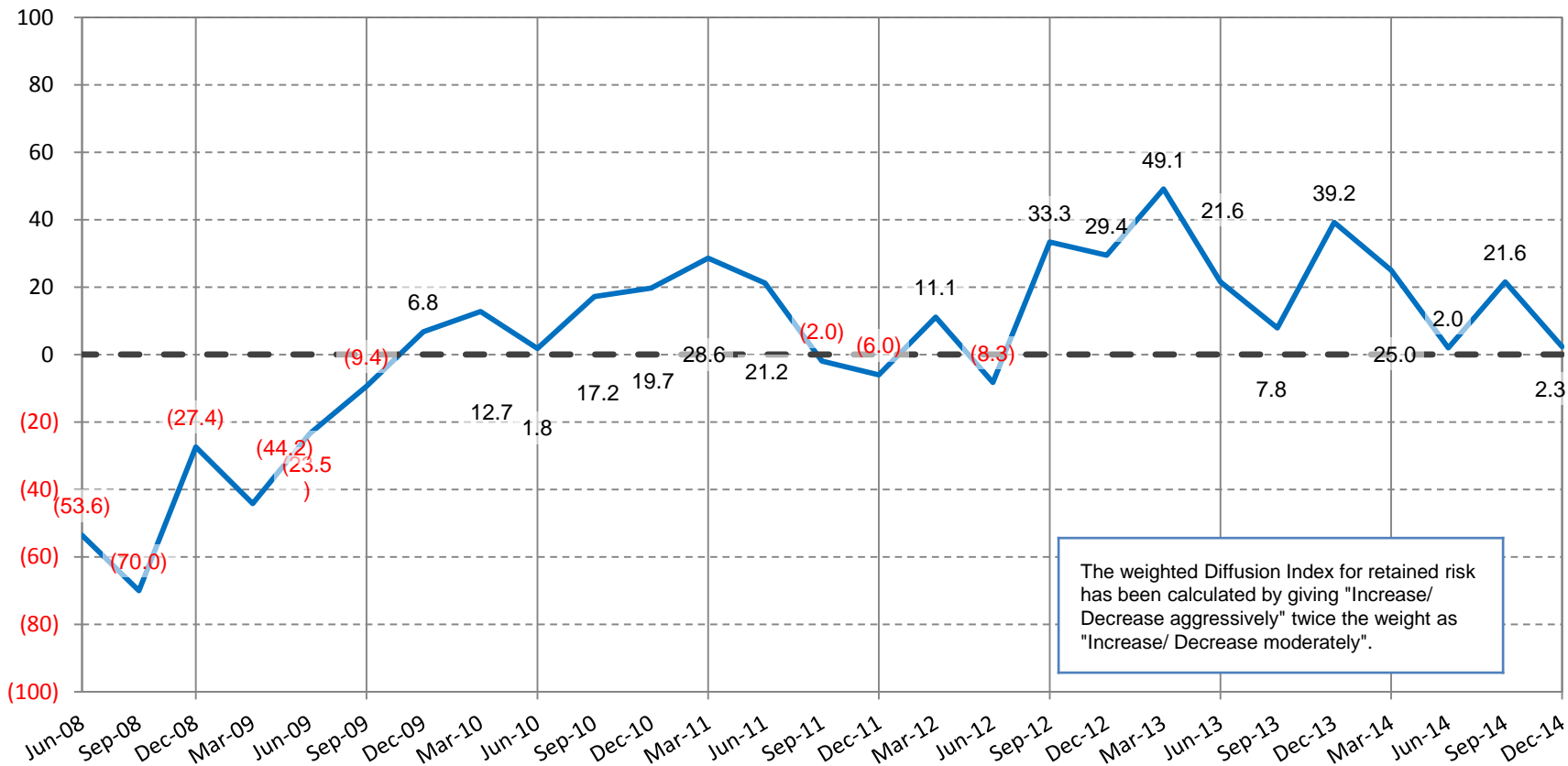
Expected direction Credit Defaults will move over the course of the next 12 months
(annual twelve month trailing; positive numbers indicate credit improvement)

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)				
	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
North America Corporate	18 44%	15 37%	8 20%	41	(24.4)	(20.0)	(23.9)	(17.4)	6.8
North America Retail/ Consumer Mortgage	9 24%	20 53%	9 24%	38	0.0	(10.0)	(22.0)	15.0	7.5
North America Commercial Real Estate	7 19%	23 64%	6 17%	36	(2.8)	(7.5)	(17.5)	4.9	15.4
Europe Corporate	16 46%	14 40%	5 14%	35	(31.4)	(22.0)	0.0	(4.8)	14.6
Europe Retail/ Consumer Mortgage	11 38%	14 48%	4 14%	29	(24.1)	(20.0)	(14.3)	(2.8)	8.3
Europe Commercial Real Estate	12 40%	14 47%	4 13%	30	(26.7)	(16.7)	0.0	(5.7)	16.7
Asia Corporate	10 42%	11 46%	3 13%	24	(29.2)	(40.0)	(25.0)	(50.0)	(13.3)
Asia Retail/ Consumer Mortgage	8 47%	6 35%	3 18%	17	(29.4)	(52.0)	(30.0)	(41.7)	(12.0)
Asia Commercial Real Estate	10 53%	7 37%	2 11%	19	(42.1)	(56.0)	(35.0)	(50.0)	(8.3)
Australia Corporate	9 43%	10 48%	2 10%	21	(33.3)	(43.5)	(17.4)	(26.9)	4.2
Australia Retail/ Consumer Mortgage	6 38%	8 50%	2 13%	16	(25.0)	(47.6)	(30.0)	(17.4)	(9.5)
Australia Commercial Real Estate	6 38%	8 50%	2 13%	16	(25.0)	(47.6)	(31.8)	(17.4)	0.0
Average Corporate	13 44%	13 41%	5 15%	30	(28.9)	(28.8)	(15.9)	(22.2)	4.3
Average Retail/ Consumer Mortgage	9 34%	12 48%	5 18%	25	(16.0)	(28.1)	(22.4)	(7.3)	0.8
Average Commercial Real Estate	9 35%	13 51%	4 14%	25	(20.8)	(27.0)	(17.9)	(13.0)	8.3

IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)	322	(22.4)	(28.0)	(18.6)	(14.6)	4.5
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Weighted Diffusion Index for retained risk in overall portfolio

(underlying data on next page)



Retained Risk in Overall Portfolio

Is your current strategy to increase or decrease the percentage of retained risk in your overall portfolio (via sale, hedge, asset acquisition/increase, etc.)?

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
Increase aggressively	1	2	1	1	4	0	1	2%	4%	2%	2%	9%	0%	2%
Increase moderately	13	17	14	21	20	20	20	30%	35%	29%	45%	43%	39%	40%
Unchanged	15	20	19	14	15	15	18	35%	41%	39%	30%	32%	29%	36%
Decrease moderately	14	10	15	11	8	16	11	33%	20%	31%	23%	17%	31%	22%
Decrease aggressively	0	0	0	0	0	0	0	0%	0%	0%	0%	0%	0%	0%
Total Number of Responses	43	49	49	47	47	51	50	100%	100%	100%	100%	100%	100%	100%

What is the rationale for this strategy?

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
Balance sheet/Capital appetite	21	32	27	31	27	29	26	49%	65%	55%	66%	57%	57%	52%
Portfolio optimization	10	10	17	12	15	14	15	23%	20%	35%	26%	32%	27%	30%
Change in risk view	8	7	2	3	3	5	5	19%	14%	4%	6%	6%	10%	10%
Other	4	0	3	1	2	3	4	9%	0%	6%	2%	4%	6%	8%
Total	43	49	49	47	51	50	51	100%	100%	100%	100%	100%	100%	100%

Other - December 2014

All of the above	Legacy portfolio
Business growth	Regulator preferences as manifest in CCAR

Top 3 Industry Sectors for Risk Mitigation Efforts in the next 3 Months

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
TMT: Telecom	3	9	8	6	8	11	7	6%	18%	16%	12%	16%	22%	14%
TMT: Media	2	4	3	2	4	4	1	4%	8%	6%	4%	8%	8%	2%
TMT: Technology	1	2	4	4	1	1	2	2%	4%	8%	8%	2%	2%	4%
Natural Resources: Oil and Gas	33	18	19	16	20	16	15	66%	36%	38%	32%	40%	32%	30%
Natural Resources: Paper	1	4	5	1	2	2	2	2%	8%	10%	2%	4%	4%	4%
Natural Resources: Metals/Mining	22	20	19	18	16	21	25	44%	40%	38%	36%	32%	42%	50%
Natural Resources: Chemicals	5	1	2	0	2	1	5	10%	2%	4%	0%	4%	2%	10%
Natural Resources: Utilities	8	4	3	6	6	8	4	16%	8%	6%	12%	12%	16%	8%
Industrial: Auto and related transportation	3	5	6	6	6	10	9	6%	10%	12%	12%	12%	20%	18%
Industrial: Airlines/ Aerospace/ Defense	4	5	3	7	5	5	6	8%	10%	6%	14%	10%	10%	12%
Industrial: Diversified	2	8	4	3	3	5	6	4%	16%	8%	6%	6%	10%	12%
Pharma/ Biotech/ Health Care	2	5	2	3	4	2	5	4%	10%	4%	6%	8%	4%	10%
Retail/ Consumer	10	12	10	12	14	11	10	20%	24%	20%	24%	28%	22%	20%
Financial: banks/ brokers	6	5	6	8	6	10	9	12%	10%	12%	16%	12%	20%	18%
Financial: insurance	1	0	2	1	1	1	0	2%	0%	4%	2%	2%	2%	0%
Financial: nonbank	4	3	3	3	3	3	2	8%	6%	6%	6%	6%	6%	4%
Real Estate: Commercial and Construction	13	16	21	16	16	16	18	26%	32%	42%	32%	32%	32%	36%
Real Estate: Residential	5	10	7	6	11	6	5	10%	20%	14%	12%	22%	12%	10%
Other	3	5	6	5	4	4	8	6%	10%	12%	10%	8%	8%	16%

For 4Q 2014 "Other" includes Leveraged lending, Sovereign risks, and Russia exposure.

Demographics

The following questions relate to the size and nature of participating firms.

Nature of Institution

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
Bank/Investment bank	34	39	40	39	39	42	41	79%	80%	82%	83%	83%	84%	82%
Insurance company	6	7	7	6	5	5	5	14%	14%	14%	13%	11%	10%	10%
Fund	2	2	2	1	2	2	3	5%	4%	4%	2%	4%	4%	6%
Export Credit Agency (ECA)	0	0	0	1	1	1	1	0%	0%	0%	2%	2%	2%	2%
Development Bank	1	0	0	0	0	0	0	2%	0%	0%	0%	0%	0%	0%
Multilateral	0	1	0	0	0	0	0	0%	2%	0%	0%	0%	0%	0%
Total	43	49	49	47	50	50	51	98%	98%	100%	100%	100%	100%	100%

Continent of Domicile

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
North America	17	20	21	20	19	20	22	40%	41%	43%	43%	40%	39%	44%
Europe	15	18	18	17	15	20	16	35%	37%	37%	36%	32%	39%	32%
Asia	6	6	6	6	7	6	6	14%	12%	12%	13%	15%	12%	12%
Australia/ Oceania	1	1	2	2	2	2	2	2%	2%	4%	4%	4%	4%	4%
South America	2	1	1	1	2	1	1	5%	2%	2%	2%	4%	2%	2%
Africa	2	3	1	1	2	2	3	5%	6%	2%	2%	4%	4%	6%
Total	43	49	49	47	51	50	51	100%	100%	100%	100%	100%	100%	100%

Approximate Portfolio Asset Size

(Only assets for which the portfolio management group is responsible.)

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
Less than \$50 billion	9	10	7	8	9	9	11	21%	21%	14%	17%	19%	18%	22%
\$50 billion to \$100 billion	6	8	9	7	9	12	12	14%	17%	18%	15%	19%	24%	24%
\$100 billion to \$200 billion	8	8	9	9	9	11	12	19%	17%	18%	20%	19%	22%	24%
\$200 billion to \$500 billion	10	10	9	11	9	7	7	23%	21%	18%	24%	19%	14%	14%
Greater than \$500 billion	9	11	13	11	11	11	7	21%	23%	27%	24%	23%	22%	14%
Does not apply	1	1	2	0	0	1	0	2%	2%	4%	0%	0%	2%	0%
Total	43	48	49	47	51	49	50	100%	100%	100%	100%	100%	100%	100%

Location of Credit Portfolio Management Group within the organization

	Number of Responses							Percentage of Responses						
	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
Line of business	17	17	18	16	19	18	21	40%	35%	37%	34%	40%	35%	42%
Risk management (including credit risk management)	19	19	20	23	21	24	21	45%	39%	41%	49%	45%	47%	42%
Finance/Treasury	3	6	5	5	5	4	3	7%	12%	10%	11%	11%	8%	6%
Does not apply	1	3	3	2	1	3	1	2%	6%	6%	4%	2%	6%	2%
Other	2	4	3	1	1	2	4	5%	8%	6%	2%	2%	4%	8%
Total	42	49	49	47	51	50	51	100%	100%	100%	100%	100%	100%	100%

For 4Q 2014 "Other" includes the following:

Global Credit

Shared between business and risk management

Participating Institutions

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
ABN AMRO Bank NV	✓	✓			
African Export Import Bank	✓	✓	✓		
AIG, Inc.		✓	✓	✓	✓
Allianz AG	✓	✓	✓	✓	✓
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	✓	✓	✓	✓	✓
Citigroup	✓	✓	✓	✓	✓
Commonwealth Bank of Australia	✓		✓	✓	✓
Credit Agricole CIB	✓	✓	✓	✓	✓
Danske Bank		✓	✓		
Deutsche Bank				✓	
Development Bank of Japan	✓	✓		✓	✓
Elanus Capital Management, LLC		✓			
European Investment Fund		✓			
Export Development Canada				✓	✓
Fifth Third Bank	✓	✓	✓	✓	
FirstRand Ltd.		✓			✓
Hang Seng Bank					
HSBC	✓	✓	✓	✓	✓
Huntington National Bank					✓
IKB Deutsche Industriebank AG	✓	✓	✓	✓	✓
Inter-American Development Bank	✓				
Intesa Sanpaolo		✓	✓		

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
JP Morgan Chase	✓		✓	✓	✓
KBC					✓
KeyCorp	✓		✓	✓	✓
Lloyds TSB PLC	✓		✓	✓	✓
Manulife Financial			✓		
MIGA - Multilateral Investment Guarantee Agency		✓			
Mizuho Corporate Bank		✓	✓	✓	✓
MUFG Union Bank	✓	✓	✓	✓	✓
Munich Reinsurance	✓	✓	✓	✓	✓
National Bank Financial	✓	✓	✓		✓
Nationwide Insurance	✓	✓	✓	✓	✓
Natixis	✓	✓			
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.			✓	✓	✓
Wells Fargo			✓		
Westpac		✓	✓	✓	✓
WGZ Bank AG				✓	
XL Group	✓				
Zions Bancorporation	✓	✓	✓	✓	✓