



First Quarter 2015 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.

49 IACPM members participated.

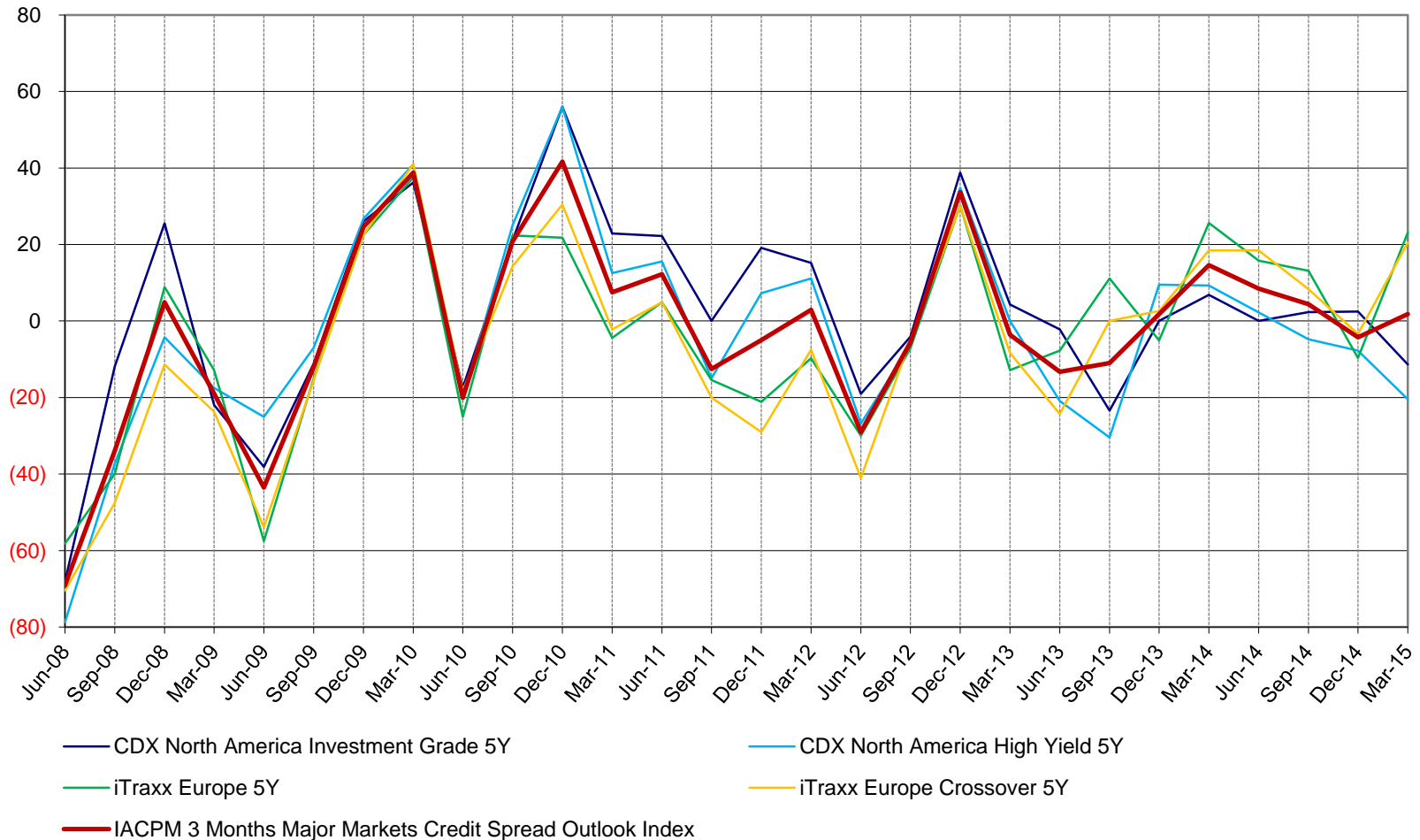
Credit Outlook and Strategy

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

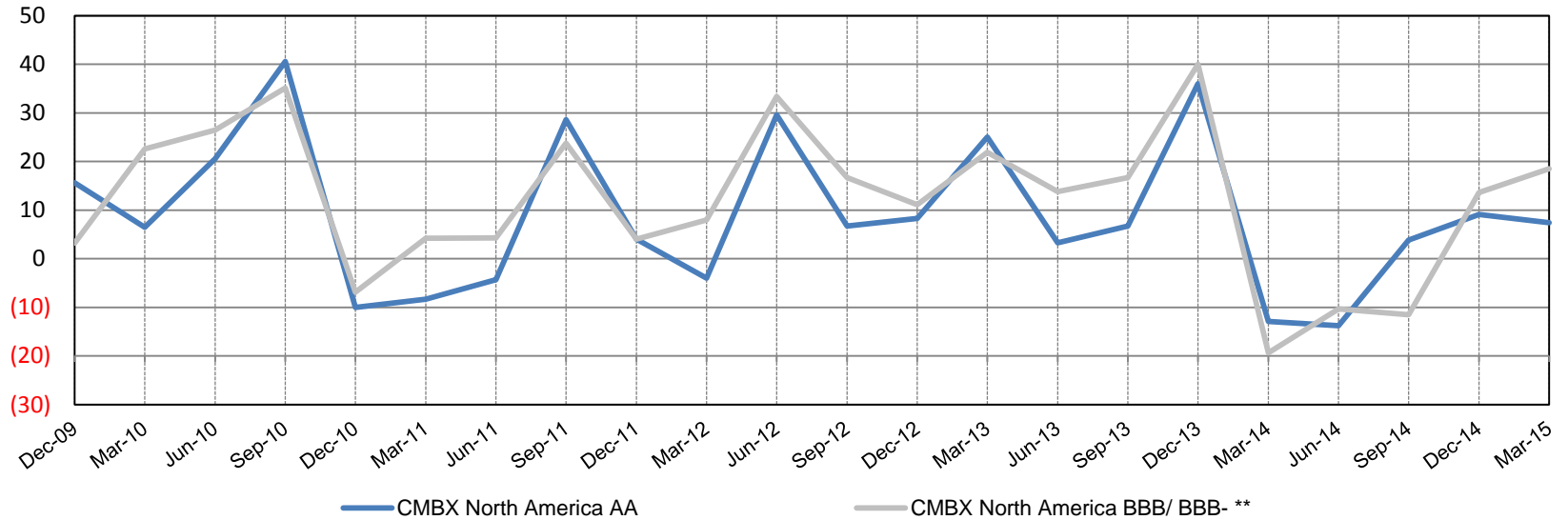
<i>Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.</i>	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses	IACPM 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Mar-15	Mar-15	Mar-15	Mar-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
CDX North America Investment Grade 5Y	11 25%	27 61%	6 14%	44	(11.4)	2.5	2.3	0.0	6.8
CDX North America High Yield 5Y	18 41%	17 39%	9 20%	44	(20.5)	(7.7)	(4.8)	2.3	9.3
iTraxx Europe 5Y	5 13%	20 51%	14 36%	39	23.1	(9.7)	13.2	15.8	25.6
iTraxx Europe Crossover 5Y	7 18%	17 44%	15 38%	39	20.5	(3.3)	8.3	18.4	18.4
iTraxx Japan Series 5Y	3 13%	14 61%	6 26%	23	13.0	0.0	(8.3)	16.0	11.5
iTraxx Asia ex-Japan Investment Grade 5Y	5 23%	11 50%	6 27%	22	4.5	(22.2)	(20.0)	7.7	(7.7)
iTraxx Australia 5Y	6 32%	10 53%	3 16%	19	(15.8)	(29.4)	(10.5)	(4.3)	0.0

IACPM 3 Months Major Markets Credit Spread Outlook Index	166	1.8	(4.3)	4.4	8.5	14.6
(weighted average based on number of responses; includes first four indices listed in bold)						

IACPM 3 Months Credit Spread Outlook Index	230	1.7	(7.7)	(0.9)	7.9	10.5
(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



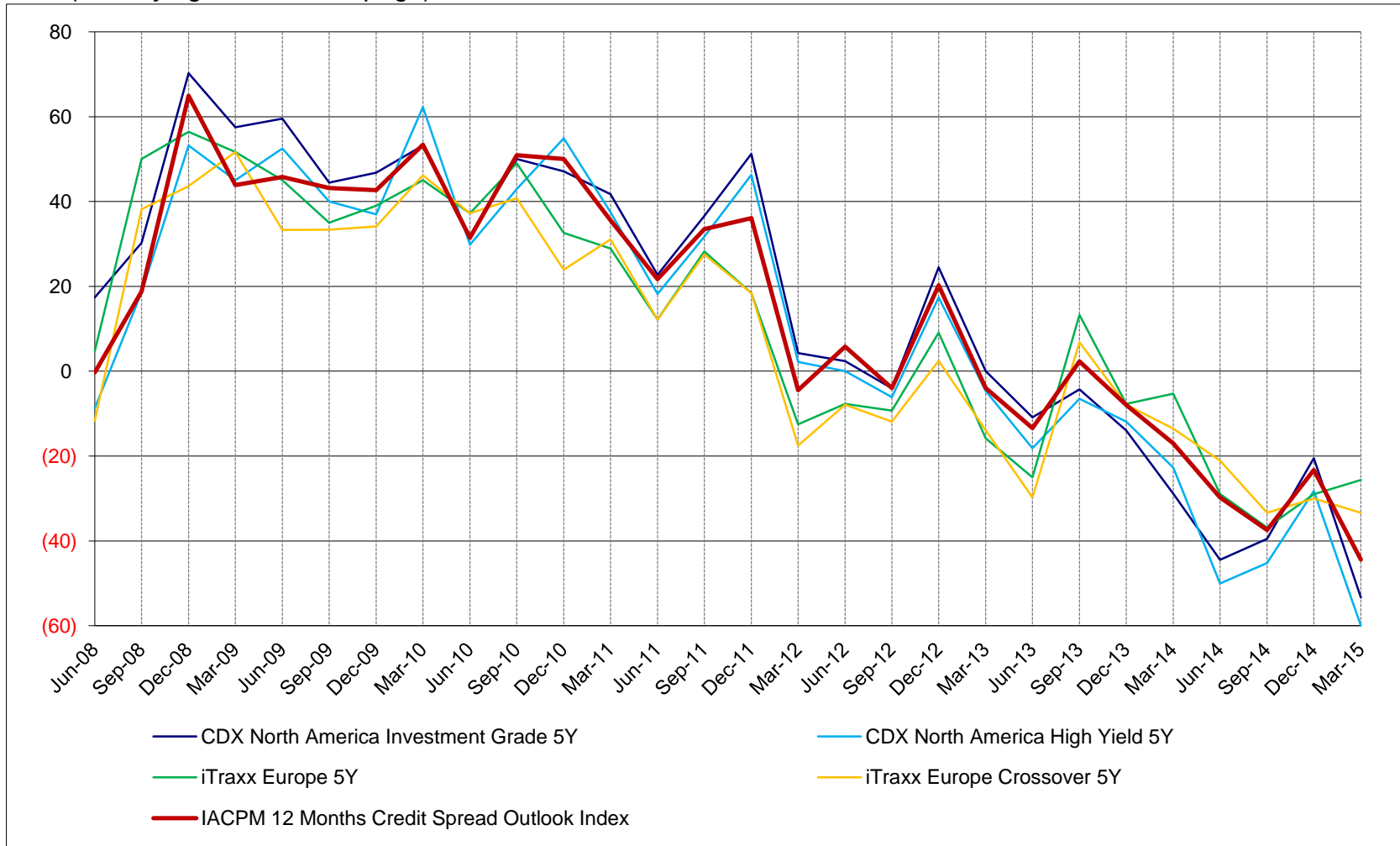
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Mar-15	Mar-15	Mar-15	Mar-15	Mar-15	Mar-15	Dec-14	Sep-14	Jun-14
CMBX North America AA	4 15%	21 78%	2 7%	27	7.4	9.1	3.8	(13.8)	(12.9)
CMBX North America BBB-	7 26%	18 67%	2 7%	27	18.5	13.6	(11.5)	(10.3)	(19.4)

** 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

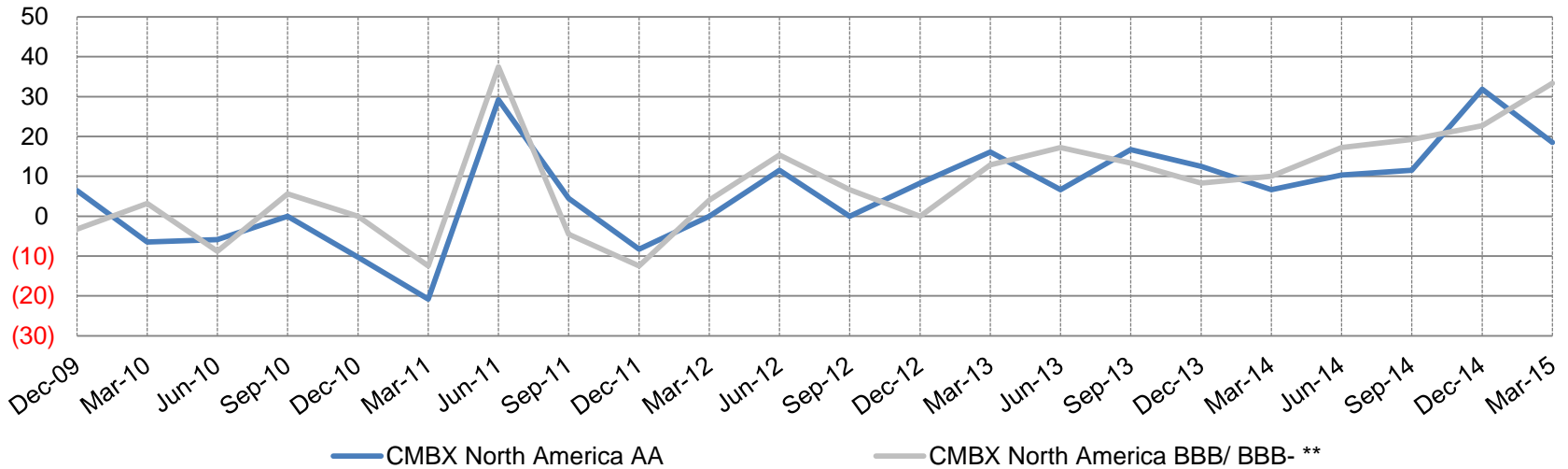
Expected direction Credit Spreads will move over the course of the next 12 months

<i>Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.</i>	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses	IACPM 12 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Mar-15	Mar-15	Mar-15	Mar-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
CDX North America Investment Grade 5Y	27 60%	15 33%	3 7%	45	(53.3)	(20.5)	(39.5)	(44.4)	(28.9)
CDX North America High Yield 5Y	31 69%	10 22%	4 9%	45	(60.0)	(28.2)	(45.2)	(50.0)	(22.7)
iTraxx Europe 5Y	15 38%	19 49%	5 13%	39	(25.6)	(29.0)	(36.8)	(28.9)	(5.3)
iTraxx Europe Crossover 5Y	19 49%	14 36%	6 15%	39	(33.3)	(30.0)	(33.3)	(21.1)	(13.5)
iTraxx Japan Series 5Y	12 52%	9 39%	2 9%	23	(43.5)	(5.3)	(25.0)	(11.5)	(17.2)
iTraxx Asia ex-Japan Investment Grade 5Y	13 59%	5 23%	4 18%	22	(40.9)	(16.7)	(37.5)	(11.1)	(17.2)
iTraxx Australia 5Y	12 63%	5 26%	2 11%	19	(52.6)	(23.5)	(40.0)	(20.8)	(8.0)

IACPM 12 Months Credit Spread Outlook Index	232	(44.4)	(23.3)	(37.4)	(29.8)	(17.0)
(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



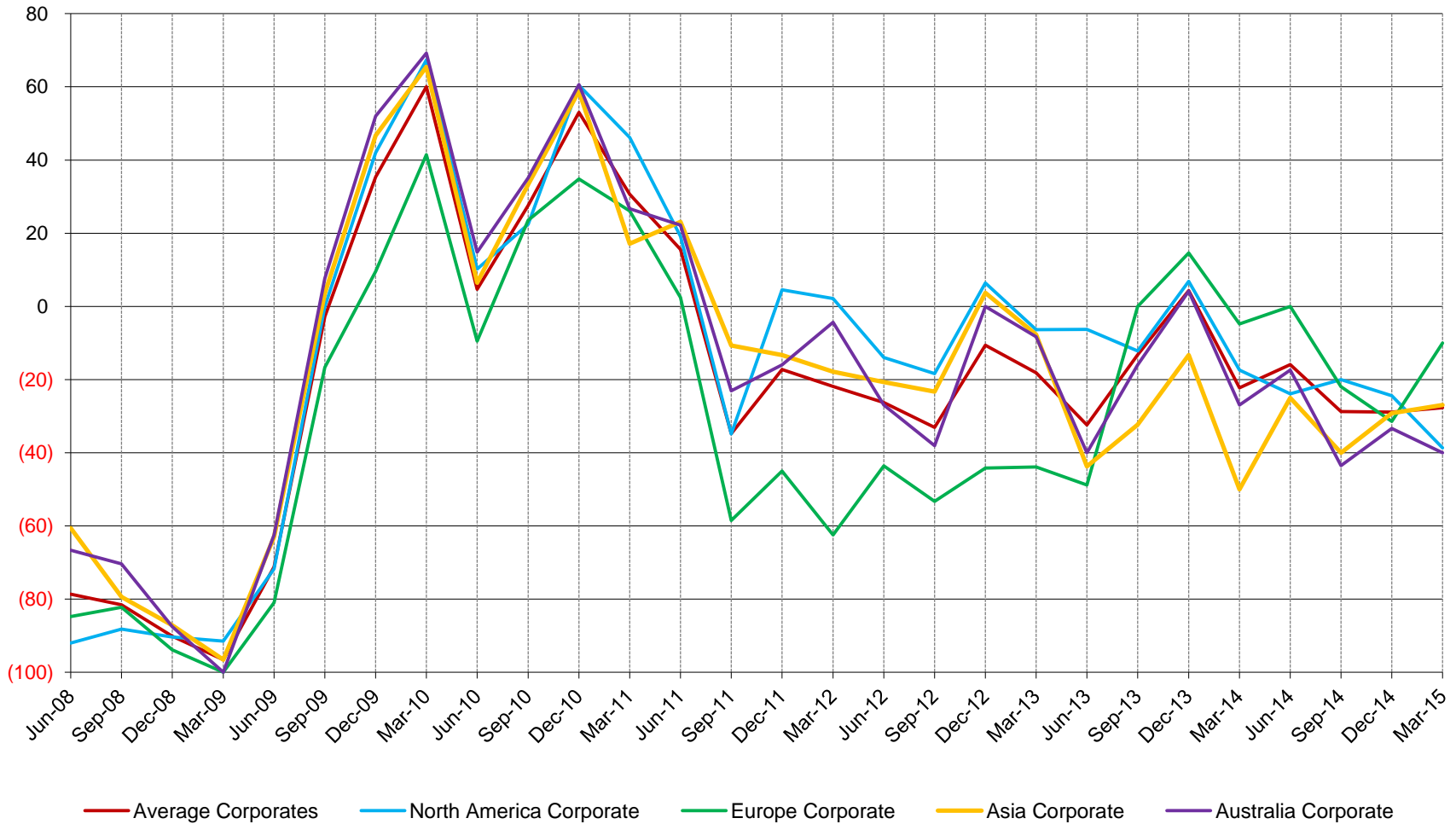
<i>Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.</i>	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Mar-15	Mar-15	Mar-15	Mar-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
CMBX North America AA	9 33%	14 52%	4 15%	27	18.5	31.8	11.5	10.3	6.7
CMBX North America BBB-	13 48%	10 37%	4 15%	27	33.3	22.7	19.2	17.2	10.0

** 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 **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

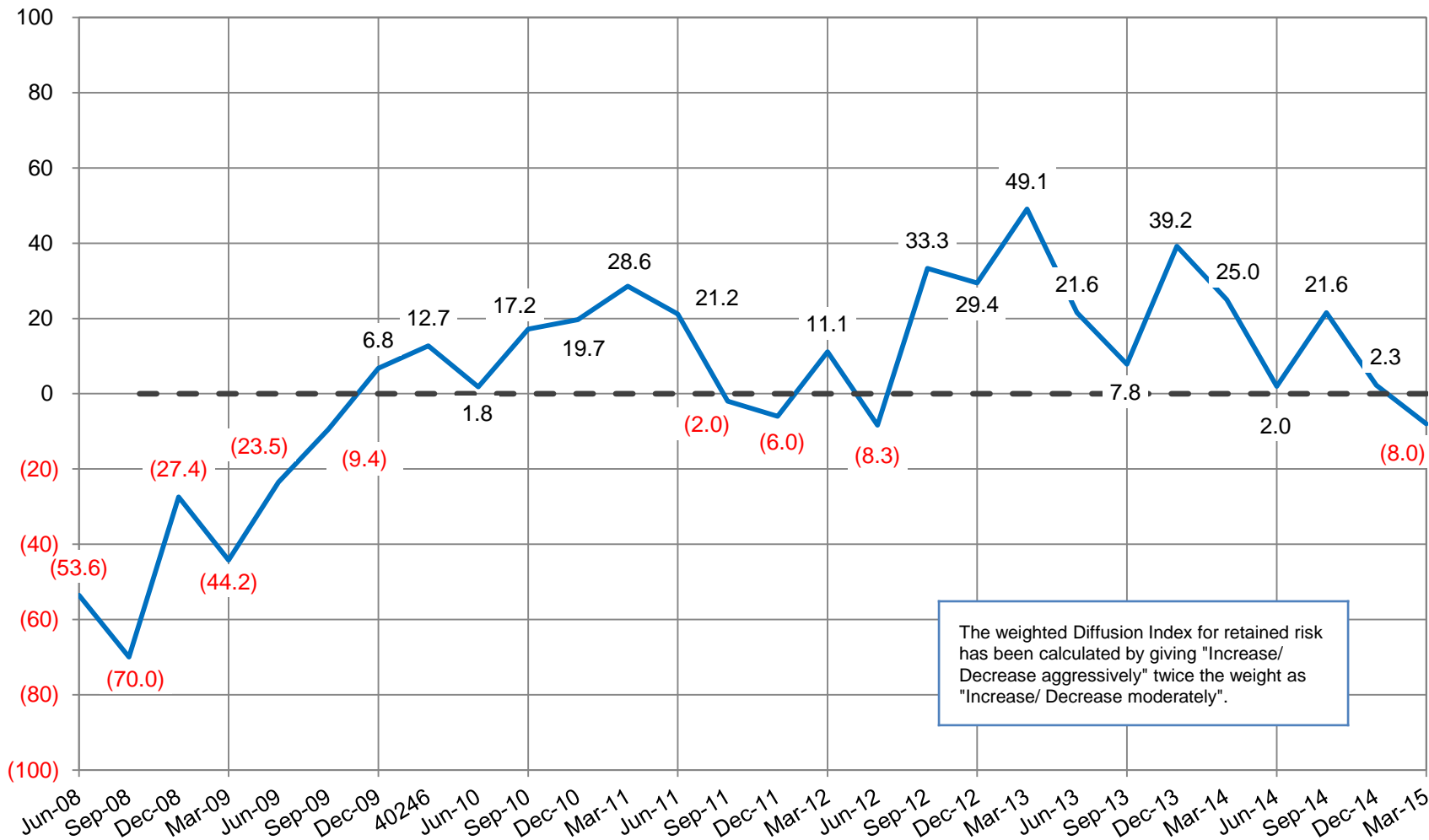
Expected direction Credit Defaults will move over the course of the next 12 months
(annual twelve month trailing; positive numbers indicate credit improvement)

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)				
	Mar-15	Mar-15	Mar-15	Mar-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
North America Corporate	19 43%	23 52%	2 5%	44	(38.6)	(24.4)	(20.0)	(23.9)	(17.4)
North America Retail/ Consumer Mortgage	13 30%	27 63%	3 7%	43	(23.3)	0.0	(10.0)	(22.0)	15.0
North America Commercial Real Estate	13 31%	26 62%	3 7%	42	(23.8)	(2.8)	(7.5)	(17.5)	4.9
Europe Corporate	11 28%	22 55%	7 18%	40	(10.0)	(31.4)	(22.0)	0.0	(4.8)
Europe Retail/ Consumer Mortgage	11 30%	18 49%	8 22%	37	(8.1)	(24.1)	(20.0)	(14.3)	(2.8)
Europe Commercial Real Estate	9 23%	23 59%	7 18%	39	(5.1)	(26.7)	(16.7)	0.0	(5.7)
Asia Corporate	8 31%	17 65%	1 4%	26	(26.9)	(29.2)	(40.0)	(25.0)	(50.0)
Asia Retail/ Consumer Mortgage	9 41%	11 50%	2 9%	22	(31.8)	(29.4)	(52.0)	(30.0)	(41.7)
Asia Commercial Real Estate	7 32%	14 64%	1 5%	22	(27.3)	(42.1)	(56.0)	(35.0)	(50.0)
Australia Corporate	8 40%	12 60%	0 0%	20	(40.0)	(33.3)	(43.5)	(17.4)	(26.9)
Australia Retail/ Consumer Mortgage	9 50%	9 50%	0 0%	18	(50.0)	(25.0)	(47.6)	(30.0)	(17.4)
Australia Commercial Real Estate	8 44%	10 56%	0 0%	18	(44.4)	(25.0)	(47.6)	(31.8)	(17.4)
Average Corporate	12 35%	19 57%	3 8%	33	(27.7)	(28.9)	(28.8)	(15.9)	(22.2)
Average Retail/ Consumer Mortgage	11 35%	16 54%	3 11%	30	(24.2)	(16.0)	(28.1)	(22.4)	(7.3)
Average Commercial Real Estate	9 31%	18 60%	3 9%	30	(21.5)	(20.8)	(27.0)	(17.9)	(13.0)

IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)	371	(24.5)	(22.4)	(28.0)	(18.6)	(14.6)
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Weighted Diffusion Index for retained risk in overall portfolio

(underlying data on next page)



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

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						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Increase aggressively	0	1	2	1	1	4	0	0%	2%	4%	2%	2%	9%	0%
Increase moderately	14	13	17	14	21	20	20	29%	30%	35%	29%	45%	43%	39%
Unchanged	18	15	20	19	14	15	15	37%	35%	41%	39%	30%	32%	29%
Decrease moderately	16	14	10	15	11	8	16	33%	33%	20%	31%	23%	17%	31%
Decrease aggressively	1	0	0	0	0	0	0	2%	0%	0%	0%	0%	0%	0%
Total Number of Responses	49	43	49	49	47	47	51	100%	100%	100%	100%	100%	100%	100%

What is the rationale for this strategy?

	Number of Responses							Percentage of Responses						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Balance sheet/Capital appetite	29	21	32	27	31	27	29	59%	49%	65%	55%	66%	57%	57%
Portfolio optimization	12	10	10	17	12	15	14	24%	23%	20%	35%	26%	32%	27%
Change in risk view	6	8	7	2	3	3	5	12%	19%	14%	4%	6%	6%	10%
Other	2	4	0	3	1	2	3	4%	9%	0%	6%	2%	4%	6%
Total	49	43	49	49	47	51	50	100%	100%	100%	100%	100%	100%	100%

Other – March 2015

Legacy portfolio

Reducing exposure to the US Market in favor of home country

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

	Number of Responses							Percentage of Responses						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
TMT: Telecom	7	3	9	8	6	8	11	14%	6%	18%	16%	12%	16%	22%
TMT: Media	3	2	4	3	2	4	4	6%	4%	8%	6%	4%	8%	8%
TMT: Technology	1	1	2	4	4	1	1	2%	2%	4%	8%	8%	2%	2%
Natural Resources: Oil and Gas	35	33	18	19	16	20	16	70%	66%	36%	38%	32%	40%	32%
Natural Resources: Paper	1	1	4	5	1	2	2	2%	2%	8%	10%	2%	4%	4%
Natural Resources: Metals/Mining	24	22	20	19	18	16	21	48%	44%	40%	38%	36%	32%	42%
Natural Resources: Chemicals	3	5	1	2	0	2	1	6%	10%	2%	4%	0%	4%	2%
Natural Resources: Utilities	10	8	4	3	6	6	8	20%	16%	8%	6%	12%	12%	16%
Industrial: Auto and related transportation	4	3	5	6	6	6	10	8%	6%	10%	12%	12%	12%	20%
Industrial: Airlines/ Aerospace/ Defense	4	4	5	3	7	5	5	8%	8%	10%	6%	14%	10%	10%
Industrial: Diversified	6	2	8	4	3	3	5	12%	4%	16%	8%	6%	6%	10%
Pharma/ Biotech/ Health Care	5	2	5	2	3	4	2	10%	4%	10%	4%	6%	8%	4%
Retail/ Consumer	14	10	12	10	12	14	11	28%	20%	24%	20%	24%	28%	22%
Financial: banks/ brokers	4	6	5	6	8	6	10	8%	12%	10%	12%	16%	12%	20%
Financial: insurance	2	1	0	2	1	1	1	4%	2%	0%	4%	2%	2%	2%
Financial: nonbank	2	4	3	3	3	3	3	4%	8%	6%	6%	6%	6%	6%
Real Estate: Commercial and Construction	15	13	16	21	16	16	16	30%	26%	32%	42%	32%	32%	32%
Real Estate: Residential	6	5	10	7	6	11	6	12%	10%	20%	14%	12%	22%	12%
Other	3	3	5	6	5	4	4	6%	6%	10%	12%	10%	8%	8%

For 1Q 2015 "Other" includes Leveraged lending (twice) and Latin America.

Demographics

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

Nature of Institution

	Number of Responses							Percentage of Responses						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Bank/Investment bank	40	34	39	40	39	39	42	82%	79%	80%	82%	83%	83%	84%
Development Bank/ Export Credit Agency	4	1	0	0	1	1	1	8%	2%	0%	0%	2%	2%	2%
Insurance company	4	6	7	7	6	5	5	8%	14%	14%	14%	13%	11%	10%
Fund	1	2	2	2	1	2	2	2%	5%	4%	4%	2%	4%	4%
Multilateral	0	0	1	0	0	0	0	0%	0%	2%	0%	0%	0%	0%
Total	49	43	49	49	47	50	50	100%	100%	100%	100%	100%	100%	100%

Continent of Domicile

	Number of Responses							Percentage of Responses						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
North America	17	17	20	21	20	19	20	35%	40%	41%	43%	43%	40%	39%
Europe	20	15	18	18	17	15	20	41%	35%	37%	37%	36%	32%	39%
Asia	6	6	6	6	6	7	6	12%	14%	12%	12%	13%	15%	12%
Australia/ Oceania	2	1	1	2	2	2	2	4%	2%	2%	4%	4%	4%	4%
South America	1	2	1	1	1	2	1	2%	5%	2%	2%	2%	4%	2%
Africa	3	2	3	1	1	2	2	6%	5%	6%	2%	2%	4%	4%
Total	49	43	49	49	47	51	50	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						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Less than \$50 billion	8	9	10	7	8	9	9	16%	21%	21%	14%	17%	19%	18%
\$50 billion to \$100 billion	8	6	8	9	7	9	12	16%	14%	17%	18%	15%	19%	24%
\$100 billion to \$200 billion	10	8	8	9	9	9	11	20%	19%	17%	18%	20%	19%	22%
\$200 billion to \$500 billion	13	10	10	9	11	9	7	27%	23%	21%	18%	24%	19%	14%
Greater than \$500 billion	9	9	11	13	11	11	11	18%	21%	23%	27%	24%	23%	22%
Does not apply	1	1	1	2	0	0	1	2%	2%	2%	4%	0%	0%	2%
Total	49	43	48	49	47	51	49	100%	100%	100%	100%	100%	100%	100%

Location of Credit Portfolio Management Group within the organization

	Number of Responses							Percentage of Responses						
	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Line of business	16	17	17	18	16	19	18	33%	40%	35%	37%	34%	40%	35%
Risk management (including credit risk management)	22	19	19	20	23	21	24	45%	45%	39%	41%	49%	45%	47%
Finance/Treasury	6	3	6	5	5	5	4	12%	7%	12%	10%	11%	11%	8%
Does not apply	4	1	3	3	2	1	3	8%	2%	6%	6%	4%	2%	6%
Other	1	2	4	3	1	1	2	2%	5%	8%	6%	2%	2%	4%
Total	49	42	49	49	47	51	50	100%	100%	100%	100%	100%	100%	100%

For 1Q 2015 "Other" includes the following:

Own silo.

Participating Institutions

	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
ABN AMRO Bank NV	✓	✓	✓		
Absa Bank	✓				
African Export Import Bank	✓	✓	✓	✓	
AIG, Inc.			✓	✓	✓
Allianz AG	✓	✓	✓	✓	✓
ATB Financial	✓	✓	✓	✓	✓
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		✓	✓	✓	✓
Citizens Financial Group	✓				
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.			✓		
HSBC		✓	✓	✓	✓
IKB Deutsche Industriebank AG	✓	✓	✓	✓	✓
Inter-American Development Bank		✓			
Intesa Sanpaolo	✓		✓	✓	
JP Morgan Chase	✓	✓		✓	✓
KeyCorp	✓	✓		✓	✓

	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
KfW Banking Group	✓				
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	✓	✓	✓	✓	✓
State Street Bank	✓				
Sumitomo Mitsui Banking Corp	✓	✓	✓	✓	✓
Sumitomo Mitsui Trust Bank, Limited					✓
Sun Life Financial	✓	✓	✓	✓	✓
Swiss Re		✓	✓	✓	✓
TD Bank			✓	✓	✓
UBS AG	✓				
UniCredit Corporate & Investment Banking	✓		✓	✓	✓
UniCredit Group S.p.A.	✓			✓	✓
Wells Fargo				✓	
Westpac	✓		✓	✓	✓
WGZ Bank AG					✓
XL Group		✓			
Zions Bancorporation	✓	✓	✓	✓	✓