



Third 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.

44 IACPM members participated.

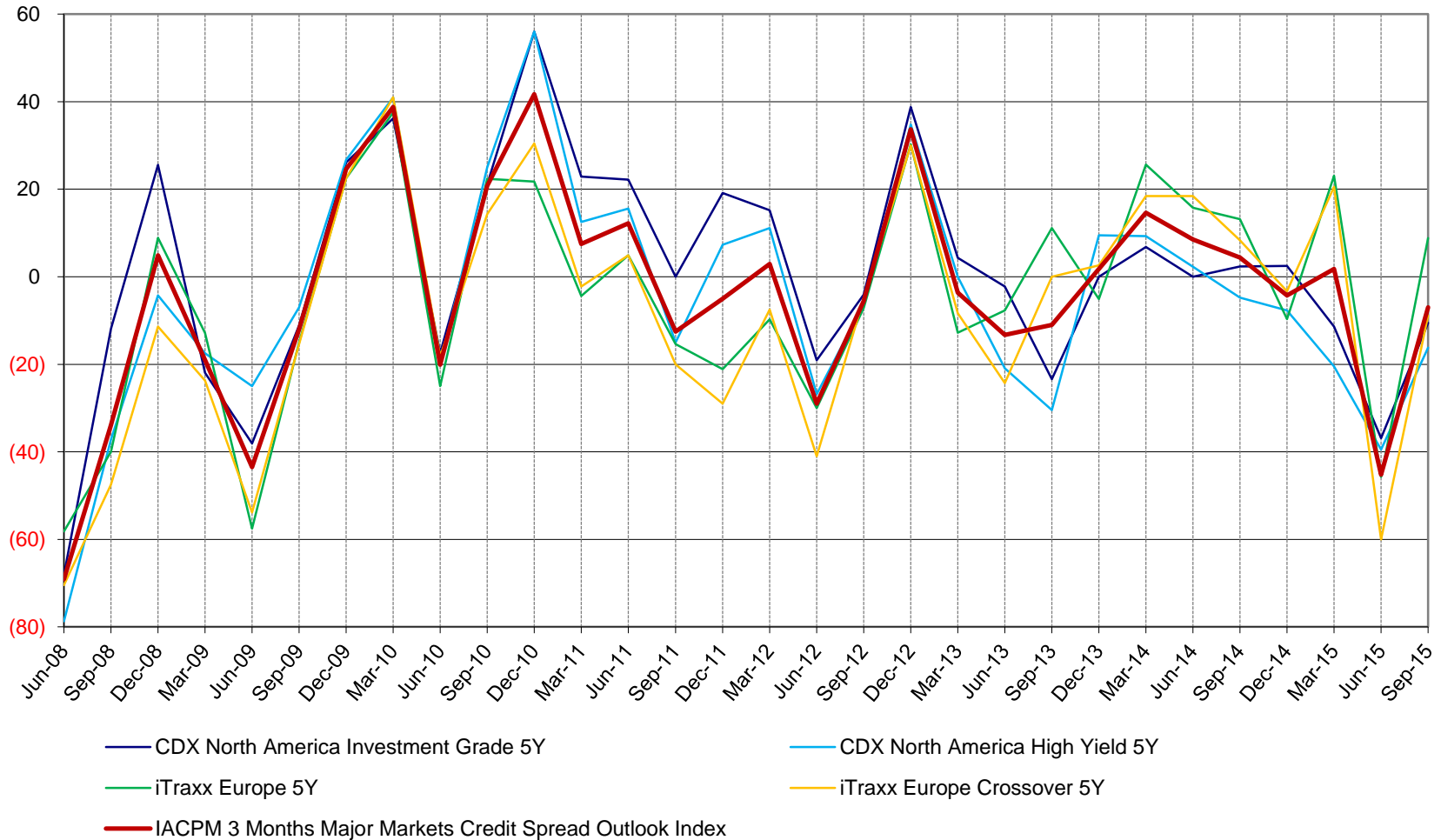
Credit Outlook and Strategy

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)				
	Sep-15	Sep-15	Sep-15	Sep-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
CDX North America Investment Grade 5Y	16 42%	10 26%	12 32%	38	(10.5)	(36.8)	(11.4)	2.5	2.3
CDX North America High Yield 5Y	19 51%	5 14%	13 35%	37	(16.2)	(39.5)	(20.5)	(7.7)	(4.8)
iTraxx Europe 5Y	11 32%	9 26%	14 41%	34	8.8	(45.7)	23.1	(9.7)	13.2
iTraxx Europe Crossover 5Y	14 41%	9 26%	11 32%	34	(8.8)	(60.0)	20.5	(3.3)	8.3
iTraxx Japan Series 5Y	8 35%	9 39%	6 26%	23	(8.7)	(13.0)	13.0	0.0	(8.3)
iTraxx Asia ex-Japan Investment Grade 5Y	11 48%	6 26%	6 26%	23	(21.7)	(40.9)	4.5	(22.2)	(20.0)
iTraxx Australia 5Y	11 52%	8 38%	2 10%	21	(42.9)	(43.8)	(15.8)	(29.4)	(10.5)

IACPM 3 Months Major Markets Credit Spread Outlook Index

143 (7.0) (45.2) 1.8 (4.3) 4.4

(weighted average based on number of responses; includes first four indices listed in bold)

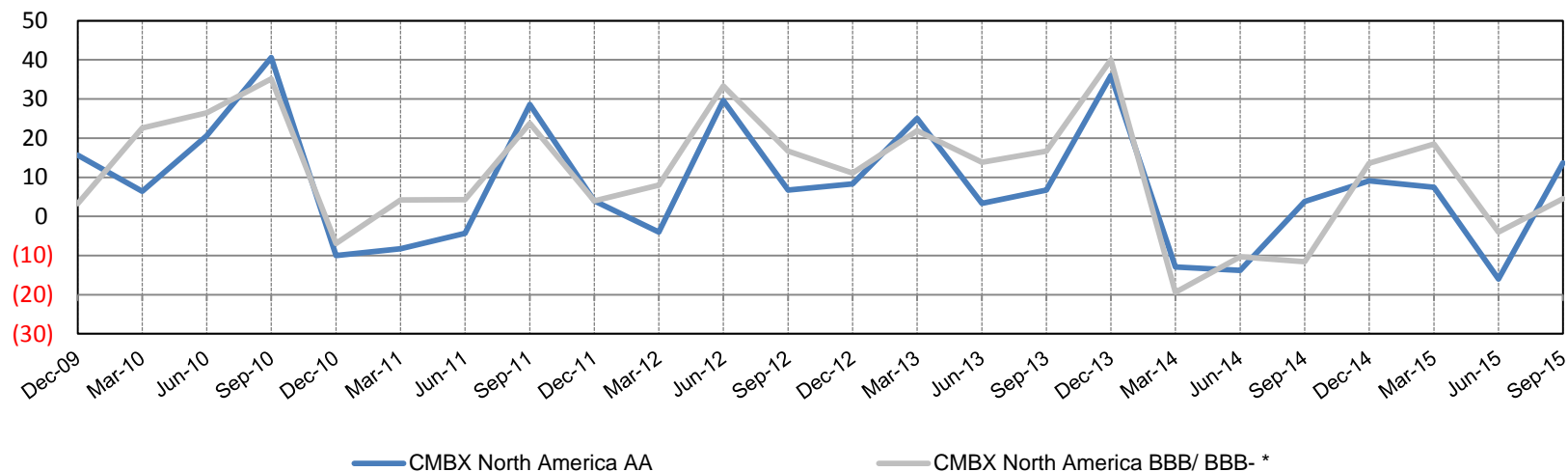
IACPM 3 Months Credit Spread Outlook Index

210 (12.4) (41.1) 1.7 (7.7) (0.9)

(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



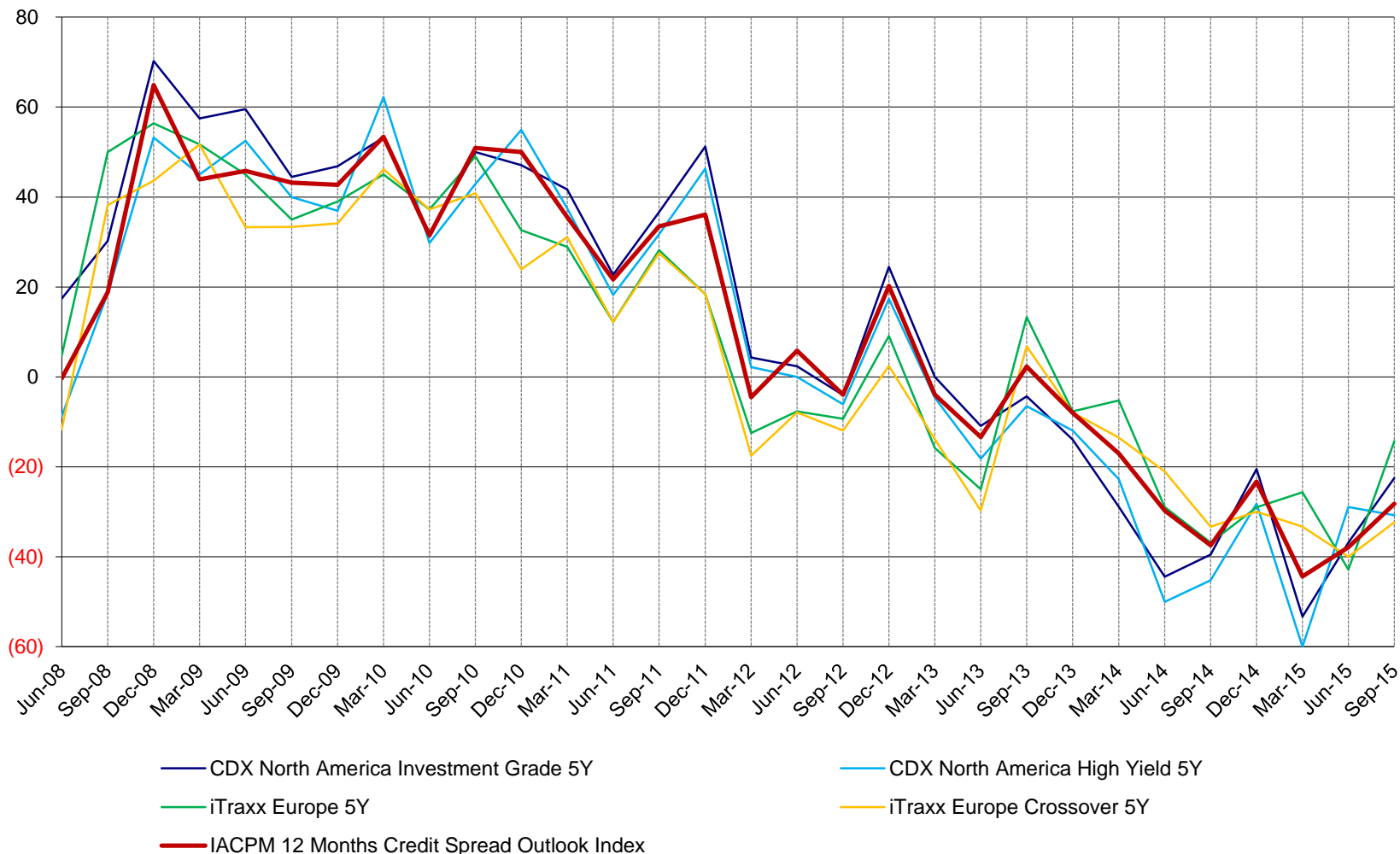
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Sep-15	Sep-15	Sep-15	Sep-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
CMBX North America AA	7 32%	11 50%	4 18%	22	13.6	(16.0)	7.4	9.1	3.8
CMBX North America BBB- *	8 36%	7 32%	7 32%	22	4.5	(4.0)	18.5	13.6	(11.5)

** 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

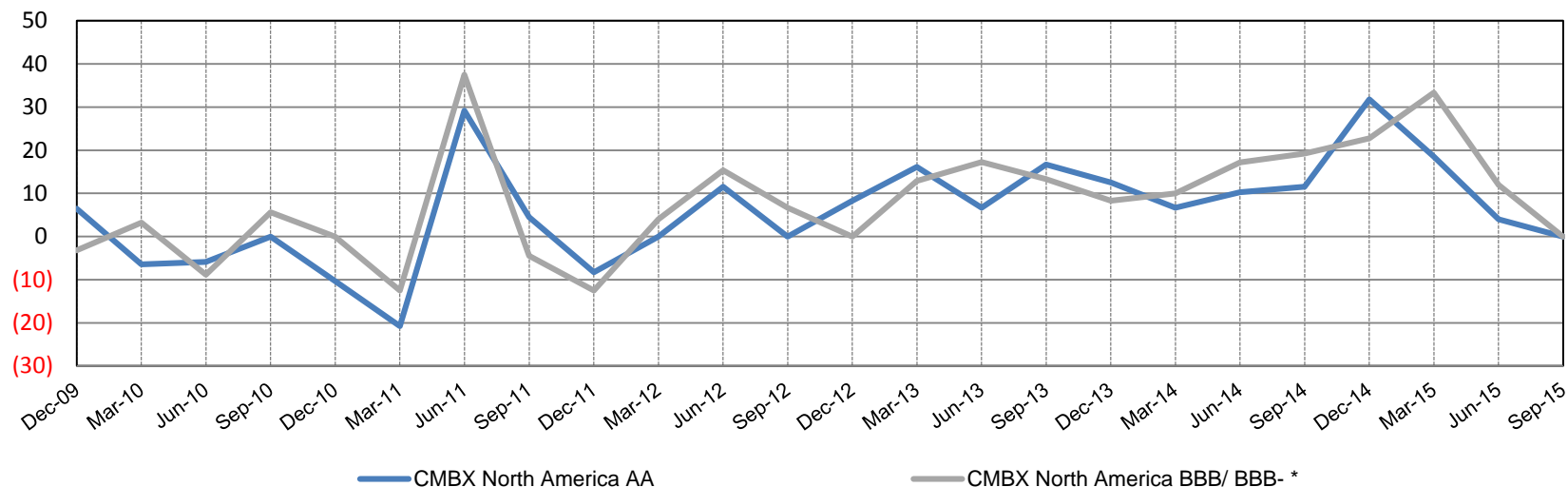
Expected direction Credit Spreads will move over the course of the next 12 months

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)				
	Sep-15	Sep-15	Sep-15	Sep-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
CDX North America Investment Grade 5Y	20 50%	9 23%	11 28%	40	(22.5)	(36.8)	(53.3)	(20.5)	(39.5)
CDX North America High Yield 5Y	22 56%	7 18%	10 26%	39	(30.8)	(28.9)	(60.0)	(28.2)	(45.2)
iTraxx Europe 5Y	15 43%	10 29%	10 29%	35	(14.3)	(42.9)	(25.6)	(29.0)	(36.8)
iTraxx Europe Crossover 5Y	19 56%	7 21%	8 24%	34	(32.4)	(40.0)	(33.3)	(30.0)	(33.3)
iTraxx Japan Series 5Y	9 36%	12 48%	4 16%	25	(20.0)	(31.8)	(43.5)	(5.3)	(25.0)
iTraxx Asia ex-Japan Investment Grade 5Y	16 64%	5 20%	4 16%	25	(48.0)	(42.9)	(40.9)	(16.7)	(37.5)
iTraxx Australia 5Y	13 59%	4 18%	5 23%	22	(36.4)	(47.1)	(52.6)	(23.5)	(40.0)

IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)	220	(28.2)	(37.9)	(44.4)	(23.3)	(37.4)
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IACPM 12 Months CMBX Index Price Outlook Index

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



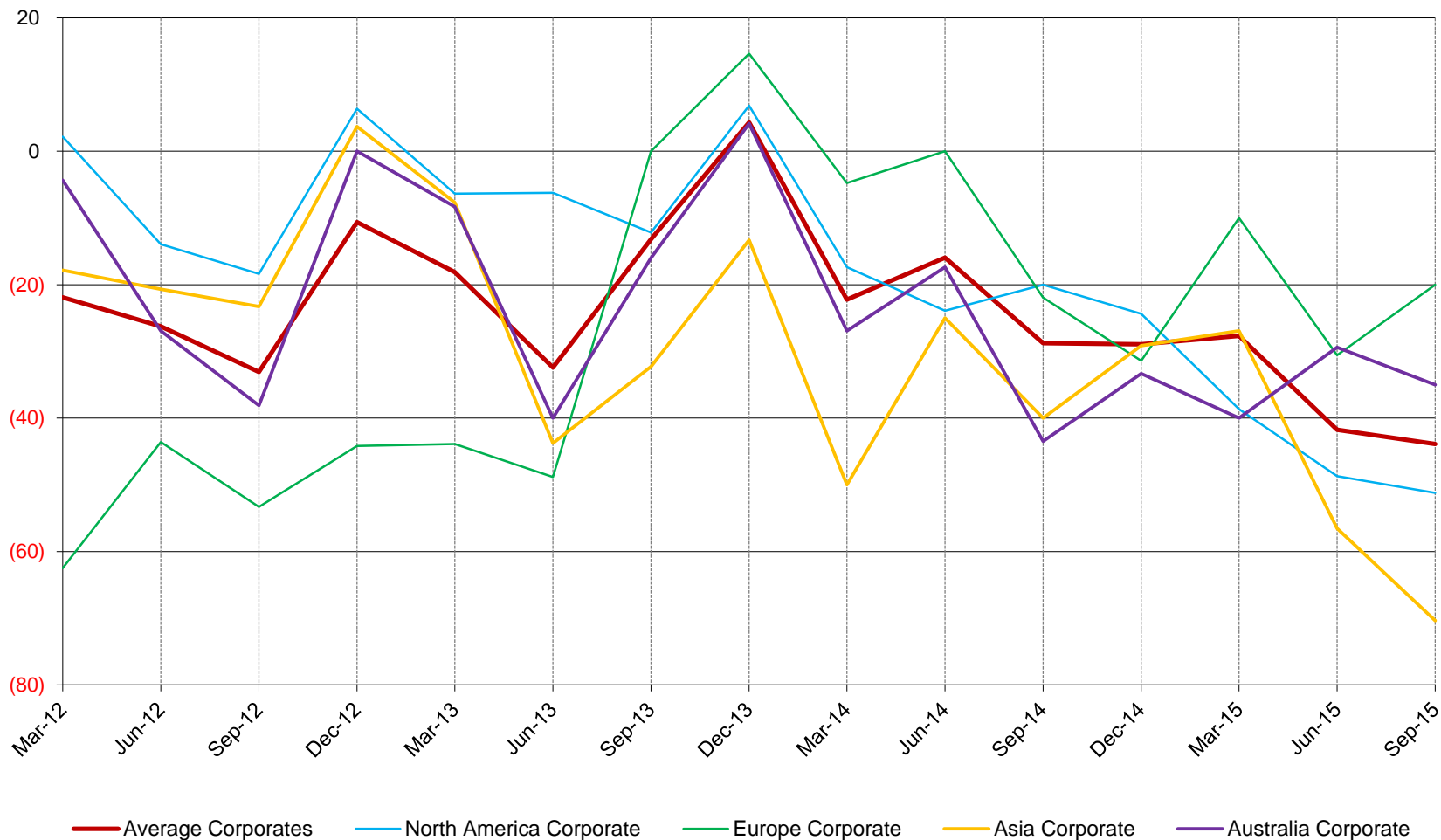
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Sep-15	Sep-15	Sep-15	Sep-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
CMBX North America AA	7 32%	8 36%	7 32%	22	0.0	4.0	18.5	31.8	11.5
CMBX North America BBB-	8 36%	6 27%	8 36%	22	0.0	12.0	33.3	22.7	19.2

* 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)



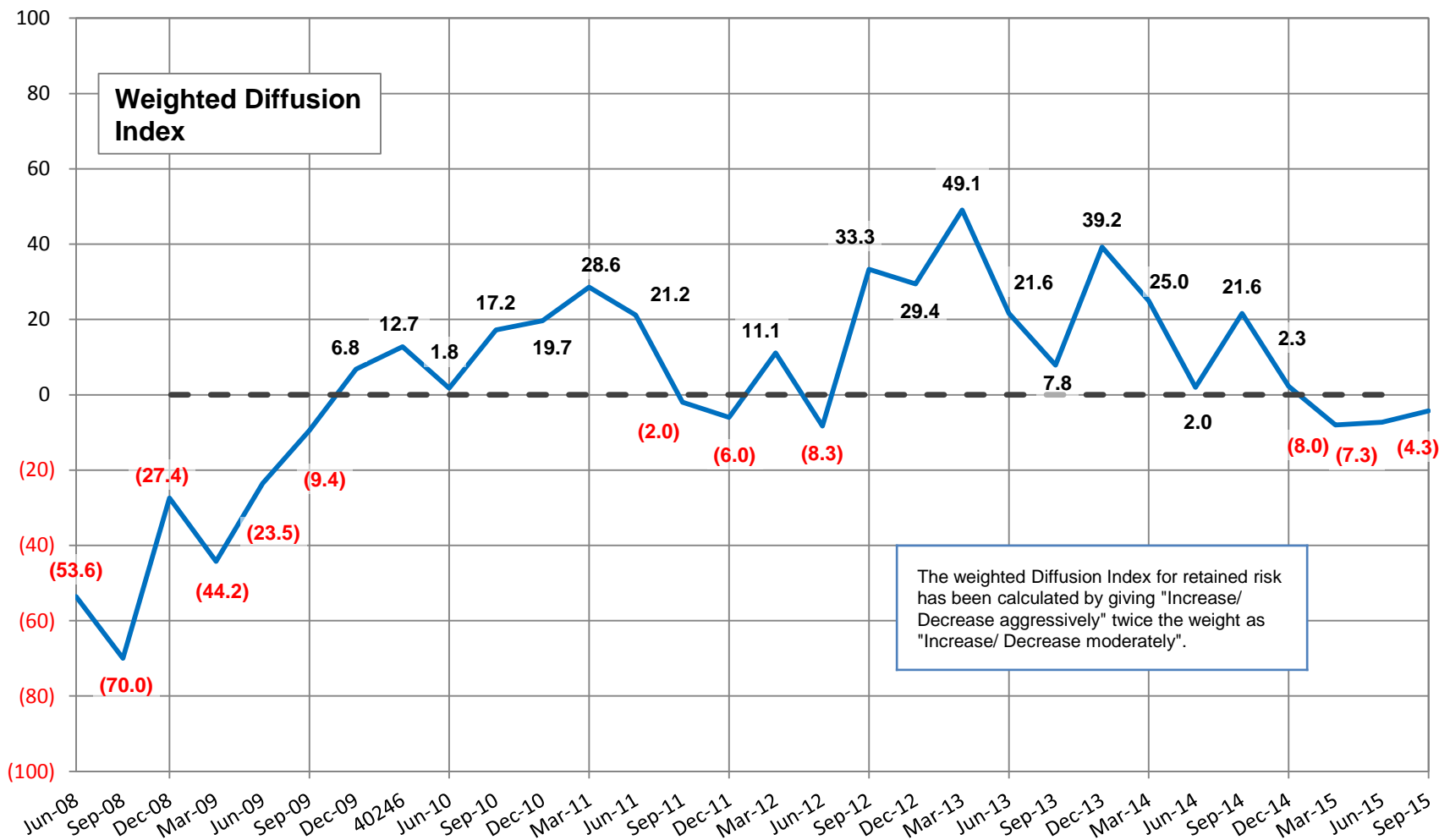
IACPM 12 Months Credit Default Outlook Index

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 Sep-15	IACPM 12 Months Credit Default Outlook Index (positive numbers indicate credit improvement)				
	Sep-15	Sep-15	Sep-15		Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
North America Corporate	25 61%	12 29%	4 10%	41	(51.2)	(48.7)	(38.6)	(24.4)	(20.0)
North America Retail/ Consumer Mortgage	14 36%	18 46%	7 18%	39	(17.9)	(27.0)	(23.3)	0.0	(10.0)
North America Commercial Real Estate	14 38%	17 46%	6 16%	37	(21.6)	(24.3)	(23.8)	(2.8)	(7.5)
Europe Corporate	13 37%	16 46%	6 17%	35	(20.0)	(30.6)	(10.0)	(31.4)	(22.0)
Europe Retail/ Consumer Mortgage	8 24%	20 59%	6 18%	34	(5.9)	(18.2)	(8.1)	(24.1)	(20.0)
Europe Commercial Real Estate	8 24%	21 62%	5 15%	34	(8.8)	(24.2)	(5.1)	(26.7)	(16.7)
Asia Corporate	19 70%	8 30%	0 0%	27	(70.4)	(56.5)	(26.9)	(29.2)	(40.0)
Asia Retail/ Consumer Mortgage	15 60%	10 40%	0 0%	25	(60.0)	(44.4)	(31.8)	(29.4)	(52.0)
Asia Commercial Real Estate	14 56%	11 44%	0 0%	25	(56.0)	(63.2)	(27.3)	(42.1)	(56.0)
Australia Corporate	9 45%	9 45%	2 10%	20	(35.0)	(29.4)	(40.0)	(33.3)	(43.5)
Australia Retail/ Consumer Mortgage	6 30%	12 60%	2 10%	20	(20.0)	(31.3)	(50.0)	(25.0)	(47.6)
Australia Commercial Real Estate	7 35%	11 55%	2 10%	20	(25.0)	(37.5)	(44.4)	(25.0)	(47.6)
Average Corporate	17 54%	11 37%	3 10%	31	(43.9)	(41.7)	(27.7)	(28.9)	(28.8)
Average Retail/ Consumer Mortgage	11 36%	15 51%	4 13%	30	(23.7)	(27.9)	(24.2)	(16.0)	(28.1)
Average Commercial Real Estate	11 37%	15 52%	3 11%	29	(25.9)	(33.3)	(21.5)	(20.8)	(27.0)
IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)				357	(31.4)	(34.6)	(24.5)	(22.4)	(28.0)

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						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Increase aggressively	1	0	0	1	2	1	1	2%	0%	0%	2%	4%	2%	2%
Increase moderately	11	12	14	13	17	14	21	25%	29%	29%	30%	35%	29%	45%
Unchanged	19	14	18	15	20	19	14	43%	34%	37%	35%	41%	39%	30%
Decrease moderately	11	15	16	14	10	15	11	25%	37%	33%	33%	20%	31%	23%
Decrease aggressively	2	0	1	0	0	0	0	5%	0%	2%	0%	0%	0%	0%
Total Number of Responses	44	41	49	43	49	49	47	100%	100%	100%	100%	100%	100%	100%

What is the rationale for this strategy?

	Number of Responses							Percentage of Responses						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Balance sheet/Capital appetite	31	31	29	21	32	27	31	70%	76%	59%	49%	65%	55%	66%
Portfolio optimization	9	4	12	10	10	17	12	20%	10%	24%	23%	20%	35%	26%
Change in risk view	4	3	6	8	7	2	3	9%	7%	12%	19%	14%	4%	6%
Other or comment	0	3	2	4	0	3	1	0%	7%	4%	9%	0%	6%	2%
Total	44	41	49	43	49	49	47	100%	100%	100%	100%	100%	100%	100%

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

	Number of Responses							Percentage of Responses						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
TMT: Telecom	5	6	7	3	9	8	6	11%	15%	14%	6%	18%	16%	12%
TMT: Media	2	3	3	2	4	3	2	5%	7%	6%	4%	8%	6%	4%
TMT: Technology	2	3	1	1	2	4	4	5%	7%	2%	2%	4%	8%	8%
Natural Resources: Oil and Gas	28	30	35	33	18	19	16	64%	73%	70%	66%	36%	38%	32%
Natural Resources: Paper	2	2	1	1	4	5	1	5%	5%	2%	2%	8%	10%	2%
Natural Resources: Metals/Mining	26	21	24	22	20	19	18	59%	51%	48%	44%	40%	38%	36%
Natural Resources: Chemicals	3	1	3	5	1	2	0	7%	2%	6%	10%	2%	4%	0%
Natural Resources: Utilities	7	6	10	8	4	3	6	16%	15%	20%	16%	8%	6%	12%
Industrial: Auto and related transportation	9	5	4	3	5	6	6	20%	12%	8%	6%	10%	12%	12%
Industrial: Airlines/ Aerospace/ Defense	3	4	4	4	5	3	7	7%	10%	8%	8%	10%	6%	14%
Industrial: Diversified	2	4	6	2	8	4	3	5%	10%	12%	4%	16%	8%	6%
Pharma/ Biotech/ Health Care	5	2	5	2	5	2	3	11%	5%	10%	4%	10%	4%	6%
Retail/ Consumer	5	10	14	10	12	10	12	11%	24%	28%	20%	24%	20%	24%
Financial: banks/ brokers	4	4	4	6	5	6	8	9%	10%	8%	12%	10%	12%	16%
Financial: insurance	1	0	2	1	0	2	1	2%	0%	4%	2%	0%	4%	2%
Financial: Nonbank	3	0	2	4	3	3	3	7%	0%	4%	8%	6%	6%	6%
Real Estate: Commercial and Construction	16	16	15	13	16	21	16	36%	39%	30%	26%	32%	42%	32%
Real Estate: Residential	3	3	6	5	10	7	6	7%	7%	12%	10%	20%	14%	12%
Other	4	1	3	3	5	6	5	9%	2%	6%	6%	10%	12%	10%

In September 2015 "Other" includes:

- All industries are being sold down as we look to reduce risk/capital in our balance sheet
- General; country specific real estate.
- Oilfield services, providing ancillary services to the oil and gas sector (drilling contractors, pressure pumpers, etc.).
- Public sector / governments.

Demographics

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

Nature of Institution

	Number of Responses							Percentage of Responses						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Bank/Investment bank	37	34	40	34	39	40	39	84%	83%	82%	79%	80%	82%	83%
Development Bank/ Export Credit Agency	4	2	4	1	0	0	1	9%	5%	8%	2%	0%	0%	2%
Insurance company	2	4	4	6	7	7	6	5%	10%	8%	14%	14%	14%	13%
Fund	1	1	1	2	2	2	1	2%	2%	2%	5%	4%	4%	2%
Multilateral	0	0	0	0	1	0	0	0%	0%	0%	0%	2%	0%	0%
Total	44	41	49	43	49	49	47	100%	100%	100%	100%	100%	100%	100%

Continent of Domicile

	Number of Responses							Percentage of Responses						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
North America	17	18	17	17	20	21	20	39%	44%	35%	40%	41%	43%	43%
Europe	17	15	20	15	18	18	17	39%	37%	41%	35%	37%	37%	36%
Asia	6	5	6	6	6	6	6	14%	12%	12%	14%	12%	12%	13%
Australia/ Oceania	2	1	2	1	1	2	2	5%	2%	4%	2%	2%	4%	4%
South America	2	1	1	2	1	1	1	5%	2%	2%	5%	2%	2%	2%
Africa	0	1	3	2	3	1	1	0%	2%	6%	5%	6%	2%	2%
Total	44	41	49	43	49	49	47	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						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Less than \$50 billion	9	6	8	9	10	7	8	21%	15%	16%	21%	21%	14%	17%
\$50 billion to \$100 billion	5	4	8	6	8	9	7	12%	10%	16%	14%	17%	18%	15%
\$100 billion to \$200 billion	11	6	10	8	8	9	9	26%	15%	20%	19%	17%	18%	20%
\$200 billion to \$500 billion	7	11	13	10	10	9	11	16%	27%	27%	23%	21%	18%	24%
Greater than \$500 billion	11	11	9	9	11	13	11	26%	27%	18%	21%	23%	27%	24%
Does not apply	0	3	1	1	1	2	0	0%	7%	2%	2%	2%	4%	0%
Total	44	41	49	43	48	49	47	100%	100%	100%	100%	100%	100%	100%

Location of Credit Portfolio Management Group within the organization

	Number of Responses							Percentage of Responses						
	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Line of business	23	12	16	17	17	18	16	52%	29%	33%	40%	35%	37%	34%
Risk management (including credit risk management)	12	19	22	19	19	20	23	27%	46%	45%	45%	39%	41%	49%
Finance/Treasury	5	5	6	3	6	5	5	11%	12%	12%	7%	12%	10%	11%
Does not apply	1	3	4	1	3	3	2	2%	7%	8%	2%	6%	6%	4%
Other	3	2	1	2	4	3	1	7%	5%	2%	5%	8%	6%	2%
Total	44	41	49	42	49	49	47	100%	100%	100%	100%	100%	100%	100%

For September 2015 "Other" includes the following:

Corporate Planning & Coordination Department

Credit

Participating Institutions

	Sep-15	Jun-15	Mar-15	Dec-14	Sep-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	✓	✓	✓	✓	✓
BB&T		✓			
BBVA	✓	✓	✓		✓
BLADEX	✓				
BlueCrest Capital Management Limited	✓	✓	✓	✓	✓
BNP Paribas	✓	✓	✓	✓	✓
Capital One	✓	✓	✓	✓	✓
CIBC World Markets	✓				
Citigroup	✓			✓	✓
Citizens Financial Group			✓		
Commonwealth Bank of Australia	✓	✓	✓	✓	
Credit Agricole CIB	✓	✓	✓	✓	✓
Danske Bank		✓			✓
Development Bank of Japan	✓	✓	✓	✓	✓
Elanus Capital Management, LLC					✓
European Investment Fund	✓		✓		✓
Fifth Third Bank	✓	✓		✓	✓
FirstRand Ltd.					✓
HSBC		✓		✓	✓
IKB Deutsche Industriebank AG	✓	✓	✓	✓	✓
Inter-American Development Bank	✓			✓	
Intesa Sanpaolo			✓		✓
JP Morgan Chase	✓	✓	✓	✓	

	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
KeyCorp	✓	✓	✓	✓	
KfW Banking Group			✓		
Lloyds TSB PLC	✓	✓	✓	✓	
MIGA - Multilateral Investment Guarantee Agency					✓
Mizuho Corporate Bank	✓	✓	✓		✓
MUFG Union Bank		✓		✓	✓
Munich Reinsurance	✓	✓	✓	✓	✓
National Bank Financial		✓	✓	✓	✓
Nationwide Insurance			✓	✓	✓
Natixis	✓		✓	✓	✓
Nedbank Ltd.			✓	✓	✓
Nordea Bank	✓				
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	✓	✓	✓	✓	✓
Sun Life Financial		✓	✓	✓	✓
Swiss Re		✓		✓	✓
TCF Financial Corporation	✓				
TD Bank					✓
UBS AG	✓		✓		
UniCredit Corporate & Investment Banking	✓	✓	✓		✓
UniCredit Group S.p.A.		✓	✓		
Westpac	✓		✓		✓
XL Group				✓	
Zions Bancorporation	✓	✓	✓	✓	✓