



Fourth 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.

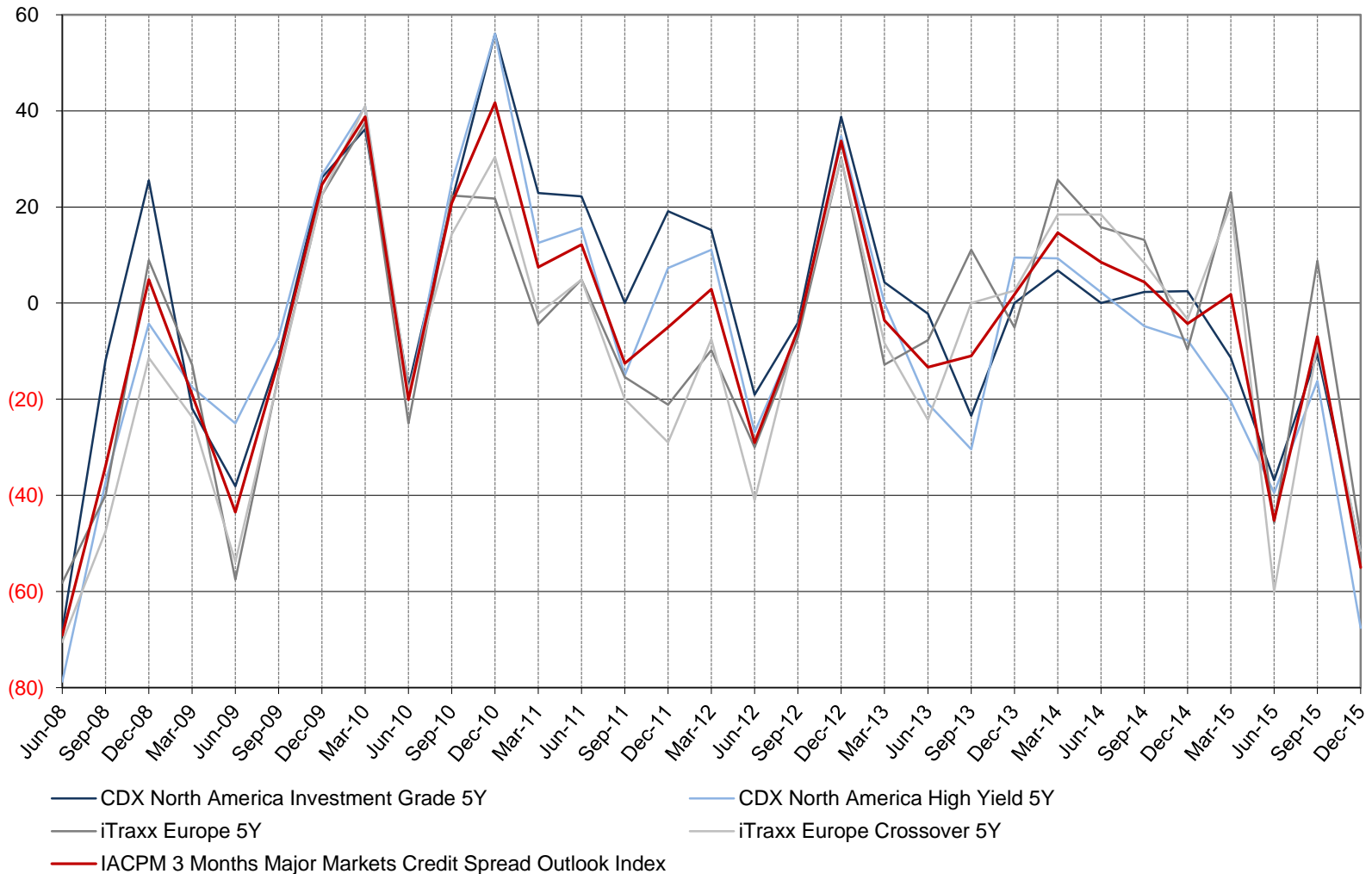
Credit Outlook and Strategy

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

	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses	IACPM 3 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)					
	Dec-15	Dec-15	Dec-15		Dec-15	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
<i>Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.</i>										
CDX North America Investment Grade 5Y	22 59%	12 32%	3 8%	37	(51.4)	(10.5)	(36.8)	(11.4)	2.5	
CDX North America High Yield 5Y	28 76%	6 16%	3 8%	37	(67.6)	(16.2)	(39.5)	(20.5)	(7.7)	
iTraxx Europe 5Y	17 52%	15 45%	1 3%	33	(48.5)	8.8	(45.7)	23.1	(9.7)	
iTraxx Europe Crossover 5Y	19 58%	12 36%	2 6%	33	(51.5)	(8.8)	(60.0)	20.5	(3.3)	
iTraxx Japan Series 5Y	12 63%	5 26%	2 11%	19	(52.6)	(8.7)	(13.0)	13.0	0.0	
iTraxx Asia ex-Japan Investment Grade 5Y	18 86%	1 5%	2 10%	21	(76.2)	(21.7)	(40.9)	4.5	(22.2)	
iTraxx Australia 5Y	14 82%	2 12%	1 6%	17	(76.5)	(42.9)	(43.8)	(15.8)	(29.4)	

IACPM 3 Months Major Markets Credit Spread Outlook Index

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

140 **(55.0)** **(7.0)** **(45.2)** **1.8** **(4.3)**

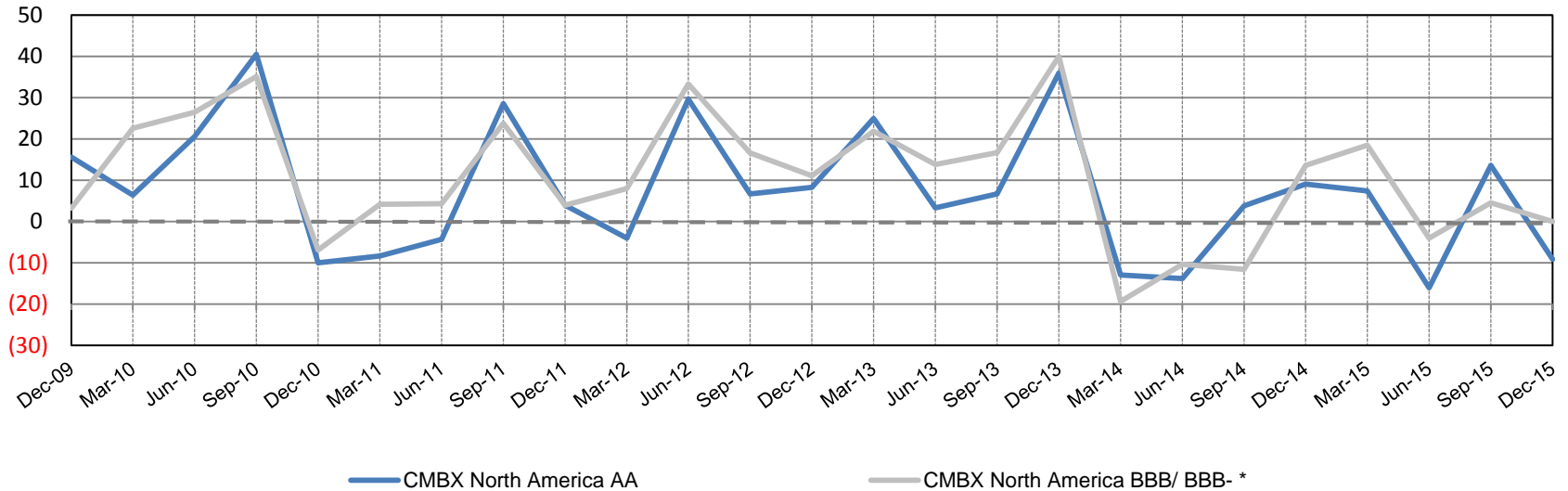
IACPM 3 Months Credit Spread Outlook Index

(weighted average based on number of responses; includes all indices listed above)

197 **(58.9)** **(12.4)** **(41.1)** **1.7** **(7.7)**

IACPM 3 Months CMBX Index Price Outlook Index

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



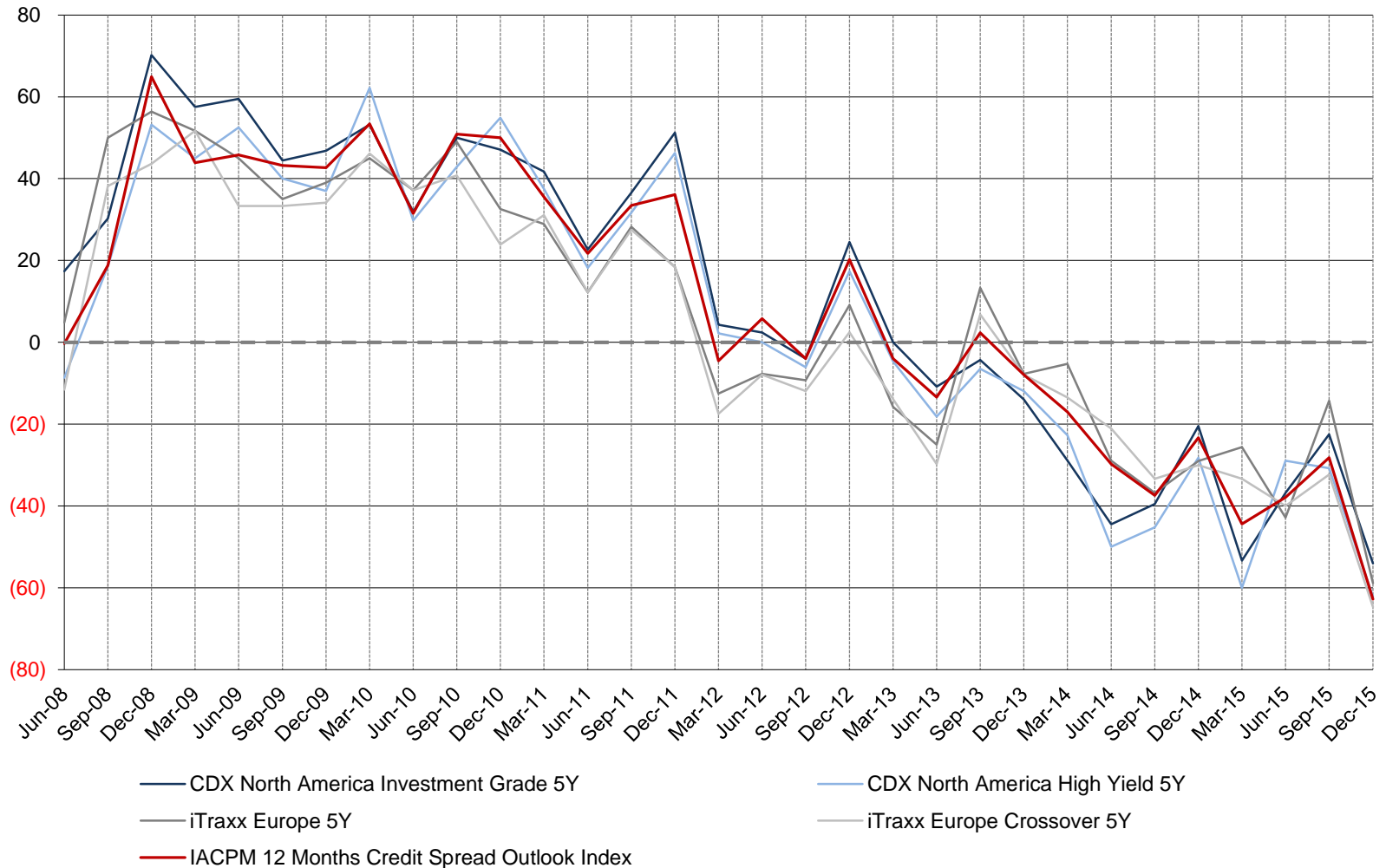
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
CMBX North America AA	5 23%	10 45%	7 32%	22	(9.1)	13.6	(16.0)	7.4	9.1
CMBX North America BBB- *	7 32%	8 36%	7 32%	22	0.0	4.5	(4.0)	18.5	13.6

** 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

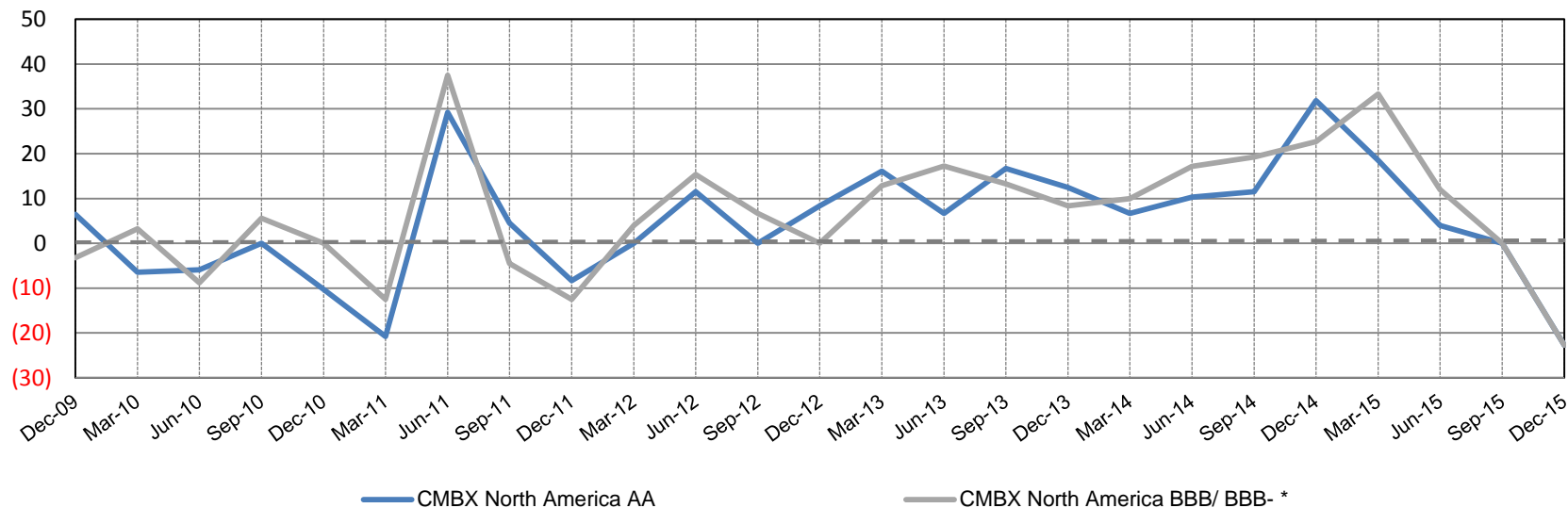
Expected direction Credit Spreads will move over the course of the next 12 months

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-15	Dec-15	Dec-15	Dec-15	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
CDX North America Investment Grade 5Y	26 70%	5 14%	6 16%	37	(54.1)	(22.5)	(36.8)	(53.3)	(20.5)
CDX North America High Yield 5Y	28 76%	4 11%	5 14%	37	(62.2)	(30.8)	(28.9)	(60.0)	(28.2)
iTraxx Europe 5Y	24 71%	6 18%	4 12%	34	(58.8)	(14.3)	(42.9)	(25.6)	(29.0)
iTraxx Europe Crossover 5Y	26 76%	4 12%	4 12%	34	(64.7)	(32.4)	(40.0)	(33.3)	(30.0)
iTraxx Japan Series 5Y	13 68%	5 26%	1 5%	19	(63.2)	(20.0)	(31.8)	(43.5)	(5.3)
iTraxx Asia ex-Japan Investment Grade 5Y	18 86%	2 10%	1 5%	21	(81.0)	(48.0)	(42.9)	(40.9)	(16.7)
iTraxx Australia 5Y	13 76%	2 12%	2 12%	17	(64.7)	(36.4)	(47.1)	(52.6)	(23.5)

IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)	199	(62.8)	(28.2)	(37.9)	(44.4)	(23.3)
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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



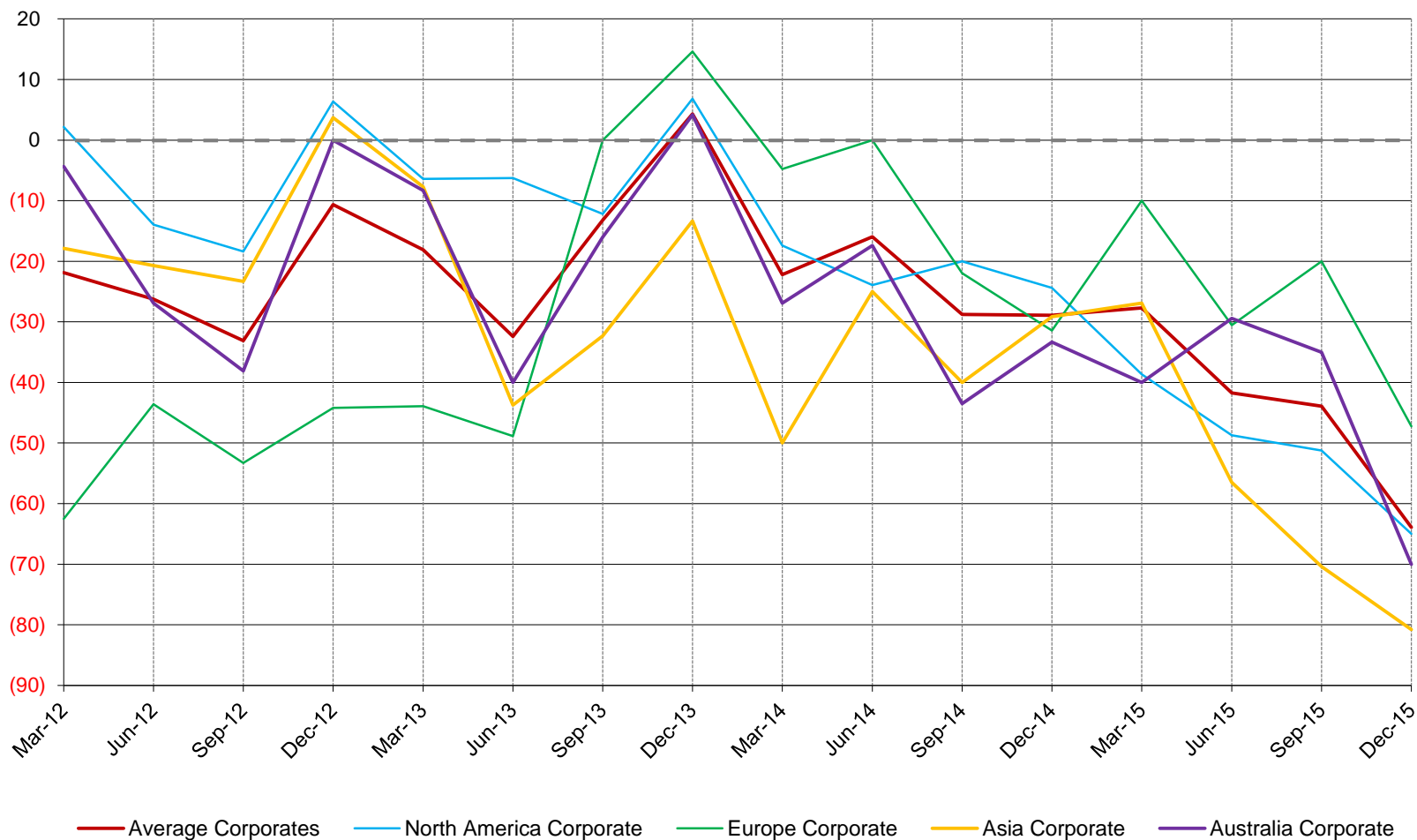
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
CMBX North America AA	4 18%	9 41%	9 41%	22	(22.7)	0.0	4.0	18.5	31.8
CMBX North America BBB-	5 23%	7 32%	10 45%	22	(22.7)	0.0	12.0	33.3	22.7

* 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

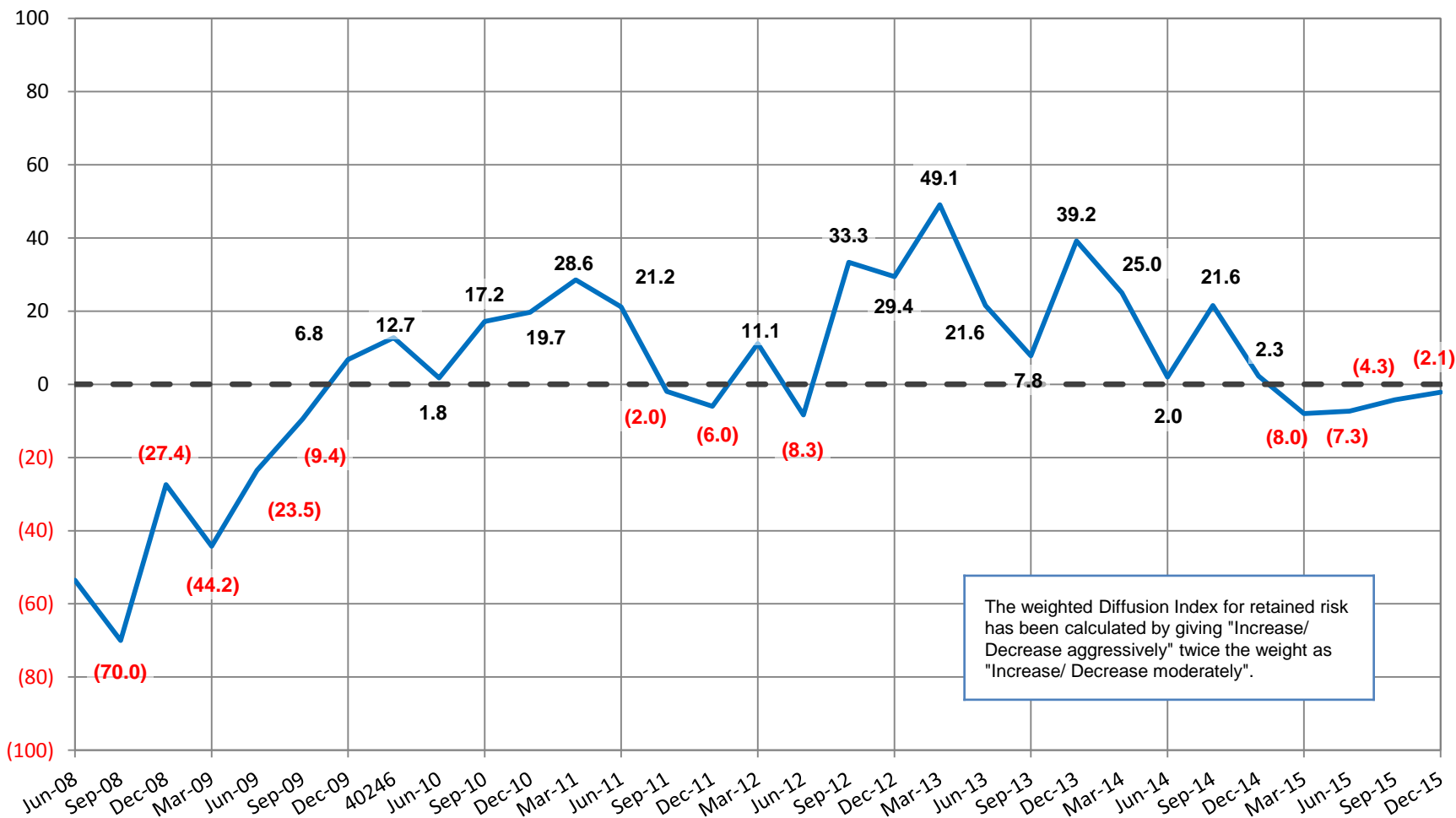
Expected direction Credit Defaults will move over the course of the next 12 months
(annual twelve month trailing; positive numbers indicate credit improvement)

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)				
	Dec-15	Dec-15	Dec-15		Dec-15	Dec-15	Sep-15	Jun-15	Mar-15
North America Corporate	31 78%	4 10%	5 13%	40	(65.0)	(51.2)	(48.7)	(38.6)	(24.4)
North America Retail/ Consumer Mortgage	20 56%	11 31%	5 14%	36	(41.7)	(17.9)	(27.0)	(23.3)	0.0
North America Commercial Real Estate	16 44%	17 47%	3 8%	36	(36.1)	(21.6)	(24.3)	(23.8)	(2.8)
Europe Corporate	19 53%	15 42%	2 6%	36	(47.2)	(20.0)	(30.6)	(10.0)	(31.4)
Europe Retail/ Consumer Mortgage	14 41%	18 53%	2 6%	34	(35.3)	(5.9)	(18.2)	(8.1)	(24.1)
Europe Commercial Real Estate	12 35%	19 56%	3 9%	34	(26.5)	(8.8)	(24.2)	(5.1)	(26.7)
Asia Corporate	21 81%	5 19%	0 0%	26	(80.8)	(70.4)	(56.5)	(26.9)	(29.2)
Asia Retail/ Consumer Mortgage	19 83%	4 17%	0 0%	23	(82.6)	(60.0)	(44.4)	(31.8)	(29.4)
Asia Commercial Real Estate	18 78%	5 22%	0 0%	23	(78.3)	(56.0)	(63.2)	(27.3)	(42.1)
Australia Corporate	14 70%	6 30%	0 0%	20	(70.0)	(35.0)	(29.4)	(40.0)	(33.3)
Australia Retail/ Consumer Mortgage	14 74%	4 21%	1 5%	19	(68.4)	(20.0)	(31.3)	(50.0)	(25.0)
Australia Commercial Real Estate	12 67%	6 33%	0 0%	18	(66.7)	(25.0)	(37.5)	(44.4)	(25.0)
Average Corporate	21 70%	8 25%	2 6%	31	(63.9)	(43.9)	(41.7)	(27.7)	(28.9)
Average Retail/ Consumer Mortgage	17 60%	9 33%	2 7%	28	(52.7)	(23.7)	(27.9)	(24.2)	(16.0)
Average Commercial Real Estate	15 52%	12 42%	2 5%	28	(46.8)	(25.9)	(33.3)	(21.5)	(20.8)

IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)	345	(54.8)	(31.4)	(34.6)	(24.5)	(22.4)
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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-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
Increase aggressively	0	1	0	0	1	2	1	0%	2%	0%	0%	2%	4%	2%
Increase moderately	16	11	12	14	13	17	14	36%	25%	29%	29%	30%	35%	29%
Unchanged	14	19	14	18	15	20	19	32%	43%	34%	37%	35%	41%	39%
Decrease moderately	11	11	15	16	14	10	15	25%	25%	37%	33%	33%	20%	31%
Decrease aggressively	3	2	0	1	0	0	0	7%	5%	0%	2%	0%	0%	0%
Total Number of Responses	44	44	41	49	43	49	49	100%	100%	100%	100%	100%	100%	100%

What is the rationale for this strategy?														
	Number of Responses							Percentage of Responses						
	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
Balance sheet/Capital appetite	28	31	31	29	21	32	27	64%	70%	76%	59%	49%	65%	55%
Portfolio optimization	10	9	4	12	10	10	17	23%	20%	10%	24%	23%	20%	35%
Change in risk view	3	4	3	6	8	7	2	7%	9%	7%	12%	19%	14%	4%
Other or comment	3	0	3	2	4	0	3	7%	0%	7%	4%	9%	0%	6%
Total	44	44	41	49	43	49	49	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						
	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
TMT: Telecom	4	5	6	7	3	9	8	9%	11%	15%	14%	6%	18%	16%
TMT: Media	3	2	3	3	2	4	3	7%	5%	7%	6%	4%	8%	6%
TMT: Technology	1	2	3	1	1	2	4	2%	5%	7%	2%	2%	4%	8%
Natural Resources: Oil and Gas	32	28	30	35	33	18	19	73%	64%	73%	70%	66%	36%	38%
Natural Resources: Paper	5	2	2	1	1	4	5	11%	5%	5%	2%	2%	8%	10%
Natural Resources: Metals/Mining	27	26	21	24	22	20	19	61%	59%	51%	48%	44%	40%	38%
Natural Resources: Chemicals	6	3	1	3	5	1	2	14%	7%	2%	6%	10%	2%	4%
Natural Resources: Utilities	8	7	6	10	8	4	3	18%	16%	15%	20%	16%	8%	6%
Industrial: Auto and related transportation	6	9	5	4	3	5	6	14%	20%	12%	8%	6%	10%	12%
Industrial: Airlines/ Aerospace/ Defense	2	3	4	4	4	5	3	5%	7%	10%	8%	8%	10%	6%
Industrial: Diversified	6	2	4	6	2	8	4	14%	5%	10%	12%	4%	16%	8%
Pharma/ Biotech/ Health Care	2	5	2	5	2	5	2	5%	11%	5%	10%	4%	10%	4%
Retail/ Consumer	11	5	10	14	10	12	10	25%	11%	24%	28%	20%	24%	20%
Financial: banks/ brokers	6	4	4	4	6	5	6	14%	9%	10%	8%	12%	10%	12%
Financial: insurance	1	1	0	2	1	0	2	2%	2%	0%	4%	2%	0%	4%
Financial: Nonbank	0	3	0	2	4	3	3	0%	7%	0%	4%	8%	6%	6%
Real Estate: Commercial and Construction	12	16	16	15	13	16	21	27%	36%	39%	30%	26%	32%	42%
Real Estate: Residential	5	3	3	6	5	10	7	11%	7%	7%	12%	10%	20%	14%
Other	2	4	1	3	3	5	6	5%	9%	2%	6%	6%	10%	12%

Demographics

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

Nature of Institution.

	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
Bank/Investment bank	34	37	34	40	34	39	40	77%	84%	83%	82%	79%	80%	82%
Development Bank/ Export Credit Agency	3	4	2	4	1	0	0	7%	9%	5%	8%	2%	0%	0%
Insurance company	5	2	4	4	6	7	7	11%	5%	10%	8%	14%	14%	14%
Fund	1	1	1	1	2	2	2	2%	2%	2%	2%	5%	4%	4%
Multilateral	0	0	0	0	0	1	0	0%	0%	0%	0%	0%	2%	0%
Total	44	44	41	49	43	49	49	100%	100%	100%	100%	100%	100%	100%

Continent of Domicile.

	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
North America	17	17	18	17	17	20	21	39%	39%	44%	35%	40%	41%	43%
Europe	17	17	15	20	15	18	18	39%	39%	37%	41%	35%	37%	37%
Asia	6	6	5	6	6	6	6	14%	14%	12%	12%	14%	12%	12%
Australia/ Oceania	2	2	1	2	1	1	2	5%	5%	2%	4%	2%	2%	4%
South America	1	2	1	1	2	1	1	2%	5%	2%	2%	5%	2%	2%
Africa	1	0	1	3	2	3	1	2%	0%	2%	6%	5%	6%	2%
Total	44	44	41	49	43	49	49	100%	100%	100%	100%	100%	100%	100%

Approximate Portfolio Asset Size

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

	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
Less than \$50 billion	9	9	6	8	9	10	7	20%	21%	15%	16%	21%	21%	14%
\$50 billion to \$100 billion	6	5	4	8	6	8	9	14%	12%	10%	16%	14%	17%	18%
\$100 billion to \$200 billion	8	11	6	10	8	8	9	18%	26%	15%	20%	19%	17%	18%
\$200 billion to \$500 billion	10	7	11	13	10	10	9	23%	16%	27%	27%	23%	21%	18%
Greater than \$500 billion	9	11	11	9	9	11	13	20%	26%	27%	18%	21%	23%	27%
Does not apply	2	0	3	1	1	1	2	5%	0%	7%	2%	2%	2%	4%
Total	44	43	41	49	43	48	49	100%	100%	100%	100%	100%	100%	100%

Location of Credit Portfolio Management Group within the Organization

	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
Line of business	18	23	12	16	17	17	18	41%	52%	29%	33%	40%	35%	37%
Risk management <i>(including credit risk management)</i>	15	12	19	22	19	19	20	34%	27%	46%	45%	45%	39%	41%
Finance/Treasury	3	5	5	6	3	6	5	7%	11%	12%	12%	7%	12%	10%
Does not apply	4	1	3	4	1	3	3	9%	2%	7%	8%	2%	6%	6%
Other	4	3	2	1	2	4	3	9%	7%	5%	2%	5%	8%	6%
Total	44	44	41	49	42	49	49	100%	100%	100%	100%	100%	100%	100%

For December 2015 "Other" includes the following:

Asset Liability Management	Global Credit	Corporate Planning & Coordination Department
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Participating Institutions

	Dec-15	Sep-15	Jun-15	Mar-15	Dec-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 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	✓	✓	✓	✓	✓
European Investment Fund	✓	✓		✓	
Fifth Third Bank	✓	✓	✓		✓
HSBC			✓		✓
IKB Deutsche Industriebank AG	✓	✓	✓	✓	✓
Inter-American Development Bank		✓			✓
Intesa Sanpaolo				✓	
JP Morgan Chase	✓	✓	✓	✓	✓

	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
KeyCorp	✓	✓	✓	✓	✓
KfW Banking Group				✓	
Lloyds TSB PLC	✓	✓	✓	✓	✓
Mizuho Corporate Bank	✓	✓	✓	✓	
MUFG Union Bank			✓		✓
Munich Reinsurance	✓	✓	✓	✓	✓
National Bank Financial			✓	✓	✓
Nationwide Insurance				✓	✓
Natixis		✓		✓	✓
Nedbank Ltd.				✓	✓
Nordea Bank	✓	✓			
OCBC Bank	✓	✓	✓	✓	✓
Orchard Global Asset Management					✓
Pine River Capital 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	✓	✓			
UBS AG		✓		✓	
UniCredit Corporate & Investment Banking	✓	✓	✓	✓	
UniCredit Group S.p.A.			✓	✓	
Westpac	✓	✓		✓	
XL Group	✓				✓
Zions Bancorporation	✓	✓	✓	✓	✓