



First Quarter 2017 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.

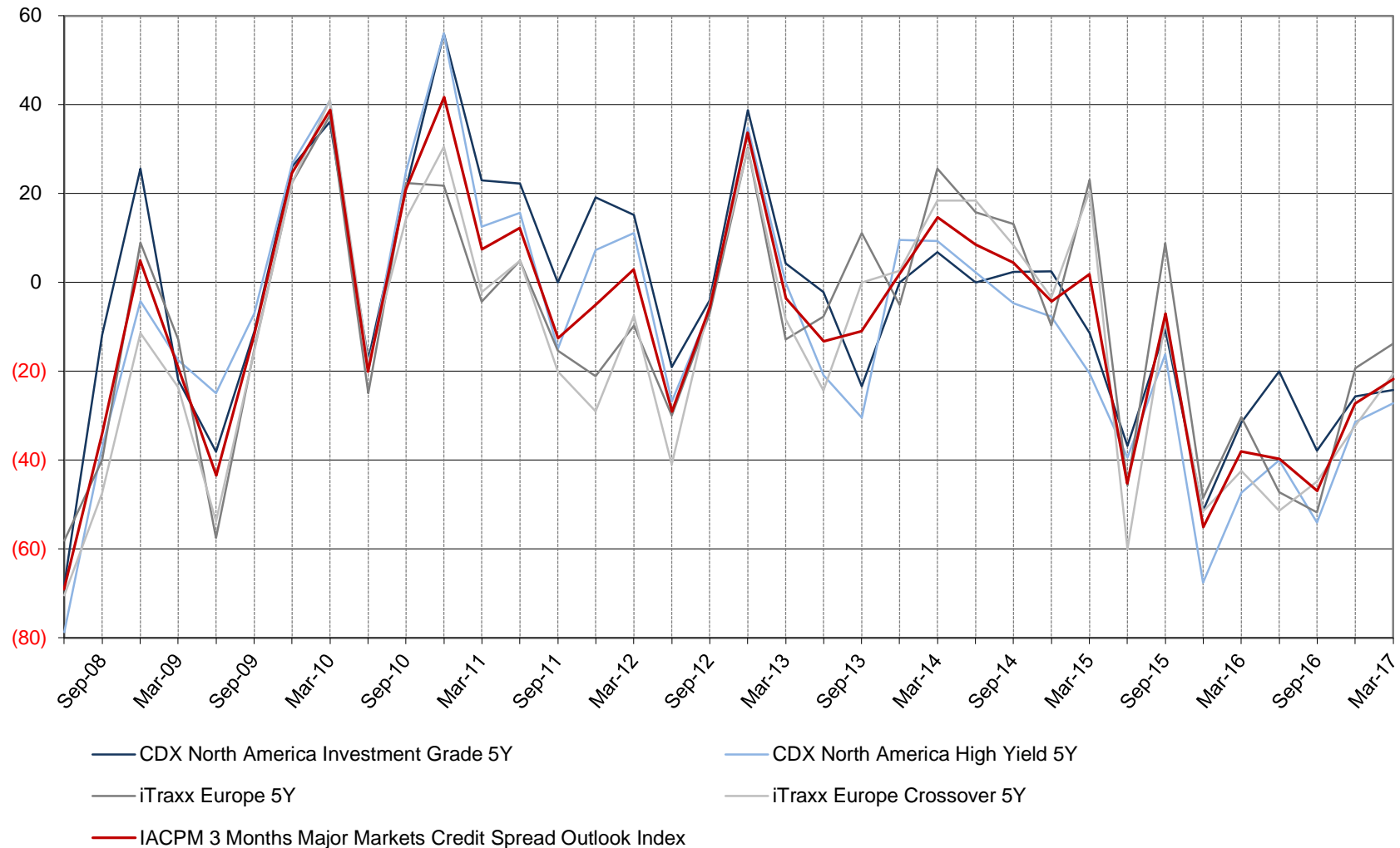
42 IACPM members participated.

The following questions focus on credit outlook and portfolio strategy.

CREDIT OUTLOOK AND 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-17	Mar-17	Mar-17	Mar-17	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
CDX North America Investment Grade 5Y	14 42%	13 39%	6 18%	33	(24.2)	(25.7)	(37.8)	(20.0)	(31.6)
CDX North America High Yield 5Y	15 45%	12 36%	6 18%	33	(27.3)	(31.4)	(54.1)	(40.0)	(47.4)
iTraxx Europe 5Y	10 34%	13 45%	6 21%	29	(13.8)	(19.4)	(51.7)	(47.2)	(30.3)
iTraxx Europe Crossover 5Y	11 38%	13 45%	5 17%	29	(20.7)	(32.3)	(44.8)	(51.4)	(42.4)
iTraxx Japan Series 5Y	6 30%	11 55%	3 15%	20	(15.0)	(23.5)	(29.4)	(15.0)	(41.2)
iTraxx Asia ex-Japan Investment Grade 5Y	8 42%	8 42%	3 16%	19	(26.3)	(47.1)	(35.3)	(40.0)	(52.9)
iTraxx Australia 5Y	6 33%	9 50%	3 17%	18	(16.7)	(26.7)	(46.7)	(16.7)	(43.8)

IACPM 3 Months Major Markets Credit Spread Outlook Index

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

124 **(21.8)** **(27.3)** **(47.0)** **(39.7)** **(38.0)**

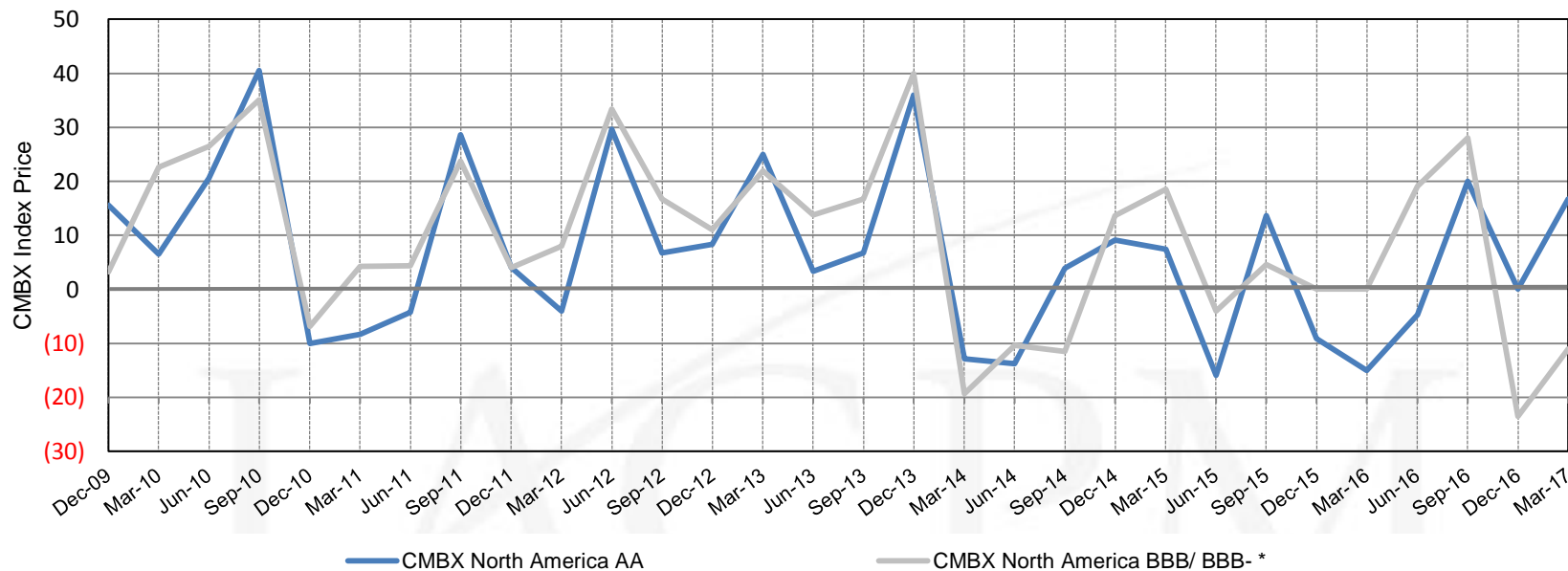
IACPM 3 Months Credit Spread Outlook Index

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

181 **(21.0)** **(28.7)** **(44.2)** **(35.2)** **(40.1)**

IACPM 3 Months CMBX Index Price Outlook Index

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

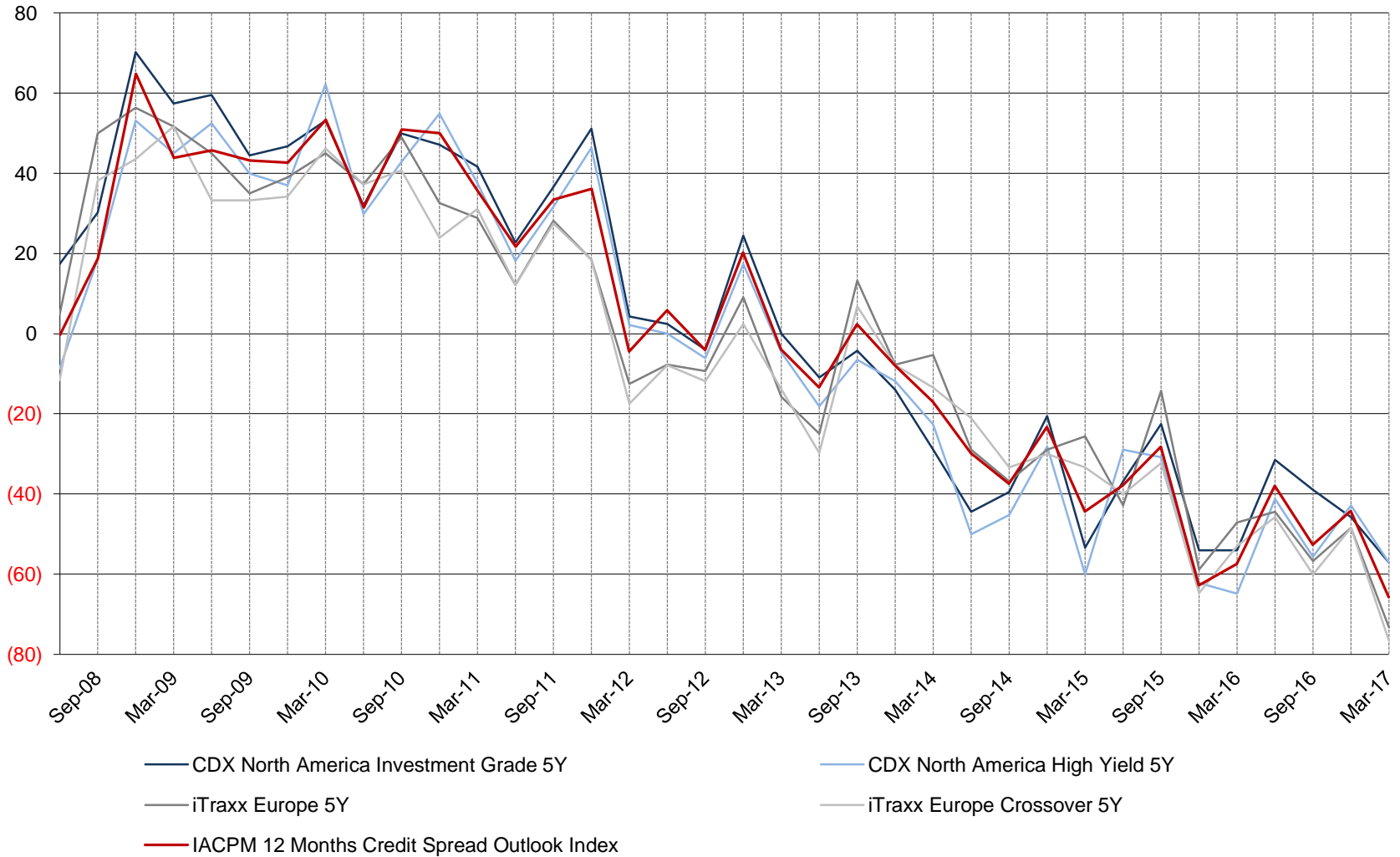


Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Mar-17	Mar-17	Mar-17	Mar-17	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
CMBX North America AA	5 28%	11 61%	2 11%	18	16.7	0.0	20.0	(4.8)	(15.0)
CMBX North America BBB- *	4 22%	8 44%	6 33%	18	(11.1)	(23.5)	28.0	19.0	0.0

* 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

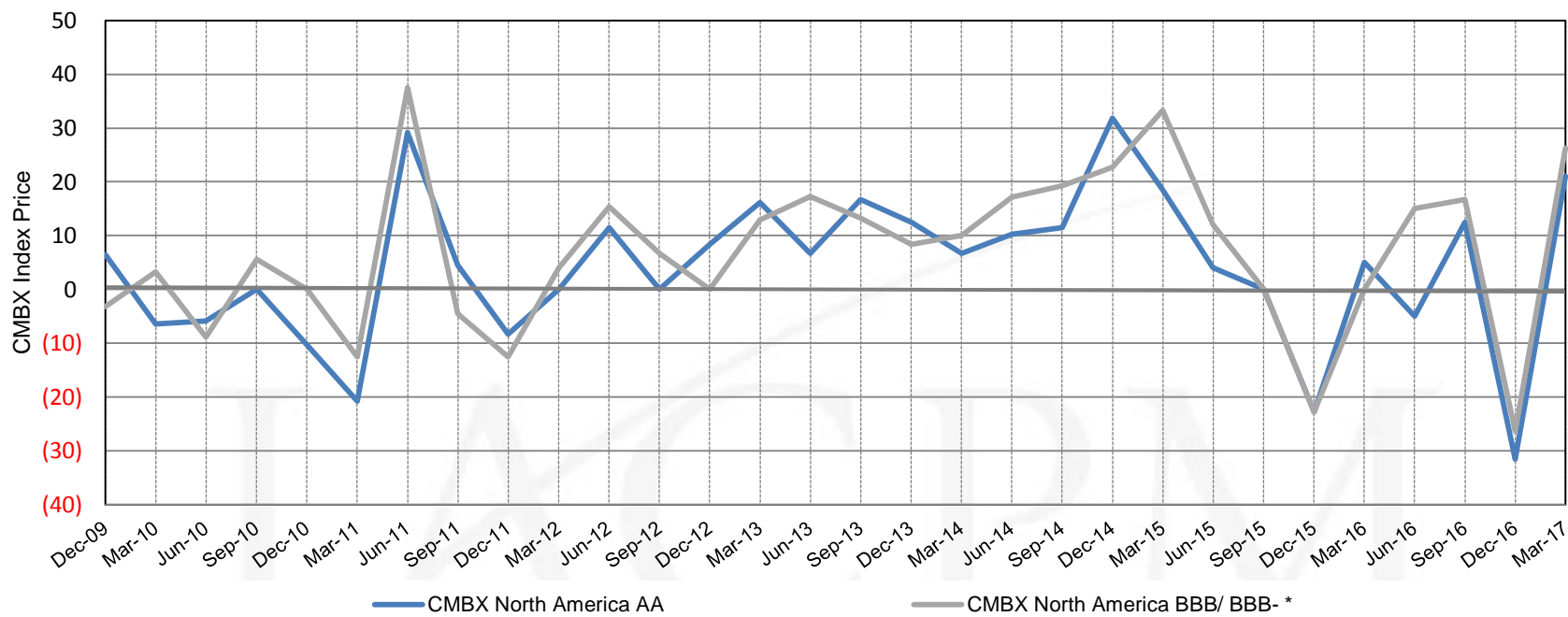
Expected direction Credit Spreads will move over the course of the next 12 months

	Up (widen)	Unchanged	Down (narrow)	Total Number of Responses	IACPM 12 Months Credit Spread Outlook Index (positive numbers indicate credit improvement)				
	Mar-17	Mar-17	Mar-17	Mar-17	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
	Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.								
CDX North America Investment Grade 5Y	24 69%	7 20%	4 11%	35	(57.1)	(45.7)	(38.9)	(31.4)	(54.1)
CDX North America High Yield 5Y	23 66%	9 26%	3 9%	35	(57.1)	(42.9)	(55.6)	(41.2)	(64.9)
iTraxx Europe 5Y	24 80%	4 13%	2 7%	30	(73.3)	(48.4)	(56.7)	(44.4)	(47.1)
iTraxx Europe Crossover 5Y	25 83%	3 10%	2 7%	30	(76.7)	(48.4)	(60.0)	(45.7)	(52.9)
iTraxx Japan Series 5Y	12 57%	9 43%	0 0%	21	(57.1)	(41.2)	(55.6)	(19.0)	(52.9)
iTraxx Asia ex-Japan Investment Grade 5Y	15 75%	5 25%	0 0%	20	(75.0)	(41.2)	(55.6)	(38.1)	(76.5)
iTraxx Australia 5Y	13 68%	6 32%	0 0%	19	(68.4)	(33.3)	(50.0)	(38.9)	(64.7)

IACPM 12 Months Credit Spread Outlook Index (weighted average based on number of responses)	190	(65.8)	(44.2)	(52.7)	(38.0)	(57.5)
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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

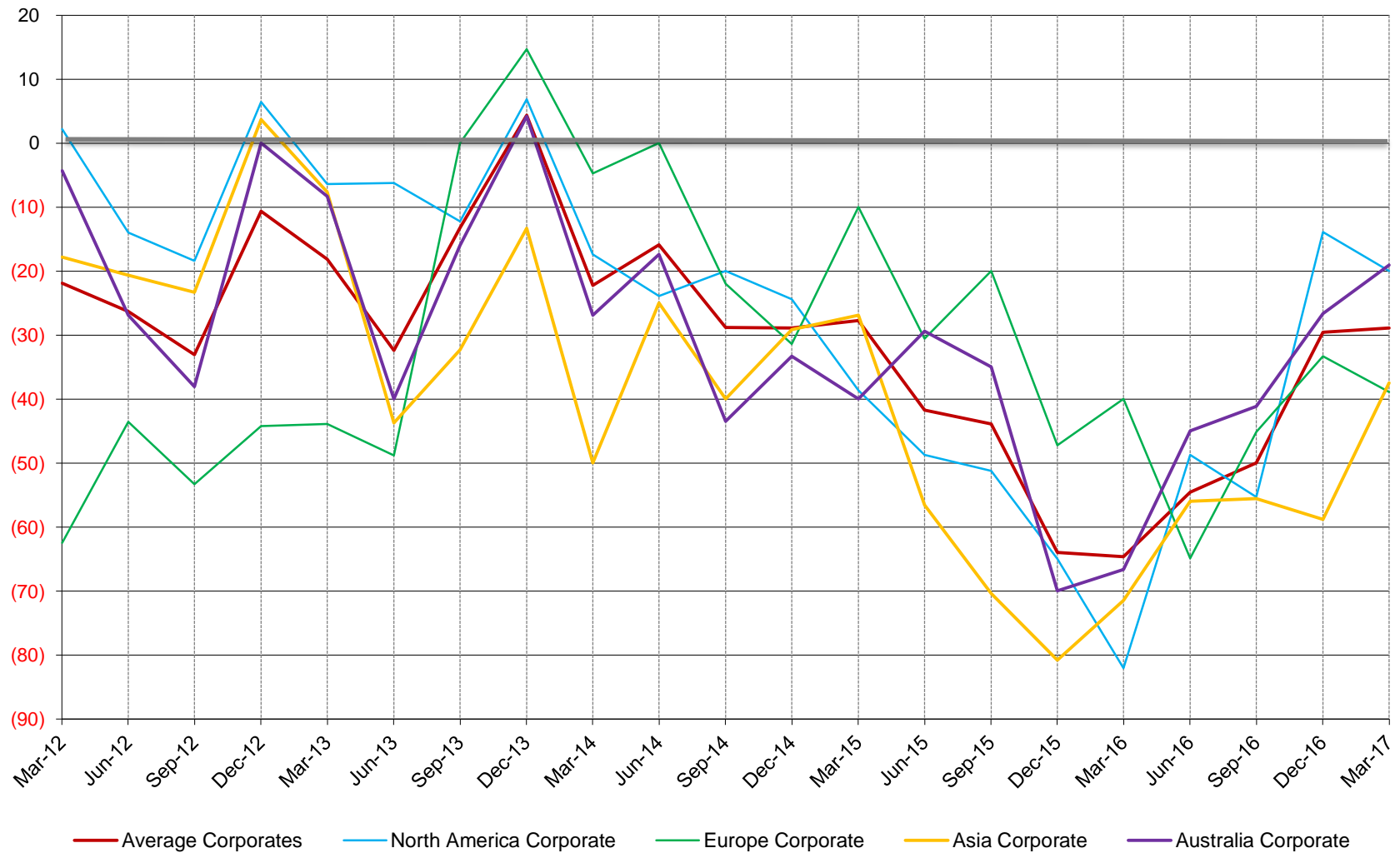


Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Mar-17	Mar-17	Mar-17	Mar-17	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
CMBX North America AA	9 47%	5 26%	5 26%	19	21.1	(31.6)	12.5	(5.0)	5.0
CMBX North America BBB-	10 53%	4 21%	5 26%	19	26.3	(26.3)	16.7	15.0	0.0

* 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)



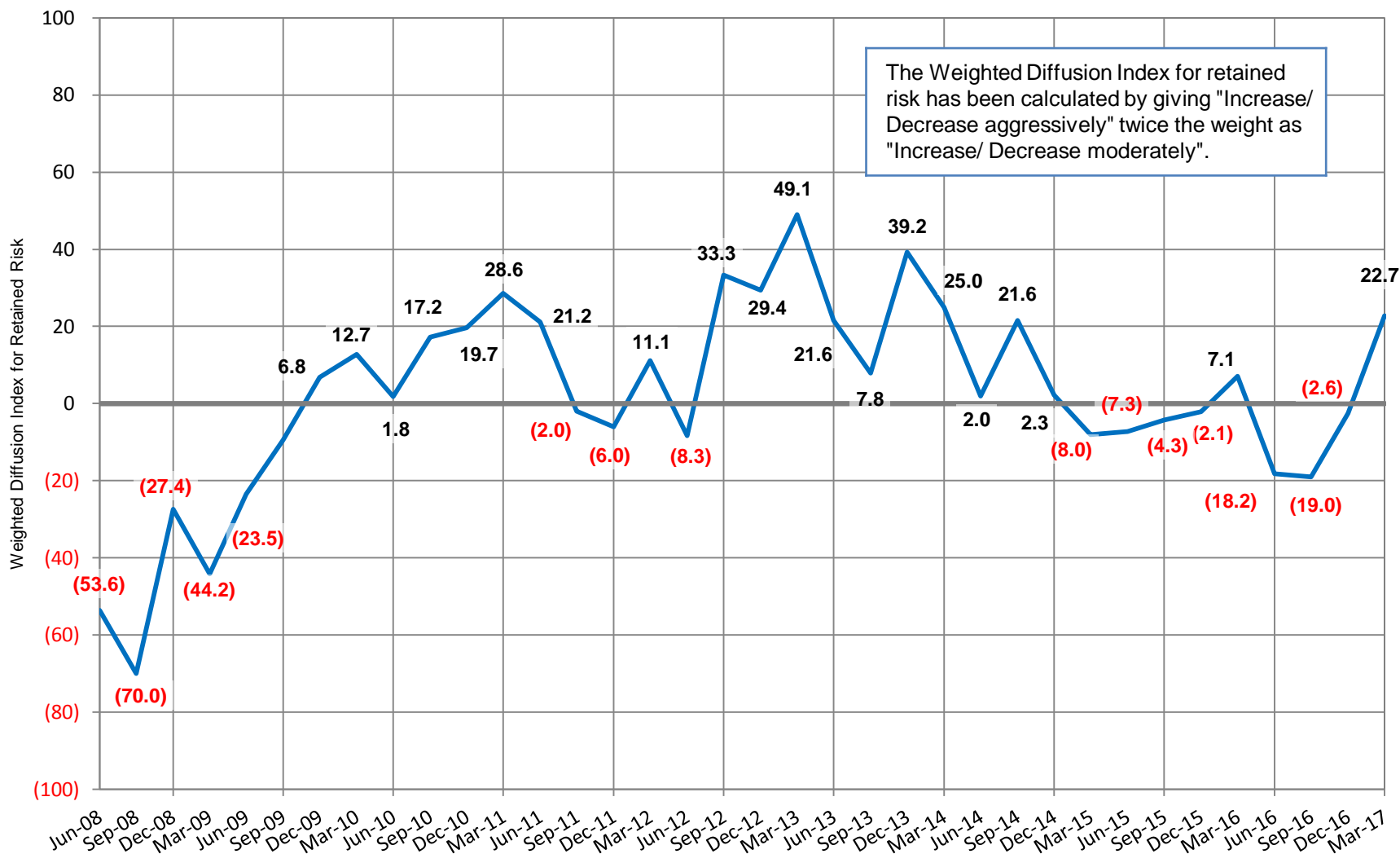
IACPM 12 Months Credit Default Outlook Index

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-17	Mar-17	Mar-17	Mar-17	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
North America Corporate	15 38%	18 45%	7 18%	40	(20.0)	(13.9)	(55.3)	(48.7)	(82.1)
North America Retail/ Consumer Mortgage	20 53%	14 37%	4 11%	38	(42.1)	(34.3)	(45.7)	(41.7)	(43.2)
North America Commercial Real Estate	16 43%	15 41%	6 16%	37	(27.0)	(42.9)	(52.9)	(41.7)	(47.2)
Europe Corporate	17 47%	16 44%	3 8%	36	(38.9)	(33.3)	(45.2)	(64.9)	(40.0)
Europe Retail/ Consumer Mortgage	15 43%	17 49%	3 9%	35	(34.3)	(44.4)	(38.5)	(54.5)	(40.6)
Europe Commercial Real Estate	13 42%	15 48%	3 10%	31	(32.3)	(40.7)	(38.5)	(55.9)	(31.3)
Asia Corporate	10 42%	13 54%	1 4%	24	(37.5)	(58.8)	(55.6)	(56.0)	(71.4)
Asia Retail/ Consumer Mortgage	8 38%	13 62%	0 0%	21	(38.1)	(56.3)	(43.8)	(63.6)	(85.0)
Asia Commercial Real Estate	10 48%	11 52%	0 0%	21	(47.6)	(50.0)	(56.3)	(77.3)	(77.8)
Australia Corporate	6 29%	13 62%	2 10%	21	(19.0)	(26.7)	(41.2)	(45.0)	(66.7)
Australia Retail/ Consumer Mortgage	4 21%	13 68%	2 11%	19	(10.5)	(35.7)	(53.8)	(42.1)	(64.7)
Australia Commercial Real Estate	4 21%	15 79%	0 0%	19	(21.1)	(42.9)	(53.8)	(44.4)	(58.8)
Average Corporate	12 40%	15 50%	3 11%	30	(28.9)	(29.6)	(50.0)	(54.5)	(64.6)
Average Retail/ Consumer Mortgage	12 42%	14 50%	2 8%	28	(33.6)	(41.3)	(44.4)	(50.0)	(53.8)
Average Commercial Real Estate	11 40%	14 52%	2 8%	27	(31.5)	(43.5)	(49.4)	(53.6)	(49.5)
IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)				342	(31.3)	(37.9)	(48.1)	(52.8)	(56.2)

IACPM Weighted Diffusion Index for retained risk in overall portfolio

(underlying data on next page)



IACPM 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-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15
Increase aggressively	2	0	0	0	0	0	1	5%	0%	0%	0%	0%	0%	2%
Increase moderately	15	10	10	12	16	16	11	37%	26%	25%	29%	38%	36%	25%
Unchanged	16	18	14	12	13	14	19	39%	46%	35%	29%	31%	32%	43%
Decrease moderately	7	11	14	16	13	11	11	17%	28%	35%	38%	31%	25%	25%
Decrease aggressively	1	0	2	2	0	3	2	2%	0%	5%	5%	0%	7%	5%
Total Number of Responses	41	39	40	42	42	44	44	100%	100%	100%	100%	100%	100%	100%

What is the rationale for this strategy?

	Number of Responses							Percentage of Responses						
	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15
Balance sheet/ Capital appetite	25	24	16	27	25	28	31	63%	63%	40%	64%	60%	64%	70%
Portfolio optimization	11	11	15	10	11	10	9	28%	29%	38%	24%	26%	23%	20%
Change in risk view	4	3	7	3	2	3	4	10%	8%	18%	7%	5%	7%	9%
Other or comment	0	0	2	2	4	3	0	0%	0%	5%	5%	10%	7%	0%
Total	40	38	40	42	42	44	44	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						
	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15
TMT: Telecom	6	1	5	0	4	4	5	15%	3%	13%	0%	10%	9%	11%
TMT: Media	3	1	1	2	2	3	2	7%	3%	3%	5%	5%	7%	5%
TMT: Technology	4	3	3	4	2	1	2	10%	8%	8%	10%	5%	2%	5%
Natural Resources: Oil and Gas	22	20	28	25	34	32	28	54%	51%	70%	60%	81%	73%	64%
Natural Resources: Paper	3	2	1	2	3	5	2	7%	5%	3%	5%	7%	11%	5%
Natural Resources: Metals/Mining	9	17	21	19	26	27	26	22%	44%	53%	45%	62%	61%	59%
Natural Resources: Chemicals	1	1	0	2	6	6	3	2%	3%	0%	5%	14%	14%	7%
Natural Resources: Utilities	4	3	3	7	7	8	7	10%	8%	8%	17%	17%	18%	16%
Industrial: Auto and related transportation	3	8	4	5	6	6	9	7%	21%	10%	12%	14%	14%	20%
Industrial: Airlines/ Aerospace/ Defense	3	2	2	3	3	2	3	7%	5%	5%	7%	7%	5%	7%
Industrial: Diversified	3	4	5	4	3	6	2	7%	10%	13%	10%	7%	14%	5%
Pharma/ Biotech/ Health Care	7	8	5	3	5	2	5	17%	21%	13%	7%	12%	5%	11%
Retail/ Consumer	20	12	7	9	11	11	5	49%	31%	18%	21%	26%	25%	11%
Financial: banks/ brokers	6	8	14	9	3	6	4	15%	21%	35%	21%	7%	14%	9%
Financial: insurance	2	2	3	4	0	1	1	5%	5%	8%	10%	0%	2%	2%
Financial: Nonbank	4	5	6	3	1	0	3	10%	13%	15%	7%	2%	0%	7%
Real Estate: Commercial and Construction	16	9	17	10	7	12	16	39%	23%	43%	24%	17%	27%	36%
Real Estate: Residential	6	7	3	4	1	5	3	15%	18%	8%	10%	2%	11%	7%
Other	3	2	2	5	1	2	4	7%	5%	5%	12%	2%	5%	9%

March 2017: **Other** – Leveraged Lending, Retail Trade (Mall, Fast Fashion). Public Sector. SMEs Europe.

Participating Institutions

	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
ABN AMRO Bank NV	✓	✓	✓	✓	✓
Absa Bank			✓		
African Export Import Bank		✓	✓	✓	
AIG, Inc.	✓	✓		✓	✓
Al Rajhi Bank	✓				
Allianz AG		✓	✓	✓	
Allied Irish Banks plc				✓	
ATB Financial		✓	✓	✓	✓
Banco Santander S.A.	✓		✓		✓
Bank of America	✓	✓	✓	✓	
Bank of Montreal	✓	✓	✓		✓
Bank of Tokyo-Mitsubishi UFJ	✓	✓	✓	✓	✓
Barclays	✓	✓		✓	✓
BB&T	✓	✓	✓	✓	✓
BBVA	✓	✓	✓	✓	✓
BNP Paribas		✓		✓	✓
Capital One	✓	✓	✓	✓	✓
CIBC World Markets	✓	✓	✓	✓	✓
Citigroup	✓	✓	✓	✓	✓
Citizens Financial Group			✓		
Commonwealth Bank of Australia	✓			✓	✓
Credit Agricole CIB	✓	✓	✓	✓	✓
Deutsche Bank			✓	✓	
Development Bank of Japan	✓	✓	✓		✓
European Bank for Reconstruction and Development (EBRD)	✓				
European Investment Fund	✓	✓		✓	
Fifth Third Bank		✓			✓
First Horizon	✓				
FirstRand Ltd.	✓				
Goldman Sachs					✓
HSBC	✓	✓	✓		✓

	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
International Finance Corporation	✓				
IKB Deutsche Industriebank AG					✓
ING Group	✓			✓	
Inter-American Development Bank				✓	
Intesa Sanpaolo				✓	✓
JP Morgan Chase	✓	✓	✓	✓	✓
KeyCorp	✓	✓	✓	✓	✓
Lloyds TSB PLC	✓	✓	✓	✓	✓
Mizuho Corporate Bank	✓	✓	✓	✓	
Munich Reinsurance	✓	✓	✓	✓	✓
National Bank Financial		✓		✓	
Nationwide Insurance	✓	✓	✓		
Natixis					✓
OCBC Bank	✓	✓	✓	✓	✓
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	✓	✓	✓	✓	✓
Westpac	✓		✓		✓
XL Catlin	✓	✓	✓	✓	✓
Zions Bancorporation			✓	✓	✓