



Third Quarter 2022 Credit Outlook

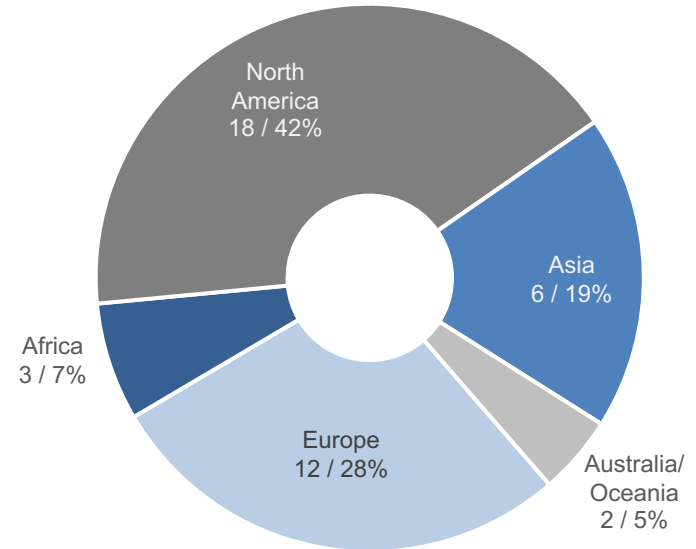
Survey Result Analysis

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Overview of Survey Goals and Participating Institutions

- The IACPM conducts this short survey on Credit Outlook at the end of each quarter.
- 44 IACPM member firms participated in the third quarter 2022 survey, including 32 banks, five ECA/ MDBs, four insurance companies, and three funds.
- The survey 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.

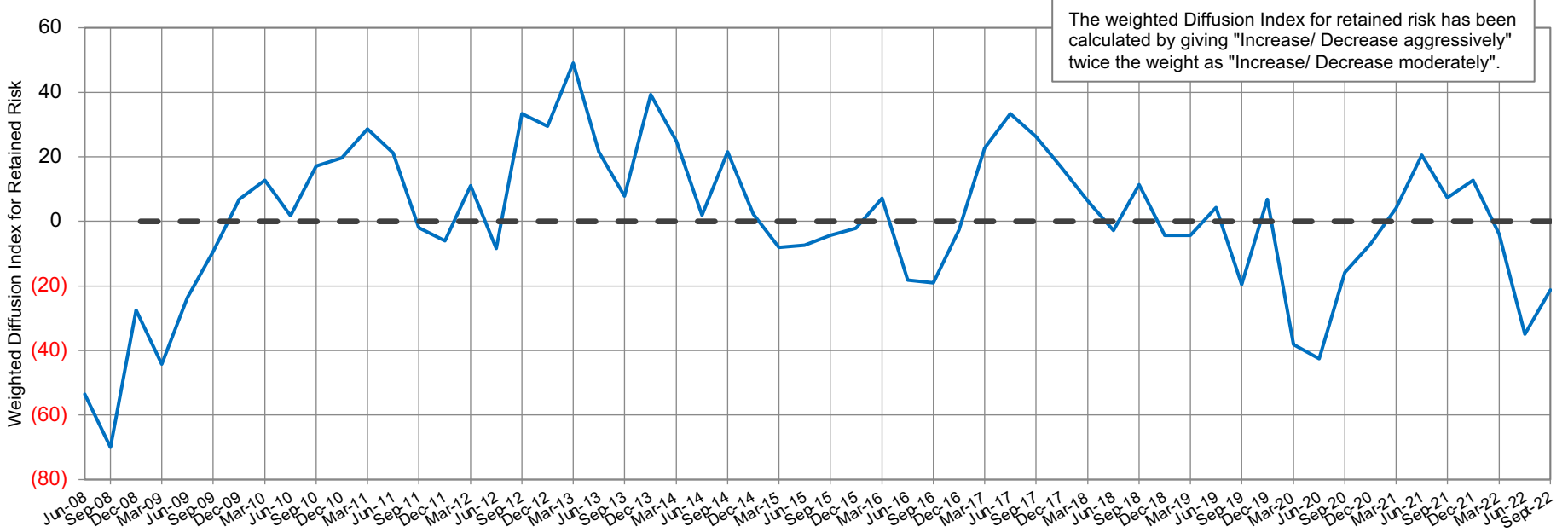
Home Country of Participating Firms (N = 44)*



*one firm's home country is unknown

IACPM Weighted Diffusion Index for Retained Risk in Overall Portfolio

(underlying data on next page)



	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Retained Risk Diffusion Index	(53)	(70)	(27)	(44)	(24)	(9.4)	6.8	12.7	1.8	17.2	19.7	28.6	21.2	(2.0)	(6.0)	11.1	(8.3)	33.3	29.4	49.1	21.6	7.8	39.2	25.0	2.0	21.6	2.3	(8.0)	(7.3)	(4.3)	(2.1)	7.1	(18)	(19)	(2.6)	22.7	33.3	26.2	16.7	6.4	(2.9)	11.4	(4.3)	(4.3)	4.3	(19.6)	6.8	(38.1)	(42.6)	(15.9)	(7.0)	4.2	20.5	7.3	12.8	(4.0)	(34.9)	(21.3)

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey

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



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						
	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
Increase aggressively	0	0	1	1	1	0	1	0%	0%	2%	3%	3%	0%	2%
Increase moderately	11	3	12	13	11	19	11	25%	7%	25%	34%	28%	44%	24%
Unchanged	15	22	20	14	18	15	24	34%	52%	42%	37%	45%	35%	52%
Decrease moderately	15	16	14	10	10	8	9	34%	38%	29%	26%	25%	19%	20%
Decrease aggressively	3	1	1	0	0	1	1	7%	2%	2%	0%	0%	2%	2%
Total Number of Responses	44	42	48	38	40	43	46	100%	100%	100%	100%	100%	100%	100%

What is the rationale for this strategy?

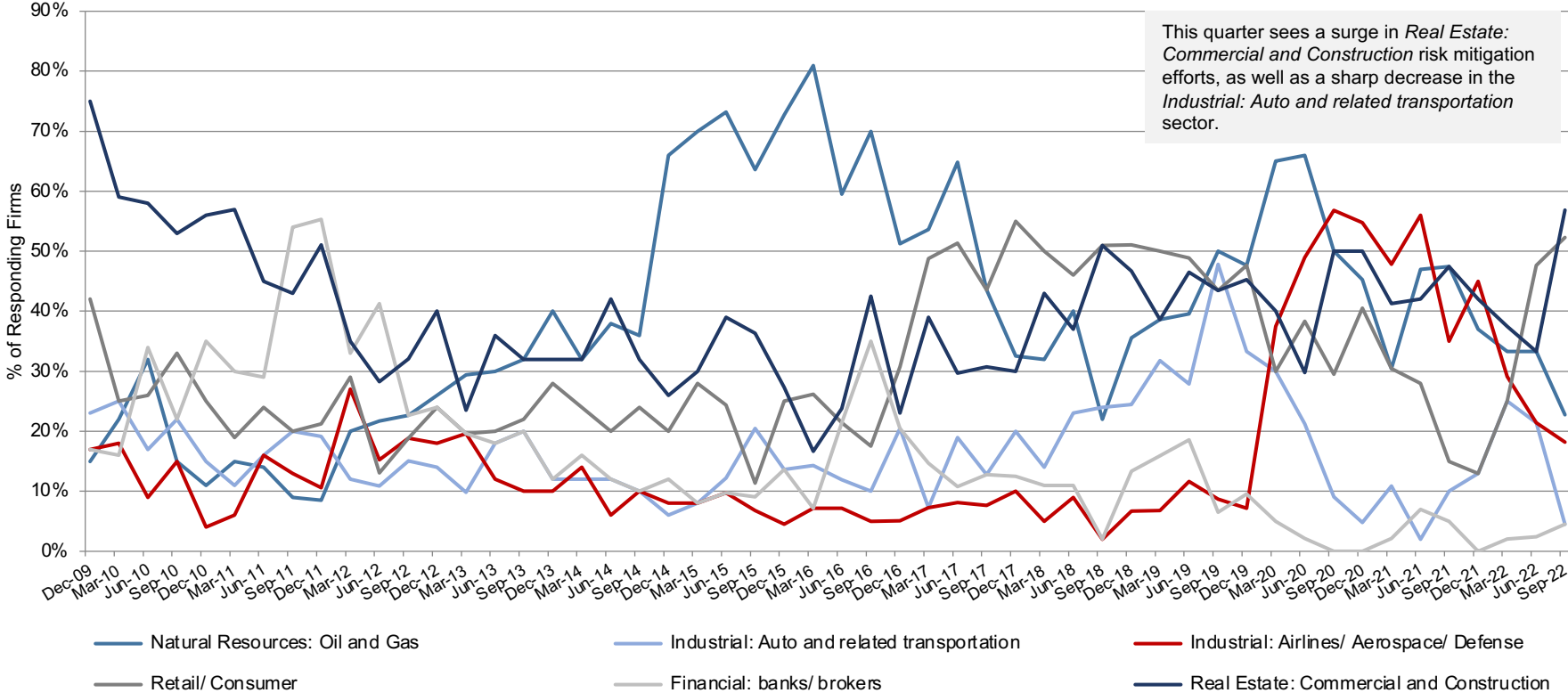
	Number of Responses							Percentage of Responses						
	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
Balance sheet/ Capital appetite	31	23	24	22	22	21	21	70%	55%	50%	58%	55%	49%	46%
Portfolio optimization	6	9	16	9	13	11	13	14%	21%	33%	24%	33%	26%	28%
Change in risk view	5	8	3	3	1	6	5	11%	19%	6%	8%	3%	14%	11%
Other or comment	2	2	5	4	4	5	7	5%	5%	10%	11%	10%	12%	15%
Total	44	42	48	38	40	43	46	100%	100%	100%	100%	100%	100%	100%

Other/Comments:

1. Combination of Balance Sheet/Capital, Portfolio Optimization and Change in Risk View

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey

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



Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: What industry sectors are you most focused on for risk mitigation efforts in the next 3 months? (Top 3)

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

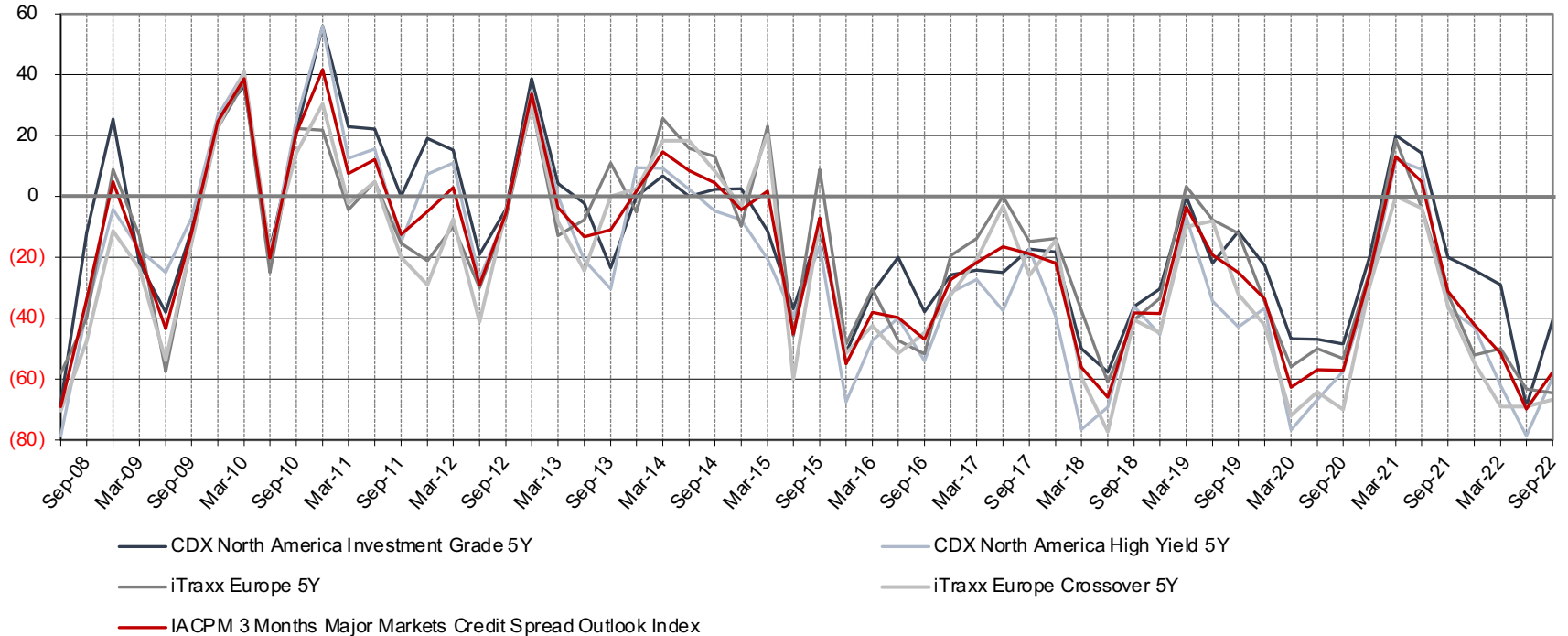
	Number of Responses							Percentage of Responses						
	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
Tourism/ Hospitality/ Leisure/ Recreation	14	16	18	29	20	26	35	32%	38%	38%	76%	50%	60%	76%
TMT: Telecom	0	0	2	2	2	0	3	0%	0%	4%	5%	5%	0%	7%
TMT: Media	0	0	0	0	0	1	2	0%	0%	0%	0%	0%	2%	4%
TMT: Technology	0	2	0	1	0	1	2	0%	5%	0%	3%	0%	2%	4%
Natural Resources: Oil and Gas	10	14	16	14	19	20	14	23%	33%	33%	37%	48%	47%	30%
Natural Resources: Paper	0	1	1	0	0	0	1	0%	2%	2%	0%	0%	0%	2%
Natural Resources: Metals & Mining	5	2	6	3	8	3	2	11%	5%	13%	8%	20%	7%	4%
Natural Resources: Chemicals	2	4	3	0	0	0	1	5%	10%	6%	0%	0%	0%	2%
Natural Resources: Utilities	4	6	7	2	3	2	0	9%	14%	15%	5%	8%	5%	0%
Industrial: Auto and related transportation	2	9	12	5	4	1	5	5%	21%	25%	13%	10%	2%	11%
Industrial: Airlines/ Aerospace/ Defense	8	9	14	17	14	24	22	18%	21%	29%	45%	35%	56%	48%
Industrial: Airlines	8	9	13	16	12	18	19	18%	21%	27%	42%	30%	42%	41%
Industrial: Aerospace	0	0	1	1	1	6	3	0%	0%	2%	3%	3%	14%	7%
Industrial: Defense	0	0	0	0	1	0	0	0%	0%	0%	0%	3%	0%	0%
Industrial: Diversified	4	7	5	2	4	2	2	9%	17%	10%	5%	10%	5%	4%
Pharma/ Biotech/ Health Care	4	4	1	2	2	1	1	9%	10%	2%	5%	5%	2%	2%
Retail/ Consumer	23	20	12	5	6	12	14	52%	48%	25%	13%	15%	28%	30%
Retail: Consumer Discretionary	21	16	9	5	5	10	12	48%	38%	19%	13%	13%	23%	26%
Retail: Consumer Staples	2	4	3	0	1	2	2	5%	10%	6%	0%	3%	5%	4%
Financial: Banks/ brokers	2	1	1	0	2	3	1	5%	2%	2%	0%	5%	7%	2%
Financial: Insurance	0	0	0	0	0	0	1	0%	0%	0%	0%	0%	0%	2%
Financial: Nonbank	5	3	3	2	0	0	0	11%	7%	6%	5%	0%	0%	0%
Real Estate: Commercial and Construction	25	14	18	16	19	18	19	57%	33%	38%	42%	48%	42%	41%
Real Estate: Residential	4	2	2	1	3	3	4	9%	5%	4%	3%	8%	7%	9%
Other	6	5	7	5	2	3	5	14%	12%	15%	13%	5%	7%	11%

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: What industry sectors are you most focused on for risk mitigation efforts in the next 3 months? (Top 3)

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)



Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect Credit Spreads to be at the end of the next quarter, i.e., in 3 months?

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)				
	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
CDX North America Investment Grade 5Y	17 53%	11 34%	4 13%	32	(40.6)	(69.0)	(28.9)	(24.1)	(20.0)
CDX North America High Yield 5Y	24 75%	3 9%	5 16%	32	(59.4)	(78.6)	(62.2)	(42.9)	(36.7)
iTraxx Europe 5Y	24 77%	3 10%	4 13%	31	(64.5)	(63.3)	(50.0)	(52.2)	(32.1)
iTraxx Europe Crossover 5Y	24 80%	2 7%	4 13%	30	(66.7)	(69.0)	(69.0)	(54.5)	(35.7)
iTraxx Japan Series 5Y	9 45%	7 35%	4 20%	20	(25.0)	(61.9)	(29.4)	0.0	(5.9)
iTraxx Asia ex-Japan Investment Grade 5Y	14 64%	4 18%	4 18%	22	(45.5)	(61.9)	(38.9)	(14.3)	5.6
iTraxx Australia 5Y	10 56%	4 22%	4 22%	18	(33.3)	(52.4)	(29.4)	(23.1)	(5.6)

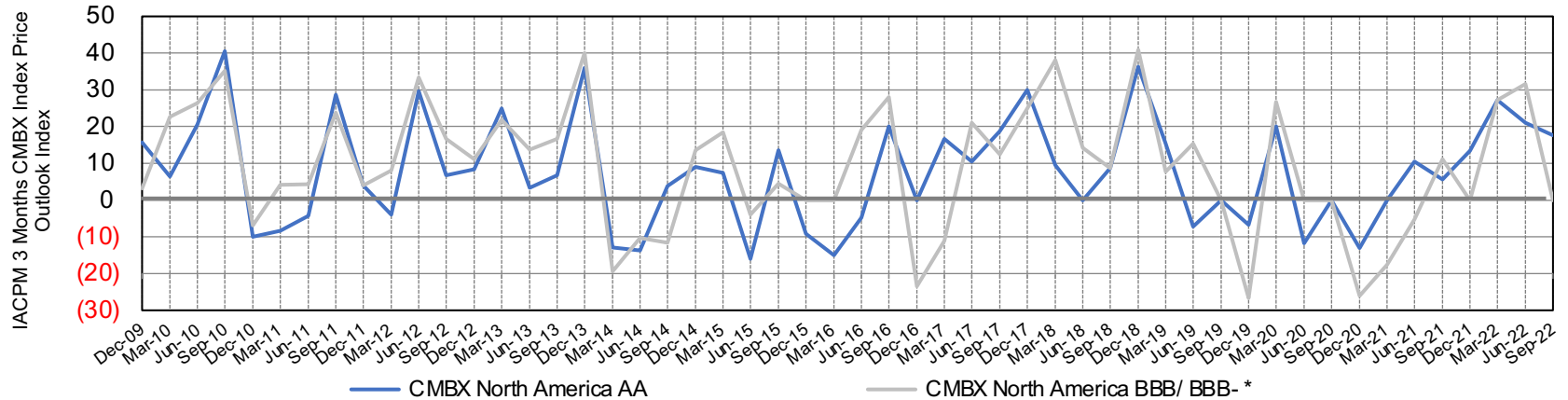
IACPM 3 Months Major Markets Credit Spread Outlook Index	125	(57.6)	(69.8)	(51.5)	(42.2)	(31.0)
(weighted average based on number of responses; includes first four indices listed in bold)						

IACPM 3 Months Credit Spread Outlook Index	185	(50.3)	(65.9)	(46.2)	(33.8)	(21.9)
(weighted average based on number of responses; includes all indices listed above)						

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect Credit Spreads to be at the end of the next quarter, i.e., in 3 months?

IACPM 3 Months CMBX Index Price Outlook Index

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



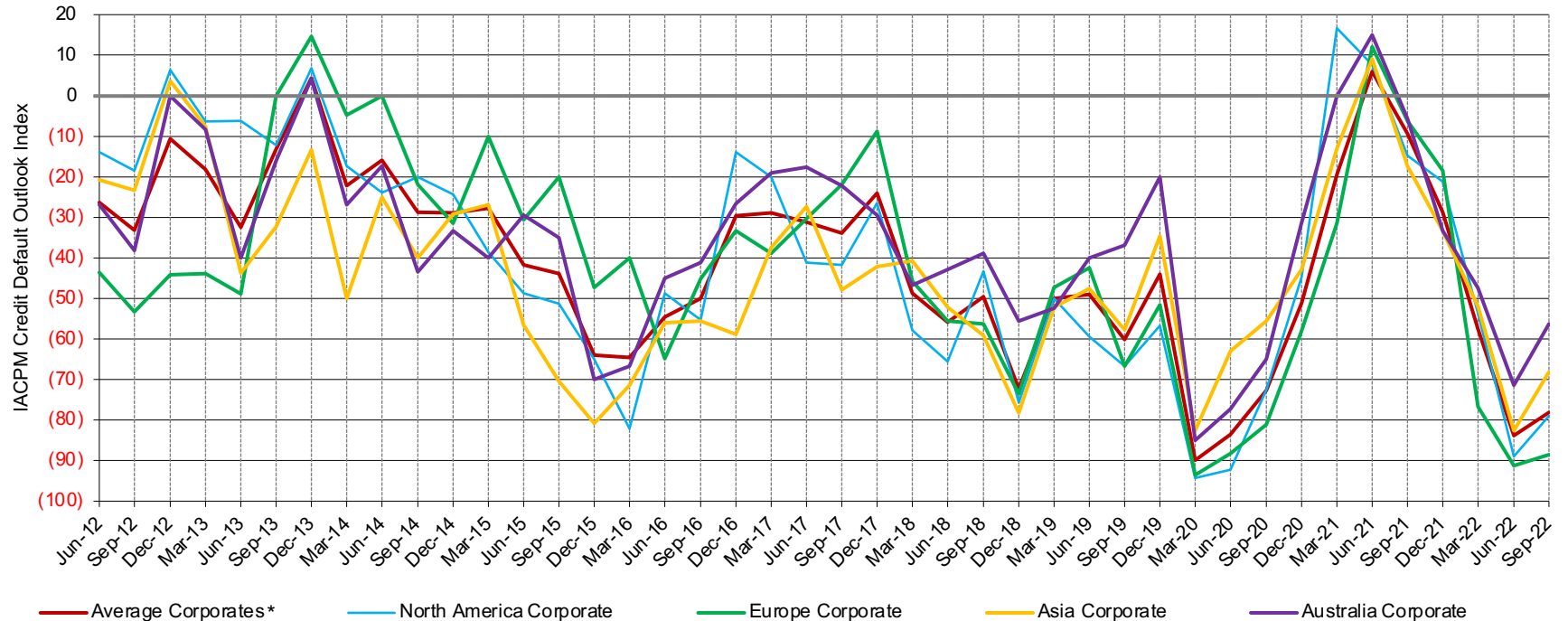
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 3 Months CMBX Index Price Outlook Index (positive numbers indicate credit improvement)				
	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
CMBX North America AA	7 41%	6 35%	4 24%	17	17.6	21.1	27.3	13.3	5.6
CMBX North America BBB- *	7 41%	3 18%	7 41%	17	0.0	31.6	27.3	0.0	11.1

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect CMBX index prices to be at the end of next quarter, i.e., in 3 months?

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)



*Average Corporate also includes results from Africa & Central/South America

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

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)

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)				
	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
	North America Corporate	31 82%	6 16%	1 3%	38	(78.9)	(88.9)	(53.7)	(21.2)
South/Central America Corporate	16 94%	0 0%	1 6%	17	(88.2)	(80.0)	(55.0)	(55.6)	(5.0)
Europe Corporate	32 91%	2 6%	1 3%	35	(88.6)	(91.2)	(76.7)	(18.5)	(6.3)
Africa Corporate	12 86%	1 7%	1 7%	14	(78.6)	(78.6)	(56.3)	(18.2)	0.0
Asia Corporate	17 77%	3 14%	2 9%	22	(68.2)	(82.6)	(52.0)	(33.3)	(17.4)
Australia Corporate	10 63%	5 31%	1 6%	16	(56.3)	(71.4)	(47.4)	(33.3)	(5.6)
Average Corporate	20 83%	3 12%	1 5%	24	(78.2)	(83.8)	(57.6)	(28.8)	(9.4)
Average Retail/ Consumer Mortgage	19 85%	2 10%	1 5%	22	(79.4)	(80.3)	(55.4)	(28.7)	(10.3)
Average Commercial Real Estate	18 83%	3 12%	1 5%	22	(77.4)	(82.7)	(61.0)	(36.4)	(29.6)
IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)				406	(78.3)	(82.3)	(58.0)	(31.2)	(16.2)

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

IACPM 12 Months Retail/Consumer Mortgage 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)				
	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
	North America Retail/ Consumer Mortgage	31 89%	3 9%	1 3%	35	(85.7)	(88.2)	(60.0)	(26.7)
South/Central America Retail/ Consumer Mortgage	14 93%	0 0%	1 7%	15	(86.7)	(77.8)	(58.8)	(42.9)	0.0
Europe Retail/ Consumer Mortgage	30 91%	2 6%	1 3%	33	(87.9)	(90.6)	(70.4)	(29.2)	(20.0)
Africa Retail/ Consumer Mortgage	10 83%	1 8%	1 8%	12	(75.0)	(84.6)	(46.2)	(12.5)	9.1
Asia Retail/ Consumer Mortgage	17 85%	1 5%	2 10%	20	(75.0)	(66.7)	(50.0)	(23.5)	(15.0)
Australia Retail/ Consumer Mortgage	9 56%	6 38%	1 6%	16	(50.0)	(63.2)	(33.3)	(33.3)	0.0
Average Corporate	20 83%	3 12%	1 5%	24	(78.2)	(83.8)	(57.6)	(28.8)	(9.4)
Average Retail/ Consumer Mortgage	19 85%	2 10%	1 5%	22	(79.4)	(80.3)	(55.4)	(28.7)	(10.3)
Average Commercial Real Estate	18 83%	3 12%	1 5%	22	(77.4)	(82.7)	(61.0)	(36.4)	(29.6)
IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)				406	(78.3)	(82.3)	(58.0)	(31.2)	(16.2)

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

IACPM 12 Months Commercial Real Estate 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)

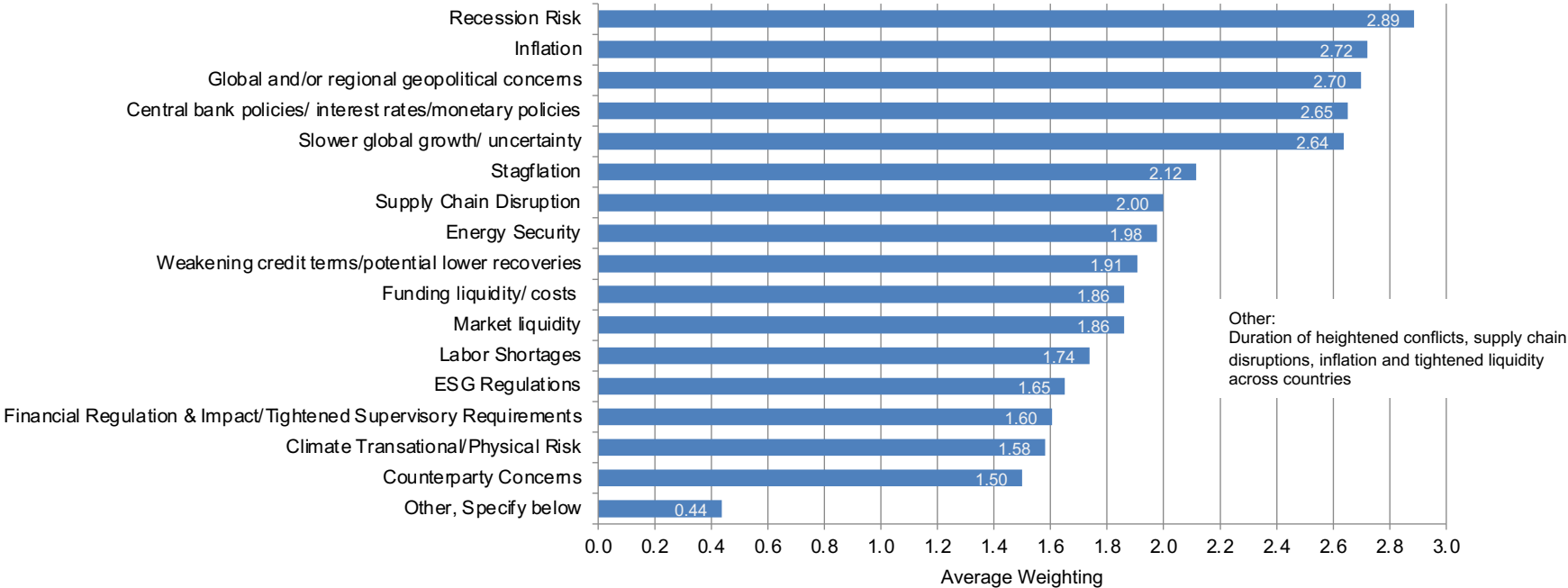
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Up	Unchanged	Down	Total Number of Responses	IACPM 12 Months Credit Default Outlook Index (positive numbers indicate credit improvement)				
	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
	North America Commercial Real Estate	31 86%	4 11%	1 3%	36	(83.3)	(85.3)	(66.7)	(32.3)
South/Central America Commercial Real Estate	15 94%	0 0%	1 6%	16	(87.5)	(77.8)	(58.8)	(42.9)	(23.5)
Europe Commercial Real Estate	28 85%	4 12%	1 3%	33	(81.8)	(84.4)	(75.0)	(40.0)	(40.0)
Africa Commercial Real Estate	10 83%	1 8%	1 8%	12	(75.0)	(84.6)	(38.5)	(12.5)	(9.1)
Asia Commercial Real Estate	17 85%	1 5%	2 10%	20	(75.0)	(81.8)	(61.9)	(44.4)	(35.0)
Australia Commercial Real Estate	9 56%	6 38%	1 6%	16	(50.0)	(80.0)	(44.4)	(35.7)	(11.1)
Average Corporate	20 83%	3 12%	1 5%	24	(78.2)	(83.8)	(57.6)	(28.8)	(9.4)
Average Retail/ Consumer Mortgage	19 85%	2 10%	1 5%	22	(79.4)	(80.3)	(55.4)	(28.7)	(10.3)
Average Commercial Real Estate	18 83%	3 12%	1 5%	22	(77.4)	(82.7)	(61.0)	(36.4)	(29.6)
IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)				406	(78.3)	(82.3)	(58.0)	(31.2)	(16.2)

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Where do you expect Credit Default Rates to be in 12 months (annual twelve month trailing)?

Biggest Macro Concerns for Credit Portfolios

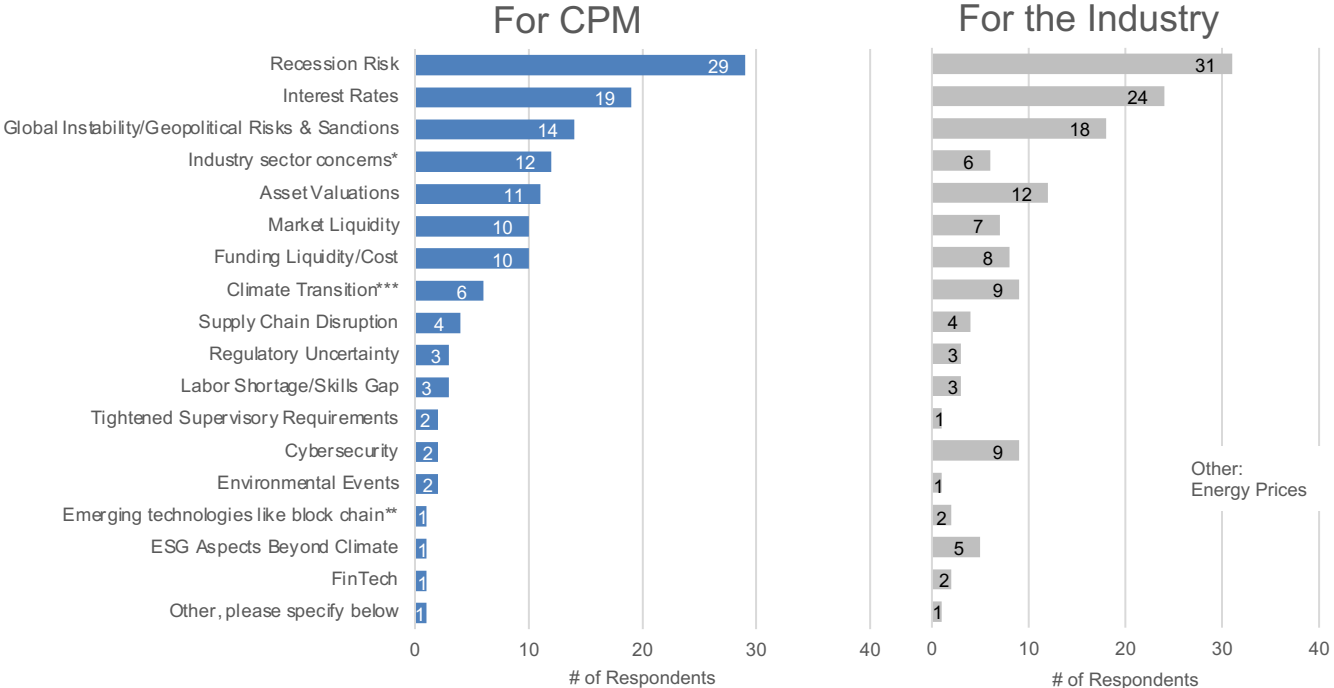
The 44 participating firms indicated high (3), medium (2), low (1), or not considered.

Recession Risk replaces Inflation as the top concern this quarter. Concerns about Slower Global Growth/Uncertainty appear to have abated somewhat, as it has dropped from the third slot to fifth place in our ranking, pushing Global and/or Regional Geopolitical concerns and Central Bank Policies/Interest Rates/Monetary Policy into the third and fourth place rankings, respectively.



Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey
Question: What are the biggest macro concerns for your credit portfolio over the next 6 months? Please indicate high, medium, low, not considered.

Top 3 Emerging Issues for CPM and the Industry

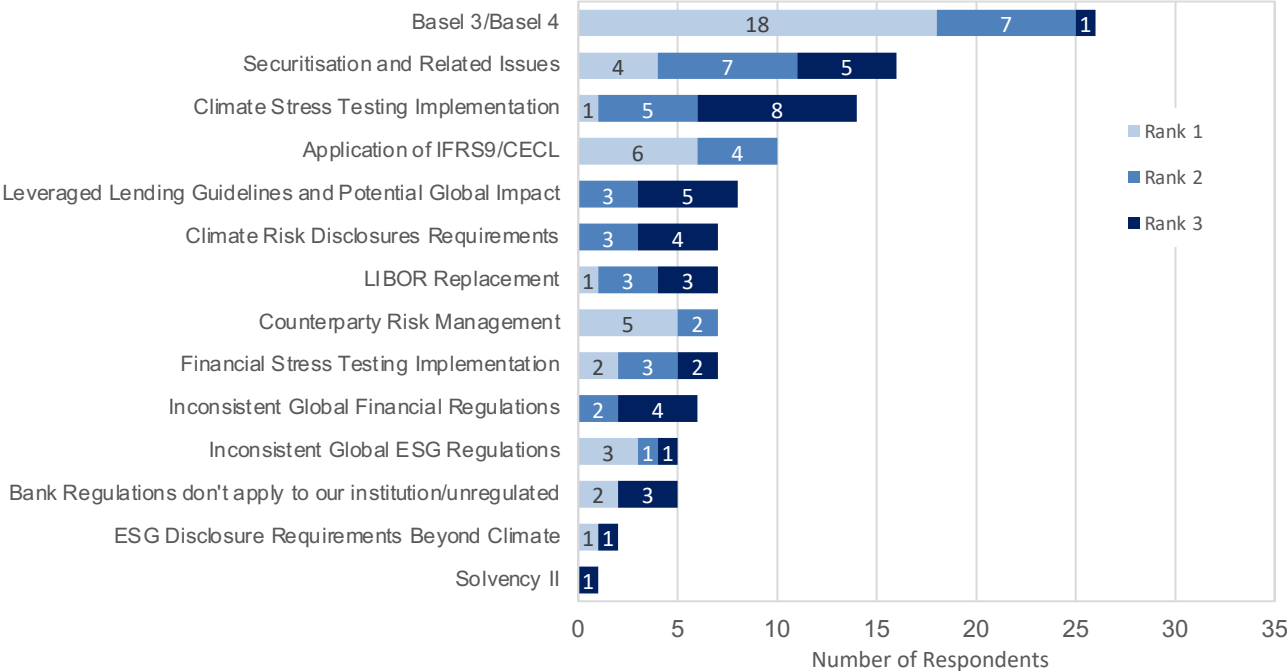


* Oil & gas, commercial real estate, retail etc.
 ** Opportunities to capitalize on, E.g., smart contracts for CDS, credit risk insurance, credit agreements.
 *** I.e., what steps have to be taken by institutions and their clients to move towards a lower carbon footprint, incl. regulatory expectations

Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: Please indicate the top three emerging issues?



Top 3 Regulations Affecting CPM



Source: IACPM 3Q 2022 Quarterly Credit Outlook Survey | Question: What are the most important regulations affecting CPM? Please indicate and rank top 3.

Participating Institutions

	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
ABSA	✓		✓	✓	
African Development Bank Group	✓	✓	✓		
African Export Import Bank	✓	✓	✓		
AIG, Inc.	✓	✓		✓	✓
Allianz					✓
Alecta Tjänstepension	✓				
Asian Infrastructure Investment Bank	✓		✓		
ATB Financial	✓	✓	✓	✓	✓
Australia & New Zealand Banking Group	✓	✓	✓		✓
AXA XL		✓	✓	✓	✓
Banco de Sabadell	✓	✓	✓	✓	✓
Banco do Brasil				✓	✓
Banco Santander					✓
Bank of America				✓	✓
Bank of Montreal	✓		✓		
Barclays	✓	✓	✓	✓	✓
BBVA	✓	✓	✓	✓	✓
BNP Paribas	✓	✓	✓	✓	✓
Capital One		✓			
Commerzbank	✓	✓	✓	✓	
Commonwealth Bank of Australia	✓	✓	✓		✓
Credit Agricole CIB	✓	✓	✓	✓	✓
Danske Bank	✓	✓	✓	✓	✓
DBS					✓
DNB Bank ASA	✓	✓	✓	✓	✓
Export Development Canada	✓	✓	✓		
Fifth Third Bank				✓	
Goldman Sachs	✓	✓	✓	✓	
Grupo Bancolombia				✓	
Heartland Financial USA	✓	✓	✓	✓	
HSBC	✓	✓	✓	✓	✓
Intesa Sanpaolo	✓	✓	✓	✓	✓

	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
Japan Post Bank	✓	✓	✓	✓	✓
JP Morgan Chase	✓	✓	✓	✓	✓
KeyCorp	✓	✓	✓	✓	✓
Lloyds	✓		✓		✓
M&G Investments			✓	✓	✓
M&T Bank	✓	✓	✓	✓	✓
Maybank	✓				✓
Mizuho				✓	✓
MUFG Bank, Ltd.	✓	✓	✓	✓	✓
Munich Reinsurance		✓	✓		
National Australia Bank			✓		✓
Natixis			✓	✓	
New Development Bank			✓	✓	✓
Northwestern Mutual	✓				
OCBC Bank	✓	✓	✓	✓	✓
Orchard Global Asset Management	✓	✓	✓		
PAG	✓	✓	✓	✓	✓
PNC Financial Services	✓	✓	✓	✓	✓
Prudential Financial	✓	✓	✓	✓	
Raiffeisen Bank		✓	✓		
Regions Bank	✓	✓	✓	✓	✓
Royal Bank of Canada	✓	✓	✓	✓	✓
Scotiabank			✓		✓
Silicon Valley Bank	✓	✓			✓
Standard Chartered	✓	✓	✓	✓	✓
SunLife Financial		✓	✓	✓	
Swiss Re		✓	✓	✓	✓
Truist Financial Corporation (ex. BB&T)	✓	✓	✓		
UK Export Finance	✓		✓		✓
UniCredit Group S.p.A.		✓			
US Bank	✓	✓	✓		

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