

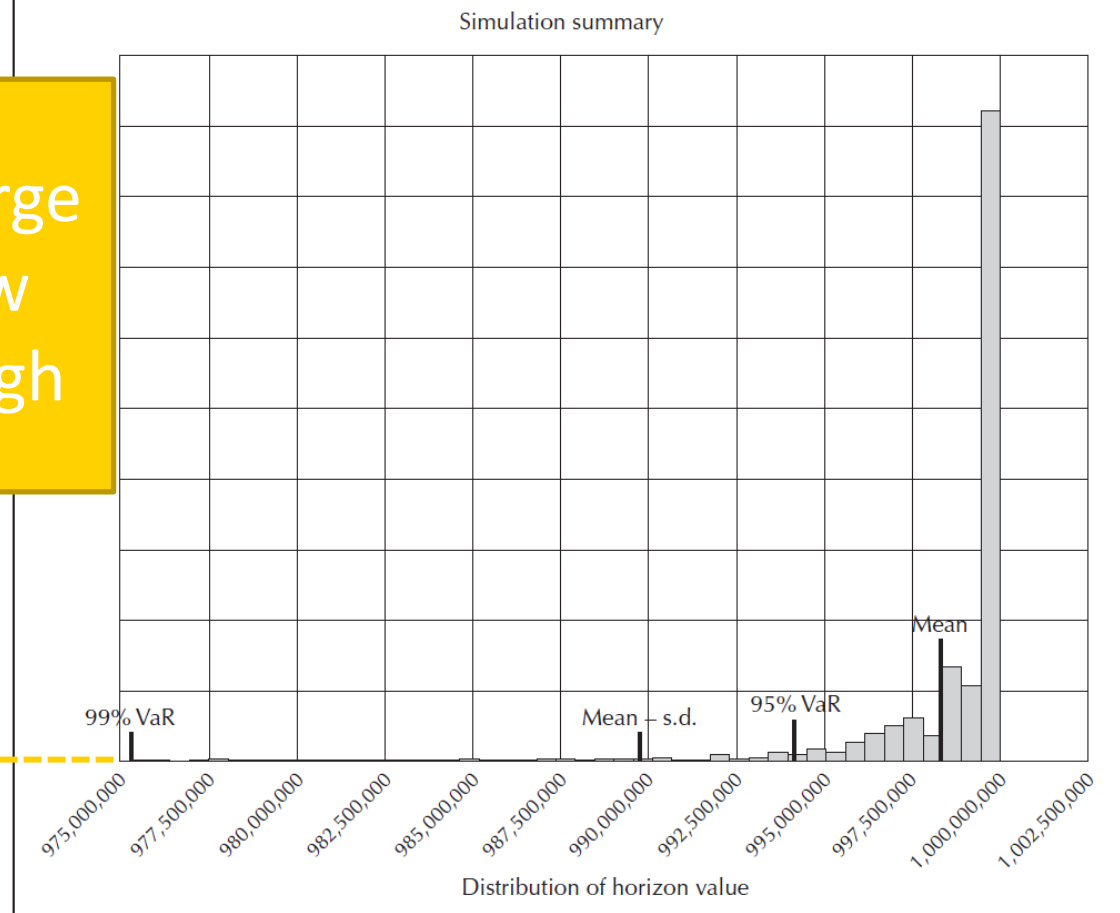


Managing Systemic Exposure

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Luxembourg, May 8, 2014

Systemic exposure: definition

Figure 9.3 Horizon value distribution

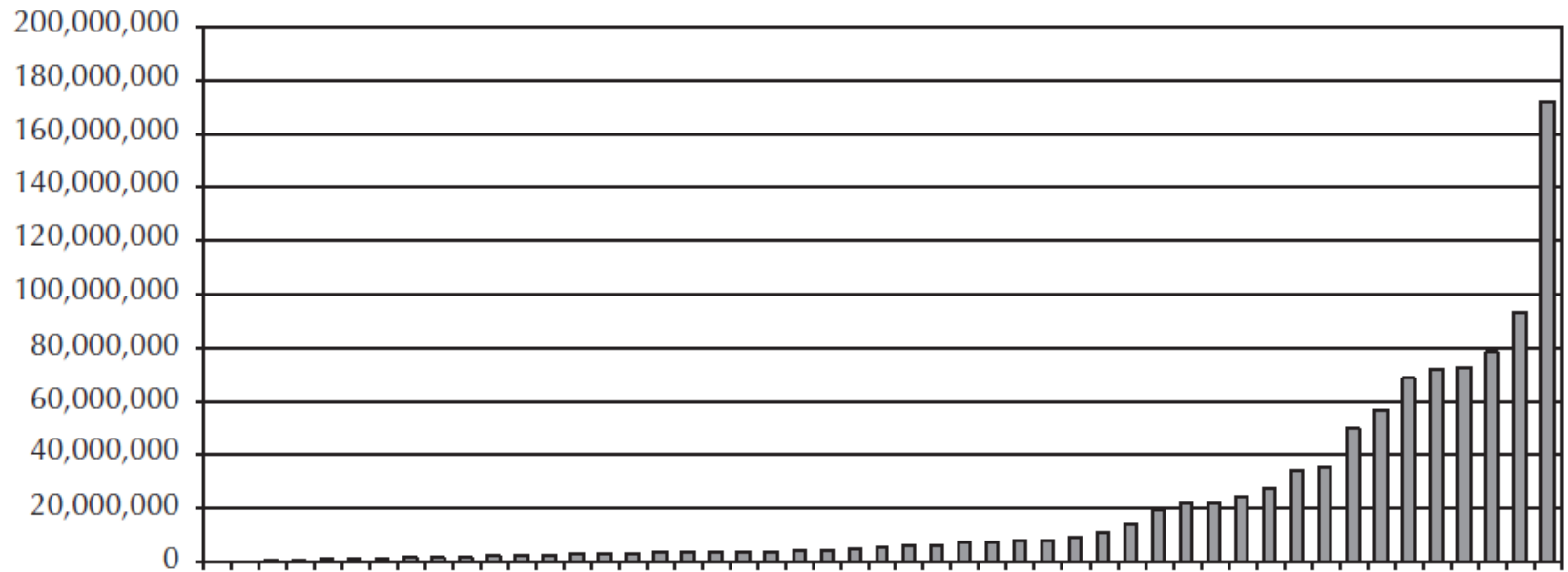


Size of exposure: Large
Prob. of Default: Low
Confidence level: High

Large Exposure

EUROSTOXX companies - debt distribution ten years ago

Figure 9.1 Nominal composition of the portfolio by size of exposure




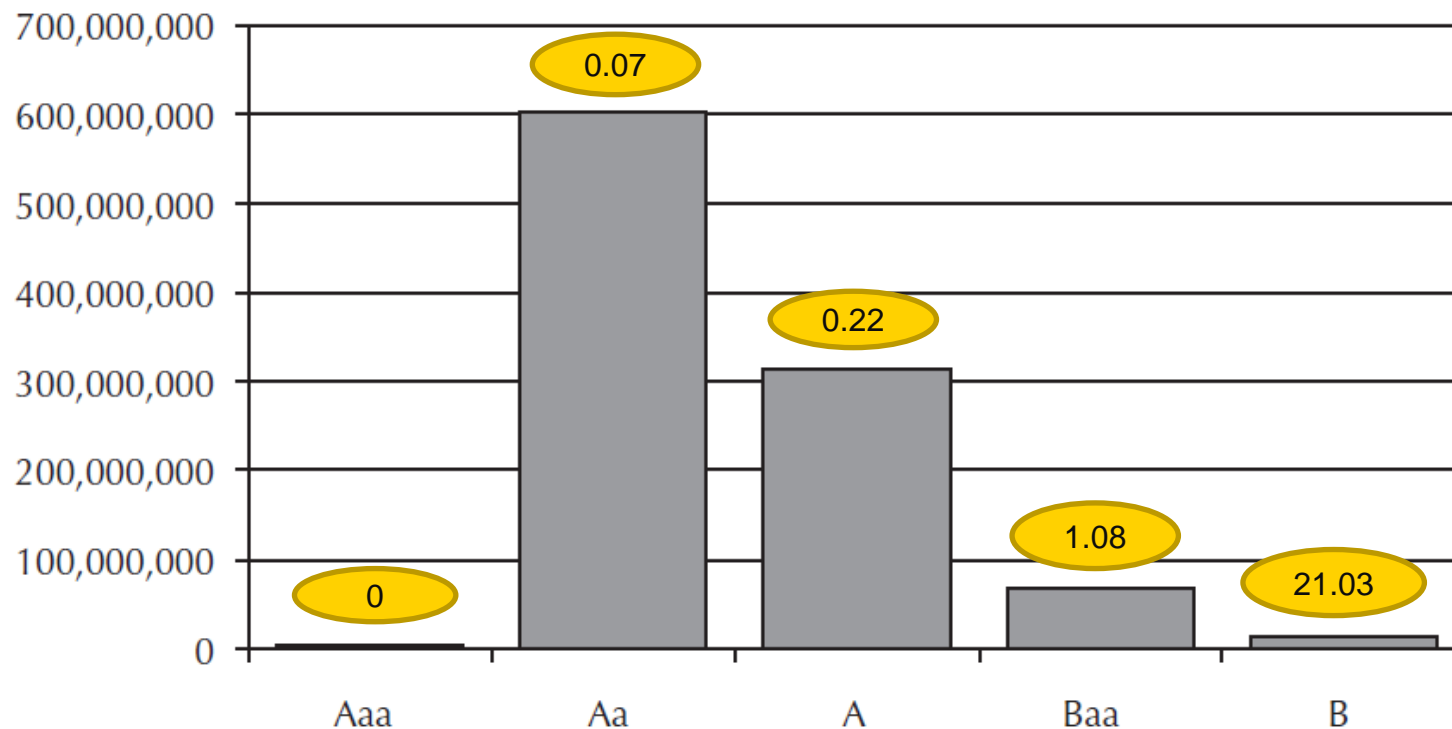
Note: Total debt of the sample was normalised to one billion euros overall

Low Probability of Default

EUROSTOXX companies - debt distribution ten years ago

Figure 9.2 Nominal composition of the portfolio by rating

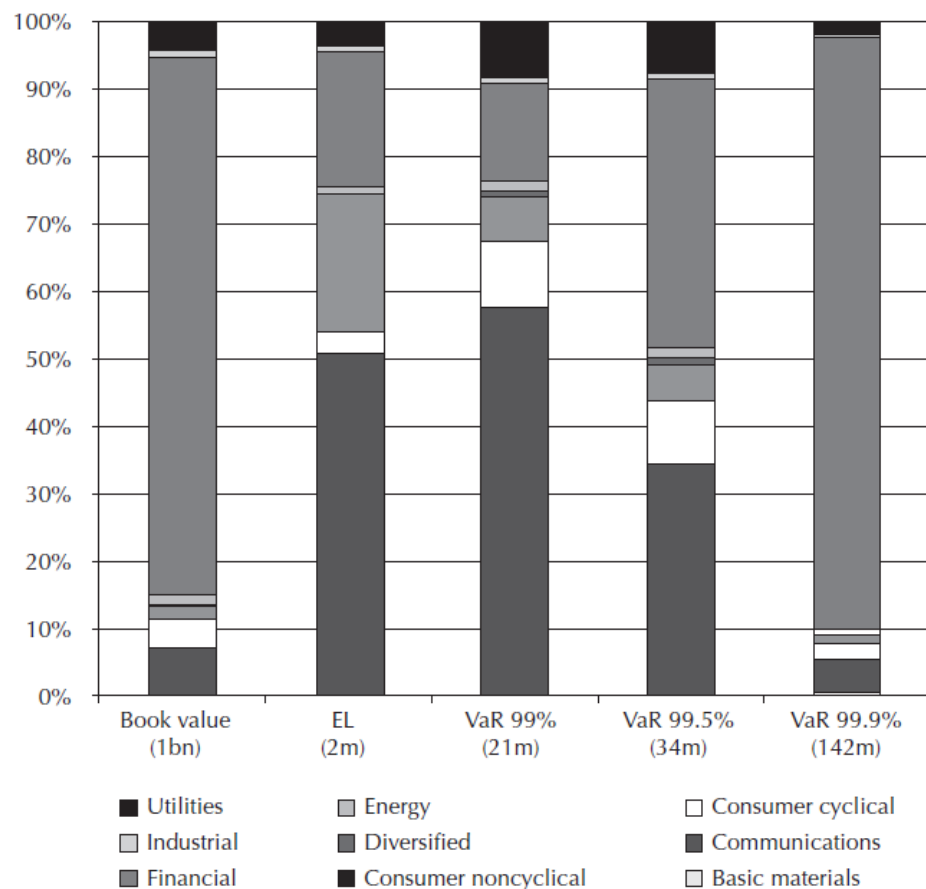
 - 3 year PD



Note: Total debt of the sample was normalised to one billion euros overall

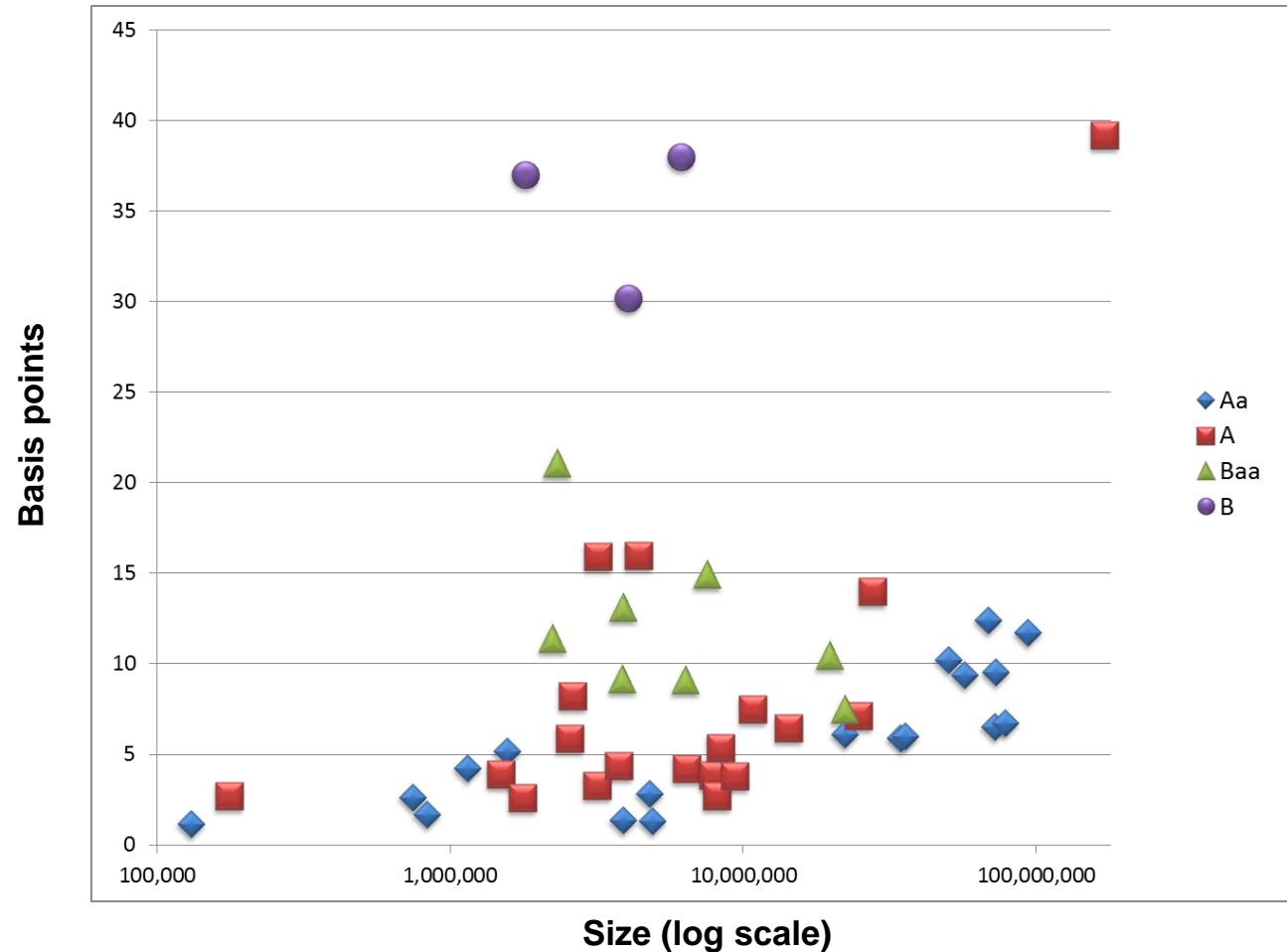
High confidence level

Figure 9.4 Exposure, EL and VaR contribution by sector

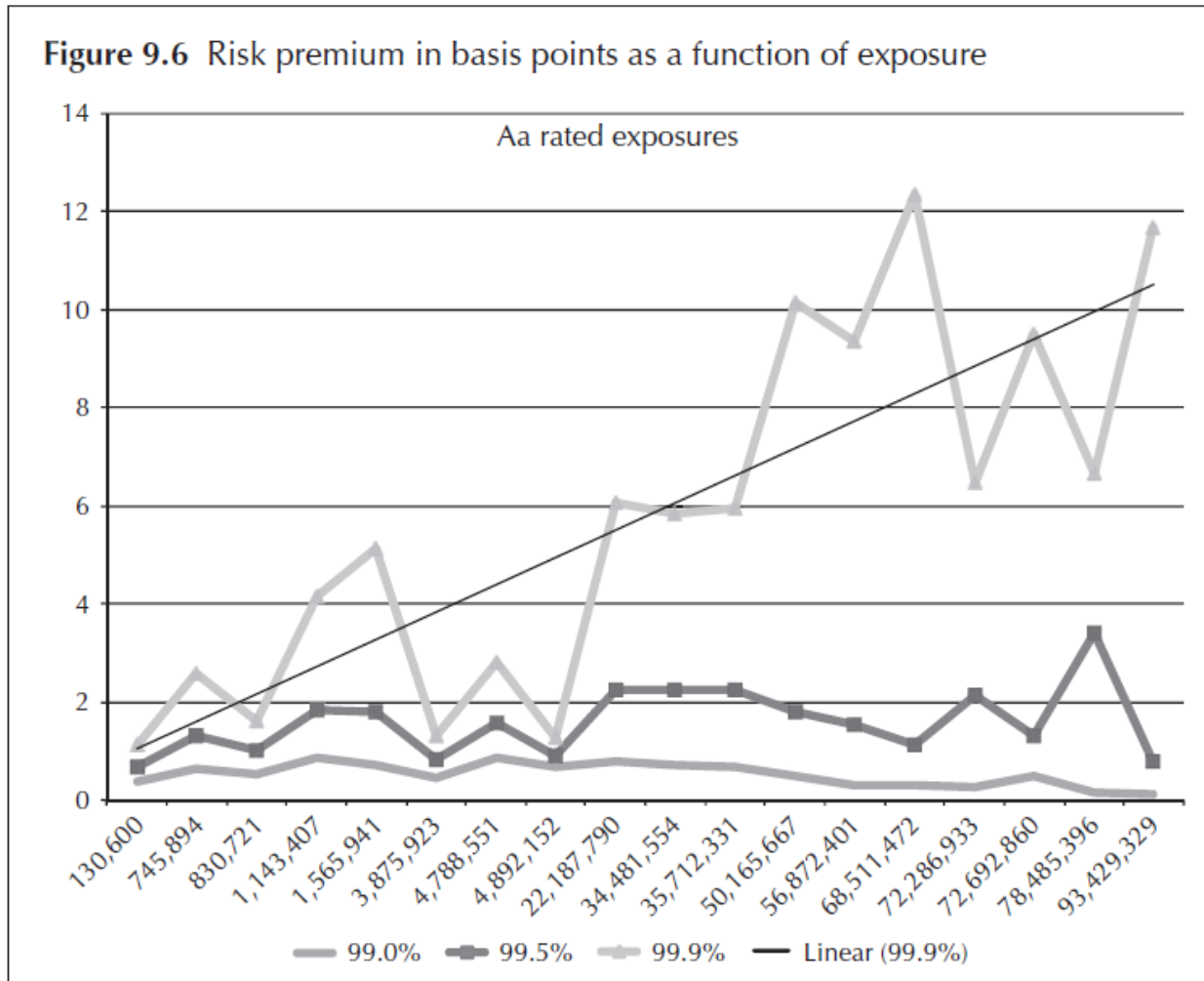


Large exposures are expensive ...

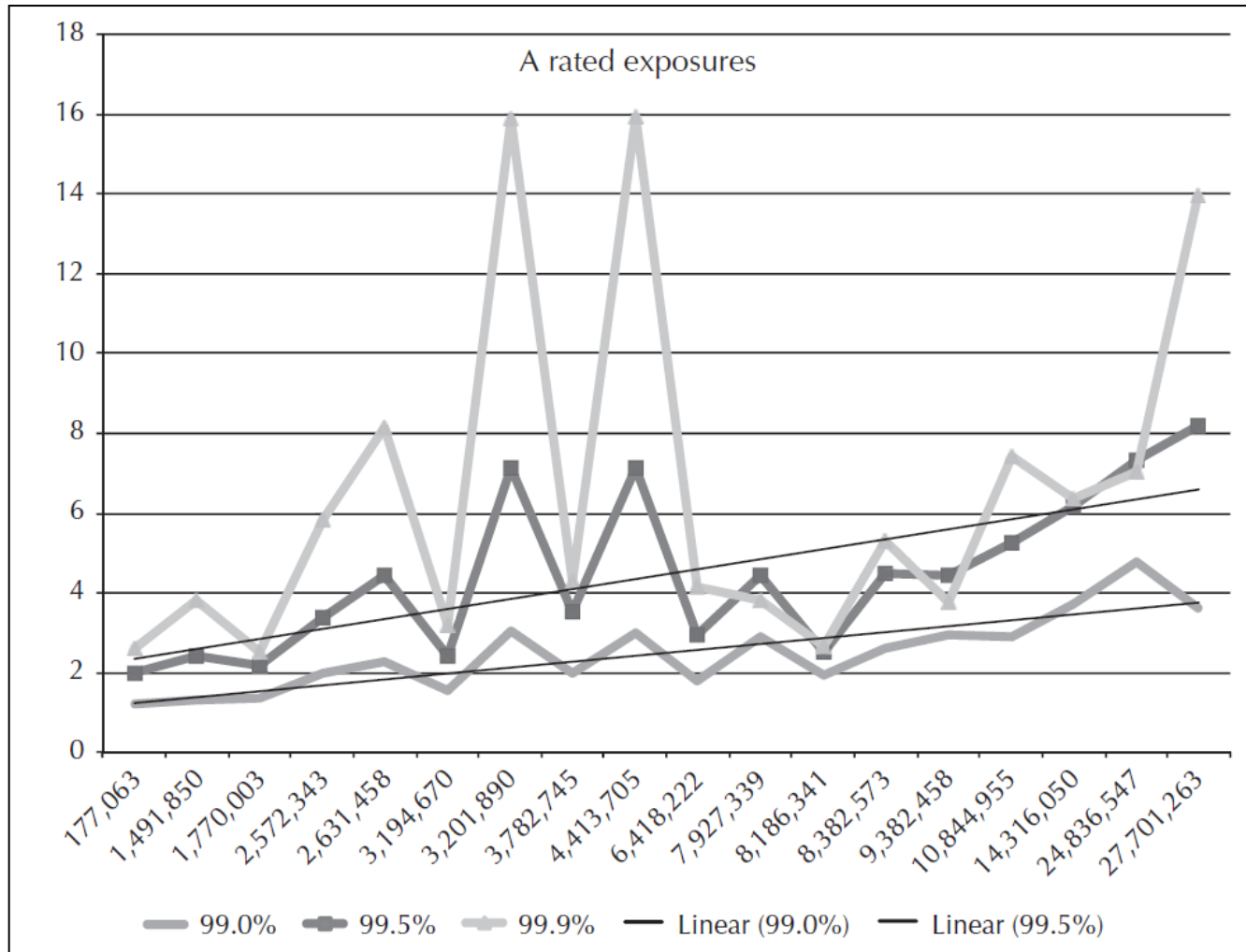
Economic capital by unit of exposure



... should be priced accordingly

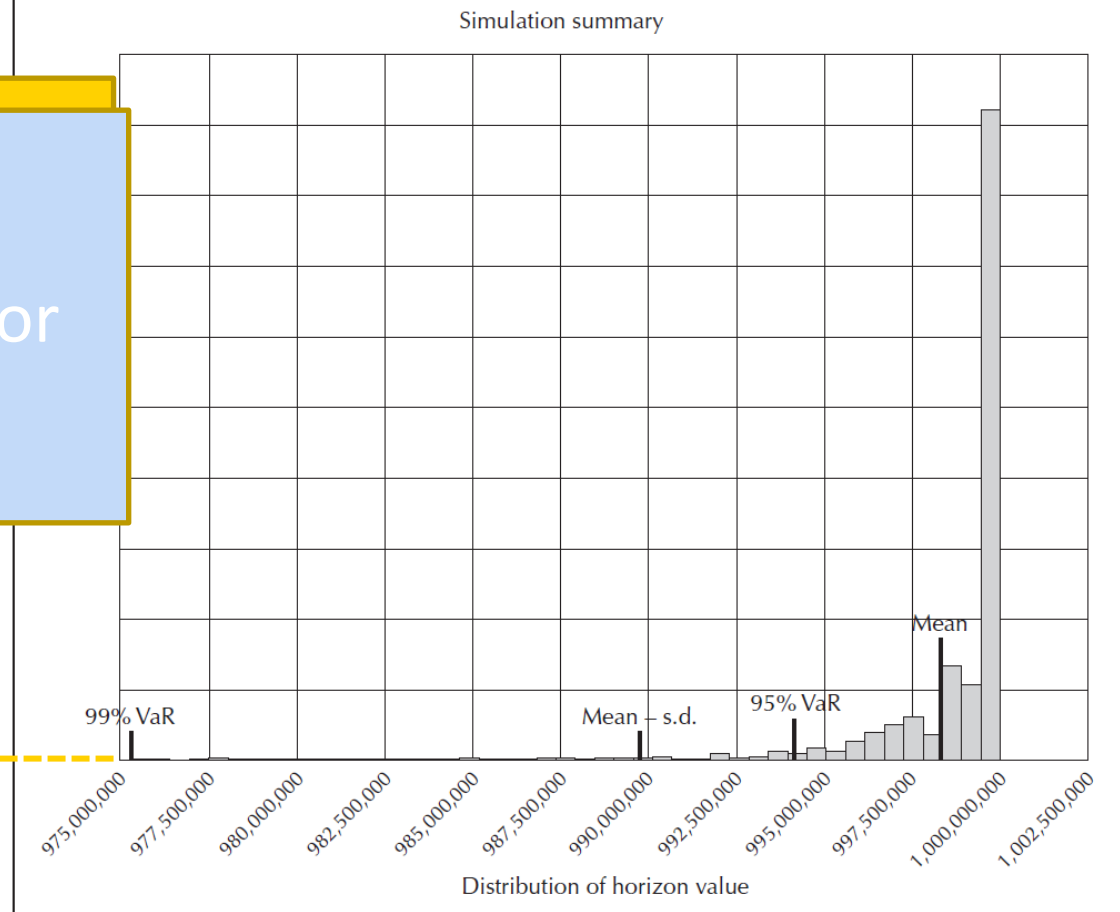


... less steeply for lower ratings



Systemic exposure: How to manage it?

Figure 9.3 Horizon value distribution



Introduce well
calibrated charges for
systemic exposures

Thank you



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