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# Credit risk on financial investments

Definition of the credit risk is the loss of value of the Group investments, failing to meet its obligations as derivative contract. Within the Group Risk Guidelines, investment in high credit quality securities (investment grade) is preferred and the Group uses a data warehouse to collect and consolidate the financial investments, which guarantees a high level of accuracy. For the internal rating assessment of an issue or issuer, rating of the main agency ratings are used. In the case of a downgrade, the manager of the central financial risk control department reports periodically to the Group Risk Committee of the Group. The portfolio of fixed income investments of the Group is prudently built. The distribution by rating class shows that the absolute majority of the fixed income investments is of high rating. In order to mitigate the counterparty risk, related to market risk hedging strategies, the following measures have been implemented. Note that the same considerations on market risk regard also the financial instruments backing life insurance policies. Amongst the financial assets not impaired, there are no significant positions of debt past due, whereas the main Group's exposures to investments in government bonds - detailed by country of risk and rating - are reported as follows:

## Breakdown of investments in government bonds by country of risk

Government bonds by country of risk

- France
- Germany
- Italy
- Spain
- United Kingdom
- United States
- Other countries
- Europe
- World

## Breakdown of investments in government bonds by rating

Government bonds by rating

- Investment grade
- Not rated

The government bonds portfolio amounted to € 138,760 million at the end of the period, with the 62% of the portfolio being investment grade. With reference to ratings, the AA class included the French debt instruments following their downgrade by both agencies. The Group's exposures to investments in corporate bonds - detailed by sector and rating - are reported as follows:

## Breakdown of direct investments in corporate bonds by sector

Corporate bonds by sector

- Banking
- Insurance
- Industrial
- Communication services

## Breakdown of direct investments in corporate bonds by rating

Corporate bonds by rating

- Investment grade
- Not rated

The investments in corporate bonds totalled € 110,108 million at the end of the period. The portfolio was composed of:

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