The traffic light system of the Danish Financial Supervisory Authority: Red-light exposures

The red-light exposure is calculated as the loss of ATP's bonus potential under a red-light scenario developed by the Danish Financial Supervisory Authority (FSA) for a simultaneous negative change in market prices.

Equity exposure

Equity price fall of 12 per cent.

Interest rate exposure

Short-term interest rate change of 1.0 percentage point, medium-term interest rate change of 0.85 percentage point and long-term interest rate change of 0.7 percentage point. The effect of an interest rate increase and an interest rate fall is calculated, and the most adverse of the two is used as the exposure. The push is not limited by the interest rate being negative after the push. The long-term interest rate is not pushed from 40 years and beyond due to the structure of ATP's discount rate curve.

Credit and counterparty exposures

Eight per cent of the risk-weighted value. The risk-weighted value depends on the degree of security. Contracts with a relatively high credit risk have a high weighting. Corporate bonds, for example, have a weighting of 1. Conversely, contracts with a relatively low credit risk have a low weighting. Government bonds, for example, have a weighting of 0, and mortgage bonds with a term to maturity of more than two years have a weighting of 0.1.

Real estate exposure

Real estate price fall of 8 per cent.

Currency exposure

The loss of value in the 99 per cent quantile in a value-at-risk model defined by the Danish Financial Supervisory Authority. A scenario-based alternative is used in the daily red-light risk calculation.

Commodity exposure

Commodity price fall of 18 per cent.