

Abstract

We analyze systemic risk of banks in countries of the so-called Visegrad Group (V4). Particularly, we focus on the relationship between a foreign mother and its local subsidiary which we compare to the relationship between subsidiaries in a given V4 country. We find that the systemic risk between two subsidiaries is higher than that between a mother and the respective subsidiary. In our analysis, we employ a technique stemming from a nonparametric multivariate Extreme Value Theory which is distribution free. Thus, our results are robust to heavy tails.

Keywords Extreme value theory, systemic risk, financial stability, Visegrad Group, mother-subsidary relationship

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