Credit risk measurement

Lucia Michalkova ^{a *},

Katarina Frajtova Michalikova ^b

Suggested Citation:

Humanities and Social Sciences.

New Trends and Issues Proceedings on

Abstract

*

Lucia, Michalkova,

E-mail address

1. Introduction

-
-
-
-
-

2. Credit risk models

Table 1. Comparison of Selected credit risk models (Sivak, 2014)

CreditMetrics	CreditRisk+	KMV
---------------	-------------	-----

Figure 1 CreditMetrics framework

at risk due to Credit	Exposures, Correlations Value at Risk Due to Credit	Portfolio value
-----------------------	--	-----------------

- 1.
- 2.
- 3.
- 4.

Table 2. Transition Probabilities of Single A-bond Over Next Year, According to S & P's for Five Years Maturity

Year-end rating	Probability of state (%)
-----------------	--------------------------

Seniority class	Mean (%)	Standard deviation (%)
-----------------	----------	------------------------

	forward rates				Present value of bond at the end of year (\$)
Category	Year 1	Year 2	Year 3	Year 4	

$$\sigma = \sqrt{(96,84 - 2 * 26,86) - 187,07^2 * 0,00006} = 2,84$$

4. Conclusion

Acknowledgements

References

Social Sciences Research (SSR 2014): Proceedings of 2014 2nd international conference: December 10-11, 2014, Hong Kong

Procedia

Economics and finance

Credit risk: Pricing, measurement, and management

Ekonomicko-manazerske

spectrum 4

2nd International Conference on Economics and Social Science (ICESS 2014): July 29-30, 2014, Shenzhen, China,

4th International

Conference on Applied Social Science: March 20-21, 2014, Singapore,

3rd International Conference on Economics and Social

Science,

Social Sciences Research (SSR 2014): Proceedings of 2014 2nd international conference: December 10-11, 2014, Hong Kong

10th International Scientific Conference Financial management of Firms and Financial Institutions

19th

International Conference on Transport Means, Transport Means - Proceedings of the International Conference

Credit risk measurement: New approaches to value at risk and other paradigms

Rizika a modely vo financiach a v bankovnictve