



# AI1141 Credit Risk Assessment

## 7.5 credits

### Kreditbedömning

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

### Establishment

Course syllabus for AI1141 valid from Spring 2011

### Grading scale

A, B, C, D, E, FX, F

### Education cycle

First cycle

### Main field of study

Technology

### Specific prerequisites

Financial Reporting and Analysis (AI1142) or similar course.

### Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

## Intended learning outcomes

Participating students should after the course be able to:

- Know what information is necessary in order to make a credit risk assessment.
- Describe why and how an active credit culture influences credit risk assessments.
- Have themselves conducted credit risk assessments in comparison with professional experts.
- Describe the importance of quantitative modelling in generating credit risk assessments and also describe the precautions needed when conducting quantitative credit risk assessments.
- Synthesize the development of financing over time and how the financial market currently operates, in reflection of the increased usage of financial derivatives.
- Describe and synthesize about the differences between assessing consumers, small businesses and large corporations.
- Describe the differences between assessments conducted by banks, investment companies and venture capita/business angels.
- Have a basic knowledge regarding the impact of the psychology of credit risk assessment on credit risk management processes.

## Course contents

The objectives of the course is to provide the student with knowledge regarding how to conduct accurate credit risk assessments. The knowledge is important for operations all over the financial industry and for understanding credit risk management. Credit risk assessment concerns how financial corporations analyze risk and thereby customers. The course both analyzes qualitative and quantitative ingredients in the credit risk assessment process. The course also analyzes the differences between different business actors in appreciating risks, such as banks and venture capitalists/business angels. The psychology of credit risk assessments is also a part in the course.

## Course literature

Caouette, J.B., Altman E.I., Narayanan P. och Nimmo R.W.J., 2008, Managing Credit Risk, Wiley: New York.

Finansanalytikernas rekommendationer, Sveriges Finansanalytikers Förening, senaste upplagan.

Landström, H. (red.), 2003, Småföretaget och kapitalet, SNS Förlag: Stockholm

Articles

## Examination

- INL1 - Assignment, 3.0 credits, grading scale: P, F
- TEN1 - Examination, 4.5 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

## **Ethical approach**

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.