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 2018

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:

- Describe and analyze what different sources of information that is necessary in order to make a credit risk assessment.
- Describe how an active credit culture can influence the credit risk assessments made within an organization.
- Conduct different types of credit risk assessments using relevant key ratios.
- Explain and construct quantitative models and use these to make 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 analyze the differences between assessing consumers, small businesses and large corporations.
- Describe why there are differences between assessments made by banks, funds, investment companies and venture capital/business angels.
- Explain how the psychology of credit risk assessment affects the credit risk management processes.
- Describe how financial institutions can bring environmental aspects into the development of financial services and products.

Course contents

The objective 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

To be announced

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.

INL1 (Assignment) 3 credits, A-F

TEN1 (Written exam) 4,5 credits, A-F

Other requirements for final grade

Course grades A-F

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.