M.Sc. Economics

Economics and Politics
Finance
Information Systems and Network Economics

Course title	Credit Risk		
Instructor	Prof. Dr. Lütkebohmert-Holtz	Semester	Second year
ECTS (credit points)	6	Contact hours (SWS)	2+2 (lecture/tutorial)
Prerequisites	Principles of Finance Futures and Options		
Learning target/ qualification	Introduction to single name and portfolio credit risk models and pricing of credit derivatives		
Content	Credit risk represents by far the biggest risk in the activities of a traditional bank. In particular, during recession periods financial institutions loose enormous amounts of money as a consequence of bad loans and default events. In the last two decades, a multitude of credit-linked derivatives has been developed to manage and transfer credit risks in an efficient and standardized way. These allow banks to shape their risk profile according to regulatory standards. In this lecture, we introduce some of the most popular single name- and portfolio credit models and show how these are used to quantify credit risk and to price credit derivatives like credit default swaps (CDS), basket default swaps and collateralized debt obligations (CDO).		
Exam type	120 min. written examination at the end of the semester		
Literature	Bielecki, T.R., Rutkowski, M.: *Credit Risk: Modeling, Valuation, and Hedging.* Springer, 2002 Bluhm, C., Overbeck, L.: *Structured credit portfolio analysis, baskets & CDOs.* Chapman & Hall/CRC Press, 2006 Duffie, D., Singleton, K.F.: *Credit Risk: Pricing, Measurement, and Management.* Princeton University Press, 2003 Lando, D.: *Credit Risk Modeling: Theory and Applications.* Princeton University Press, 2004 Lütkebohmert, E.: *Concentration Risk in Credit Portfolios.* Springer, 2009 Schönbucher, P.J.: *Credit Derivatives Pricing Models.* Wiley, 2003		
Additional Information & Links	http://www.finance.uni-freiburg.de/studium-und-lehre/ws-2015-16/credit-risk		