

FRIC Practitioner Seminar, April 2, 2013, 15.30 at D4.20

Peter Zangenberg Hyllested, Group Risk Management, Nykredit

PD modeling, model risk and stress testing – from a practitioner’s point of view

Abstract

The probability of default (PD) is a key input when determining the capital requirements in an IRB setting and when performing stress tests. The seminar’s focus is on challenges and choices when modeling PD for corporate and retail customers as well as on determining an appropriate level of estimation conservatism. More over the seminar addresses the role of stress testing in an IRB bank and how PDs are stressed in Nykredit’s stress testing framework.