Assignment\_ alternative\_1

1. Build a probability of default model for a portfolio containing a large and diversified pool of customers. The portfolio is given to you (see excel Asg1\_BuildModel).

Note: INTODEFAULT\_flag\_on12monthsperformancewindow is the dependent variable of the model.

1. Test whether the model estimates are well calibrated and robust.
2. Write an essay of max 4 pages describing the approaches used for building and testing.
3. Send us the obtained results, your essay and all papers you referred to.

Results together with the underlying script can be sent in excel, sas, r or matlab. The essay and all the reference papers can be sent in word or in pdf format.

Assignment\_alternative\_2

1. Verify the calibration of the PD model provided in the excel: A2\_csv.
2. Test the discriminatory power of the model ratings and the calibration accuracy.
3. Write an essay of max 4 pages describing the approaches used for building and testing.
4. Send us the obtained results, your essay and all papers you referred to.

Results together with the underlying script can be sent in excel, sas, r or matlab. The essay and all the reference papers can be sent in word or in pdf format.