

ABSTRACT

Master's dissertation: 105 p., 24 tables, 20 illustrations, 1 appendix, 63 references.

Topic: A model of the impact of macroeconomic factors on the fair value of a financial instrument that is measured with considering the collateral value.

The paper analyzes the impact of macroeconomic factors on the expected credit losses of a financial instrument related to changes in the value of collateral.

The purpose of the study – to develop recommendations to improve the process of credit risk assessment, taking into account collateral, in particular their revaluation to estimate cash flows for expected credit losses calculation.

The object of the study is the theoretical, methodological and practical aspects of estimating the value of collateral. The subject of the study is the economic relations that arise in the process of determining the value of collateral.

The scientific novelty – more efficient credit risk evaluation from the point of view of banking institutions has been identified and substantiated. In particular, the author has developed a method of calculating the impact of macroeconomic factors on the basis of econometric models, as well as modelled its impact on expected credit losses and reserves regarding a particular financial instrument. It has been shown that the application of the methodology of adjusting collateral value to represent macroeconomic impact can lead to a reduction of the reserve amount required by the regulator, i.e. from the financial institution's point of view it is possible to release part of the funds.

LGD, COLLATERAL VALUE, OLS, CREDIT RISK, VALUATION, GLM, BAYES LINEAR REGRESSION, REGRESSION MODEL, CREDIT RISK MODELLING, COLLATERAL REVALUATION.