2013

Valuation methods of a company and credit default model applying in Laiki bank

Aristovoulou, Eleni

Banking, Investment and Finance Program, School of Economics Sciences and Business, Neapolis University Paphos

VALUATION METHODS OF A COMPANY AND CREDIT DEFAULT MODEL APPLYING IN LAIKI BANK

By

ARISTOVOULOU ELENI

Bachelor of Science in BANKING, INVESTMENT AND FINANCE

Neapolis University Pafos

Pafos, Cyprus

2013

Submitted to the Faculty of Neapolis University Pafos

in partial fulfillment of

the requirements for

the Degree of

MASTER OF SCIENCE

VALUATION METHODS OF A COMPANY AND CREDIT DEFAULT MODEL APPLYING IN LAIKI BANK

Dissertation

Advisor

Professor Giannopoulos Kostas

Dean/Program Director

Neapolis University of Pafos

MSc in Banking, Investment and Finance

Abstract

This project analyse the main three approaches of valuation, Discounted Cash Flow (DCF) valuation, Relative valuation and the Contingent Claim valuation. It has been discussed in practical part the Merton Model, Structural models, and estimating the Probability of Default of Laiki Bank of Cyprus. Using Merton model and estimating Probability of Default the paper assesses the reliability of the estimates by examining their success in predicting the failure or survival of failed company and survivor. Then the Probability of Default will be compare with the price of the Index of Laiki's Bank.