ABSTRACT

Credit risk is one of the risks that must be managed by Bank. Credit risk related to the potential that a debtor fail to meet its obligations in accordance with agreed terms to the bank. Macroeconomic conditions as an indicator of the potential credit risks arising from external factors banking. Terms of Basel II allows financial institutions to calculate credit risk using the Internal Ratings. This research is made to analyze the credit quality of the credit for industry and trade in Bank Y uses Rating Transition Stochastic Matrix due to macroeconomic changing. Calculating of credit risk that occurs using the Value at Risk. The analysis results of rating migration in the credit for industry and trade in Bank Y shows the increase in creditworthiness for the long term, although there are debtors who reduce the credit quality. Based on the historical rating migration, for migration to high quality debtors has a high chance and for migration to low quality debtors has a few chance. The biggest loss possibility of Bank Y for industrial and trading loans are known by using VaR 95%. The risk quantification result decide the maximum reserves to cover the expected loss of credit.

Keywords: Credit Risk, Rating Transition Stochastic Matrix, Value at Risk, Macroeconomic