





AgEcon SEARCH (/?)
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

ln=en)

Market Valuation and Risk Assessment of Canadian Banks

 Liu, Ying (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Liu%2C%20Ying&ln=en); Papakirykos, Eli (/search?f1=author&as=1&s...
 2006



Download

(<https://ageconsearch.umn.edu/record/50281/files/4-Ying%20Liu.pdf>)



Formats



Add to Basket (/yourbaskets/add?recid=50281)

Files



Abstract



This paper applies the asset valuation model developed by Rabinovitch (1989) to the six largest Canadian banks. The model is an extension of the Merton (1977a) option-pricing model with the incorporation of stochastic interest rates. We then introduce a measure of distance-to default, Z-score. Our results indicate that the market value of bank assets is almost always below its book value and that Canadian banks have a very low insolvency risk over time, except for 1982 and 1983. We also find that both the market valuation of the bank assets and the z-score of these Canadian banks demonstrate similar regime switches in the late 1990s, which may be related to regulatory changes during the 1990s.

Details



Title	Market Valuation and Risk Assessment of Canadian Banks
Keywords	asset pricing (https://ageconsearch.umn.edu/search?f1=keyword&as=1&sf=title&so=a&rm=&m1=p&p1=asset%20pricing&ln=en); financial institution (https://ageconsearch.umn.edu/search?f1=keyword&as=1&sf=title&so=a&rm=&m1=p&p1=financial%20institution&ln=en)
Author(s)	Liu, Ying (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Liu%2C%20Ying&ln=en) Papakirykos, Eli (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Papakirykos%2C%20Eli&ln=en) Yuan, Mingwei (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Yuan%2C%20Mingwei&ln=en)
Subject(s)	Financial Economics (https://ageconsearch.umn.edu/search?f1=subject&as=1&sf=title&so=a&rm=&m1=p&p1=Financial%20Economics&ln=en) Risk and Uncertainty (https://ageconsearch.umn.edu/search?f1=subject&as=1&sf=title&so=a&rm=&m1=p&p1=Risk%20and%20Uncertainty&ln=en)
Issue Date	2006
Publication Type	Journal Article
DOI and Other Identifiers	10.22004/ag.econ.50281 (http://dx.doi.org/10.22004/ag.econ.50281)
Record Identifier	https://ageconsearch.umn.edu/record/50281
PURL Identifier	http://purl.umn.edu/50281
Published in	Review of Applied Economics

Volume	02
Issue	01
Page Range	63 - 80
Total Pages	18
JEL Codes	G12 G21
Record Appears in	Lincoln University (/collection/130?ln=en) > Review of Applied Economics (/collection/1076?ln=en)

PDF

^

Statistics

^

Downloads ▾

from

2024-04-21

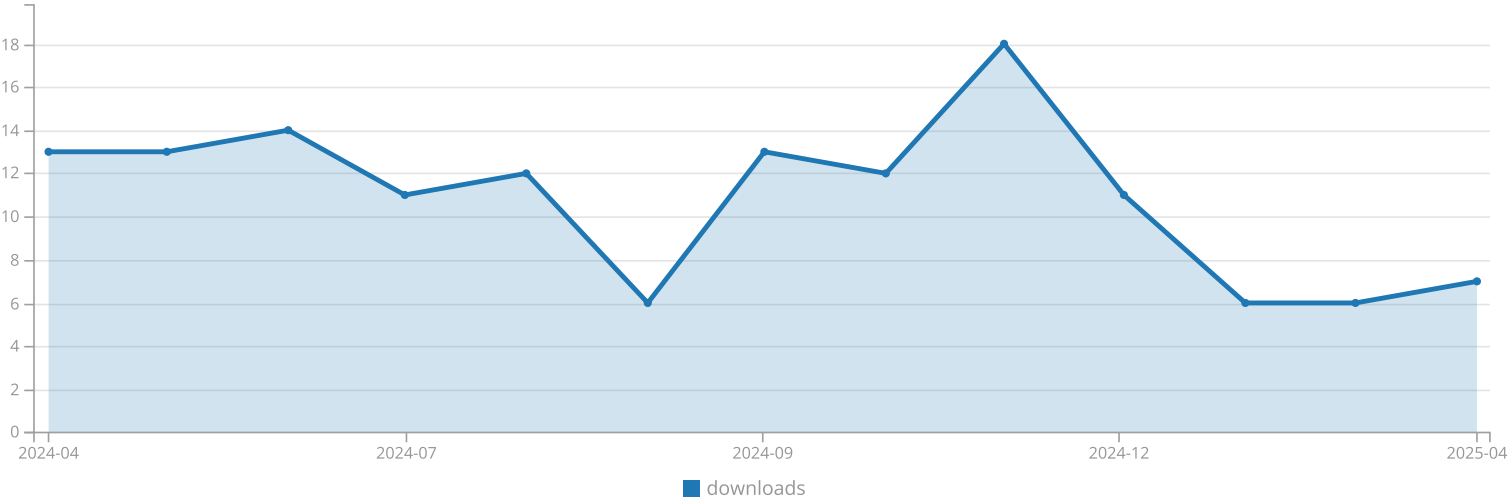
to

2025-04-21

By Months ▾

Update

Export



Download Full History (/tindstats/bibdoc_downloads_dl?recid=50281&download=csv)