

## **Abstract**

This Bachelor thesis is focused on accounting-based credit scoring models, predominantly on Altman (1968) Z-score. We examine the relevance of the Z-score model on European publicly traded companies over the period 2012 - 2017. Moreover, we analyze whether it is important to calibrate original models as well as we test the performance of models given different misclassification costs. Our results suggest that Altman original Z-score model is still, after 50 years of existence, relevant in the European after-crisis environment. Further, we found evidence that re-estimation of the model is unnecessary and could even cause harm to model performance. Finally, the performance of models seems to be stable given not equal misclassification costs, as the more accurate models from ROC analysis reported better results in an economic test.

## **Keywords**

Z-score, accounting-based models, credit score, Altman, financial ratios, bankruptcy, ROC, Europe