## Credit Risk Modeling

# Credit Risk Modeling: Theory and Applications IS A PART OF THE PRINCETON SERIES IN FINANCE

#### SERIES EDITORS

Darrell Duffie Stephen Schaefer
Stanford University London Business School

Finance as a discipline has been growing rapidly. The numbers of researchers in academy and industry, of students, of methods and models have all proliferated in the past decade or so. This growth and diversity manifests itself in the emerging cross-disciplinary as well as cross-national mix of scholarship now driving the field of finance forward. The intellectual roots of modern finance, as well as the branches, will be represented in the Princeton Series in Finance.

Titles in this series will be scholarly and professional books, intended to be read by a mixed audience of economists, mathematicians, operations research scientists, financial engineers, and other investment professionals. The goal is to provide the finest cross-disciplinary work in all areas of finance by widely recognized researchers in the prime of their creative careers.

#### OTHER BOOKS IN THIS SERIES

Financial Econometrics: Problems, Models, and Methods by Christian Gourieroux and Joann Jasiak

Credit Risk: Pricing, Measurement, and Management by Darrell Duffie and Kenneth J. Singleton

Microfoundations of Financial Economics: An Introduction to General Equilibrium Asset Pricing by Yvan Lengwiler

### **Credit Risk Modeling**

Theory and Applications

**David Lando** 

Princeton University Press Princeton and Oxford Copyright © 2004 by Princeton University Press

Published by Princeton University Press,

41 William Street, Princeton, New Jersey 08540

In the United Kingdom: Princeton University Press,

3 Market Place, Woodstock, Oxfordshire OX20 1SY

All rights reserved

Library of Congress Cataloguing-in-Publication Data

Lando, David, 1964-

Credit risk modeling: theory and applications / David Lando.

p.cm.—(Princeton series in finance)

Includes bibliographical references and index.

ISBN 0-691-08929-9 (cl : alk. paper)

1. Credit—Management. 2. Risk management. 3. Financial management. I. Title. II. Series.

HG3751.L36 2004

332.7'01'1—dc22 2003068990

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

This book has been composed in Times and typeset by T&T Productions Ltd, London

Printed on acid-free paper ⊗

www.pup.princeton.edu

Printed in the United States of America

10987654321



