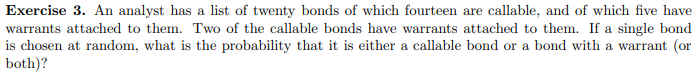
Tony Trotter

Text

Description automatically generated with medium confidence5/30/22

Text

Description automatically generated with medium confidence



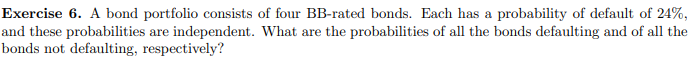
Diagram, schematic

Description automatically generated

Text

Description automatically generated with medium confidence





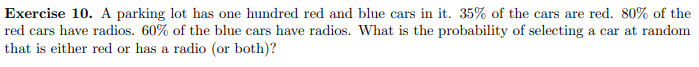
Probability of Default

Probability of Non-Default



Graphical user interface, text

Description automatically generated





is the set of all possible outcomes.

Diagram, schematic

Description automatically generatedIf , then shown below:

and

Then

= P(A) + P(B) – 2\*P( + P(

The reverse direction is similar