

Probability of failure (risk), f

f_p

f_w

$\frac{1}{2}$

δ_1

Interest factor, δ

BRF without equity, $k = 0$

$$f(\delta) = \frac{1}{2} + \frac{\delta}{2q}$$

BRF without equity, $k > 0$

$$f(\delta) = \frac{1}{2} + \frac{\delta(1-k)}{2q}$$

p

w

