

Probability of failure (risk),  $f$

$f_p$

$f_w$

$\frac{1}{2}$

0

$\delta_1$

Interest factor,  $\delta$

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

