

Contents

About the Author	vii
Preface	ix
Acknowledgements	xix
SECTION I: Facts, Tools, Theory	
Part I: Credit Risk - Facts and Basic Tools	
1 Credit Risk	1
2 Rating Agencies, Default Rates, and Loss Given Default	13
3 Bond Yields, Credit Spreads and their Relation to Default	33
Part II: Modelling Credit Risk	
4 Fundamental Analysis and Statistical Models	53
5 Statistical and Reduced-Form Credit Models	65
6 Structural and Hybrid Credit Models	79
7 Market-Implied Default Models	97
8 Models of Loss Given Default	123
9 Credit Momentum, Beta, and Relative Value	145
SECTION II: Applications and Advanced Topics	
Part I: Portfolio Optimisation and Credit Trading Strategies	
10 Estimating Losses on Credit Portfolios	177
11 Optimising Risk and Return in Credit Portfolios	203
12 Analysing Portfolio Risk and Relative Value	241
13 Structured Credit Products	273
Part II: Theoretical Issues and Miscellaneous Topics	
14 Default Contingent Cash Flows	319
15 Cash Flow Model for Credit Default Swaps	335

16 Pricing Corporate Loans	361
17 Hedging Liquidity Risk with Tradable Assets	395
18 Cross-Sector Credit Analysis and Portfolio Optimisation	425
Bibliography	469
Index	493