Contents

Acknowledgments xi
About the Authors xiii

Chapter 1 Introduction to Credit Risk Analytics 1
Chapter 2 Introduction to SAS Software 17
Chapter 3 Exploratory Data Analysis 33
Chapter 4 Data Preprocessing for Credit Risk Modeling 57
Chapter 5 Credit Scoring 93
Chapter 6 Probabilities of Default (PD): Discrete-Time Hazard Models 137
Chapter 7 Probabilities of Default: Continuous-Time Hazard Models 179
Chapter 8 Low Default Portfolios 213
Chapter 9 Default Correlations and Credit Portfolio Risk 237
Chapter 10 Loss Given Default (LGD) and Recovery Rates 271
Chapter 11 Exposure at Default (EAD) and Adverse Selection 315
Chapter 12 Bayesian Methods for Credit Risk Modeling 351
Chapter 13 Model Validation 385
Chapter 14 Stress Testing 445
Chapter 15 Concluding Remarks 475

Index 481