LISBON SCHOOL OF ECONOMICS & MANAGEMENT
UNIVERSIDADE DE LISBOA

Interest Rate and Credit Risk Models

MASTER IN MATHEMATICAL FINANCE

2018/2019

Exercise 2

1. Please present estimates for the probability of default of 3 companies listed in the PSI-20 Index, since the beginning of 2015, by using the Merton Model, detailing the assumptions taken and discussing the results obtained.

2. Please describe how could you find alternative estimates for these probabilities of default.

Deadline: 31 Dec.2018