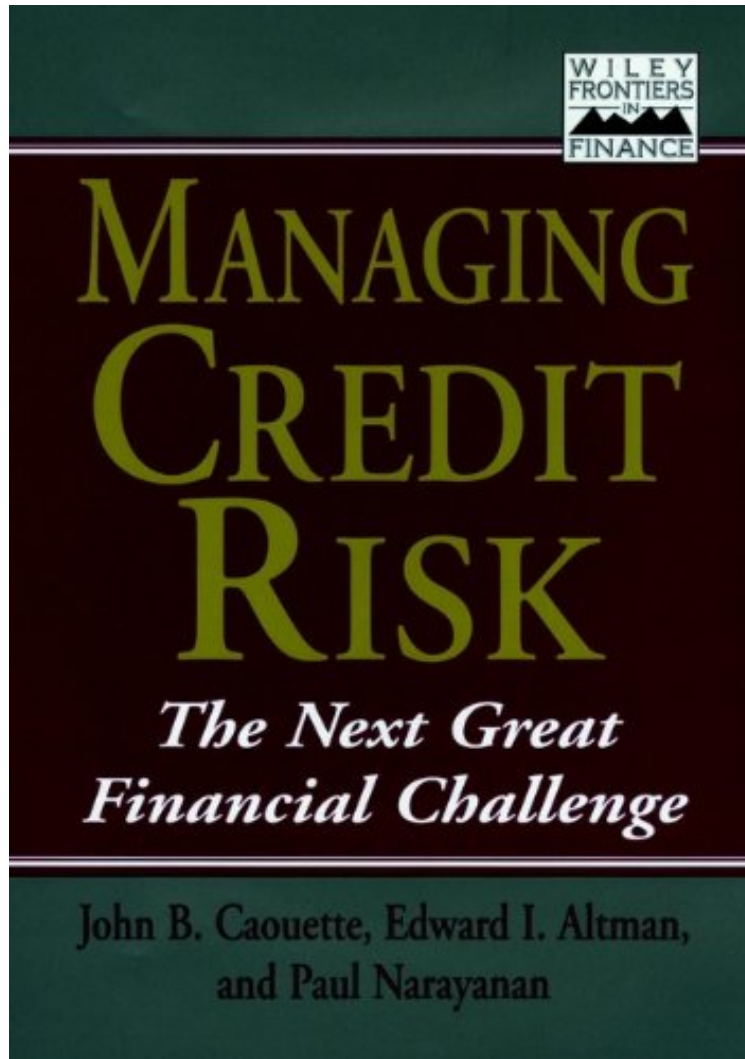


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Managing Credit Risk: The Next Great Financial Challenge (Frontiers in Finance Series)

John B. Caouette, Edward I. Altman, Paul Narayanan
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John B. Caouette, Edward I. Altman, Paul Narayanan : Managing Credit Risk: The Next Great Financial Challenge (Frontiers in Finance Series) before purchasing it in order to gauge whether or not it would be worth my time, and all praised *Managing Credit Risk: The Next Great Financial Challenge (Frontiers in Finance Series)*:

42 of 45 people found the following review helpful. *Managing Credit Risk* is a fabulous book. By Joe Morrison (morrison@ix.netcom.com) *Managing Credit Risk* is an outstanding work of scholarship and a truly fabulous book. As a working credit analyst in the field the authors characterize as "classic credit analysis," I felt the need to become conversant with the various quantitative approaches to managing credit risk, (especially since the ultimate goal of the quantitative modelers is to put me out of work). The book served my needs precisely, by introducing all of the relevant

models in a concise format with easy-to-understand commentary on the strengths and weaknesses of the models. The clear, qualitative, conceptual explanations are supported by quantitative examples sufficient to satisfy most numerically minded readers, but even those who shy away from numbers will find the quantitative examples easy to follow. The book has served me very well by enabling me to discuss the assessment and deployment of quantitative models on an even footing with professional risk managers and the rocket scientists who are engaged in developing these models. Although finance professionals obviously will find the book of great value, I also believe that readers who enjoyed Peter Bernstein's *Against the Gods* will find that *Managing Credit Risk* provides a concrete account of the current state of humanity's struggle to understand and control risk. 0 of 0 people found the following review helpful. Five Stars By Sabrina Concepcion Great!! 8 of 8 people found the following review helpful. A Foot in the Door By bibliomane01 The authors make for a particularly impressive team of credit risk experts and Professor Altman in particular is a global authority on the subject. The book does not disappoint, and provides a first-rate overview of the field as it is currently emerging. Of particular interest to this reviewer were the chapters on the new credit risk models such as CreditMetrics, KMV and their brethren. There are also some informative chapters on default and recovery analysis and credit migration. However, like so many financial books on the market these days, there is little guidance on the practical implementation of the various approaches described in the text. Overall, "Managing Credit Risk" is a very useful work but for this kind of money I would have expected more than just a foot in the door!

The first full analysis of the latest advances in managing credit risk. "Against a backdrop of radical industry evolution, the authors of *Managing Credit Risk: The Next Great Financial Challenge* provide a concise and practical overview of these dramatic market and technical developments in a book which is destined to become a standard reference in the field." -Thomas C. Wilson, Partner, McKinsey Company, Inc. "Managing Credit Risk is an outstanding intellectual achievement. The authors have provided investors a comprehensive view of the state of credit analysis at the end of the millennium." -Martin S. Fridson, *Financial Analysts Journal*. "This book provides a comprehensive review of credit risk management that should be compulsory reading for not only those who are responsible for such risk but also for financial analysts and investors. An important addition to a significant but neglected subject." -B.J. Ranson, Senior Vice-President, Portfolio Management, Bank of Montreal. The phenomenal growth of the credit markets has spawned a powerful array of new instruments for managing credit risk, but until now there has been no single source of information and commentary on them. In *Managing Credit Risk*, three highly regarded professionals in the field have-for the first time-gathered state-of-the-art information on the tools, techniques, and vehicles available today for managing credit risk. Throughout the book they emphasize the actual practice of managing credit risk, and draw on the experience of leading experts who have successfully implemented credit risk solutions. Starting with a lucid analysis of recent sweeping changes in the U.S. and global financial markets, this comprehensive resource documents the credit explosion and its remarkable opportunities-as well as its potentially devastating dangers. Analyzing the problems that have occurred during its growth period-SL failures, business failures, bond and loan defaults, derivatives debacles-and the solutions that have enabled the credit market to continue expanding, *Managing Credit Risk* examines the major players and institutional settings for credit risk, including banks, insurance companies, pension funds, exchanges, clearinghouses, and rating agencies. By carefully delineating the different perspectives of each of these groups with respect to credit risk, this unique resource offers a comprehensive guide to the rapidly changing marketplace for credit products. *Managing Credit Risk* describes all the major credit risk management tools with regard to their strengths and weaknesses, their fitness to specific financial situations, and their effectiveness. The instruments covered in each of these detailed sections include: credit risk models based on accounting data and market values; models based on stock price; consumer finance models; models for small business; models for real estate, emerging market corporations, and financial institutions; country risk models; and more. There is an important analysis of default results on corporate bonds and loans, and credit rating migration. In all cases, the authors emphasize that success will go to those firms that employ the right tools and create the right kind of risk culture within their organizations. A strong concluding chapter integrates emerging trends in the financial markets with the new methods in the context of the overall credit environment. Concise, authoritative, and lucidly written, *Managing Credit Risk* is essential reading for bankers, regulators, and financial market professionals who face the great new challenges-and promising rewards-of credit risk management.

ldquo;hellip;I recommend this book to anybody involved in the management of credithellip;a very worthwhile additionhellip;rdquo; (Credit Focus, August 2005) From the Publisher This essential resource draws upon financial insights derived from the SL crisis of the 80s, as well as newly emerging financial practices in today's derivatives markets, to illustrate today's most innovative and homogenized approaches to controlling credit risk. The author exhaustively reviews every important, emerging technique of credit risk management and evaluates its impact on today's global financial markets. From the Back Cover The first full analysis of the latest advances in managing credit risk. "Against a backdrop of radical industry evolution, the authors of *Managing Credit Risk: The Next Great Financial Challenge* provide a concise and practical overview of these dramatic market and technical developments in a book

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