

**Department of Banking and Financial Management  
University of Piraeus**



**Research Seminar Series**

**Thursday, November 13 2008**

**Time: 16:00 – 18:00, Room 013**

**Seminar Title**

**“Credit Risk Spreads in Local and Foreign Currencies”**

**Professor Zvi Wiener**

School of Business Administration,  
The Hebrew University of Jerusalem  
Israel

**Summary**

It is shown how, in a Merton-type model with bankruptcy, the currency composition of debt changes the risk profile of a company raising a given amount of financing, and thus affects the cost of debt. Foreign currency borrowing is cheaper when the exchange rate is positively correlated with the return on the company's assets, even if the company is not an exporter.

**Zvi Wiener** is the head of the Finance Department at the School of Business Administration of the Hebrew University of Jerusalem. His research interest lie in the area of financial modeling, including risk management, Value-at-Risk, financial engineering, modeling of contingent claims, etc. Zvi published extensively in leading financial journals (JF, RFS, etc.), taught and visited several Universities (Wharton, USC, Washington University in St. Louis). Zvi's private company Optimize Risk Management Ltd. provides consulting services to many leading financial companies and regulators in Israel and abroad.