

TD N=5

Problem 1 :

A bond has a face value of 1.000\$ and pays an annual coupon of 15% and will reach maturity in 5 years. The market rate of interest is 10%

Required :

- What is the issue price of this bond ?

Problem 2

A company issues a **10-year bond** with:

- ✓ **Face Value** = \$1,000
- ✓ **Annual Coupon Rate** = 6%
- ✓ **Market Interest Rate (YTM)** = 5%

Required :

- What is the value of this bond ?

Problem 3 :

A Bond has a face value of \$1,000 and pays an annual coupon of 15%.

The bond's market price is \$850 and will reach maturity in 7 years.

Required :

- Find the Yield to Maturity (YTM)

Problem 4 :

consider a callable bond that has a face value of \$1,000 and pays an annual coupon of 10%. The bond is currently priced at \$1,175 and has the option to be called at \$1,100 five years from now.

Required :

- Find the Yield to Call (YTC)