Bond Price Formula:

$$Bond\ Price = C \times \frac{1}{y} \times \left(1 - \frac{1}{(1+y)^n}\right) + \frac{F}{(1+y)^n}$$

Present Value of Coupons **Present** Value of face Value

Inputs:

- C = The coupon payment (C) is the fixed return that an investor earns periodically until the bond matures. It is equal to the product of the Annual Coupon Rate and the Face Value.
- y = The yield to maturity (y), which is the discount rate used in the formula. It is the rate of return that an investor will earn if they reinvest all the coupon payments from the bond at a fixed interest rate until the bond matures.
- n = The number of years (n) until the bond matures.
- F = The face value (F) of the bond, which the issuer repays in full to the investor upon maturity.