Module: Financial Mathematics

Lecturer: dr inż. Monika Maj

Semester: Winter/Summer

Hours: 15

Type: Classes

Credit: Paper

ECTS: 6

Interest rates. Simple interest rates. Present value of a single futurepayment. Discount factors.Effective and nominal interest rates. Real and money interest rates. Com-pound interest rates. Relation between the time periods for compoundinterest rates and the discount factor.Compound interest functions. Annuities and perpetuities.Loans.Introduction to fixed-income instruments. Generalized cashflow model.Net present value of a sequence of cashflows. Equation of value. Internalrate of return. Investment project appraisal.Examples of cashflow patterns and their present values.Elementary compound interest problems.