



Formulas Examples with Units

List of 14 Important Fixed Income Securities Formulas

1) Accrued Interest Formula ↻

Formula

$$AI = \frac{F \cdot C \cdot D}{M \cdot T}$$

Example

$$5.1099 = \frac{1500 \cdot 0.06 \cdot 31}{3 \cdot 182}$$

Evaluate Formula ↻

2) Callable Bond Price Formula ↻

Formula

$$CBP = NCBP - COP$$

Example

$$59 = 65 - 6$$

Evaluate Formula ↻

3) Clean Price Formula ↻

Formula

$$P_{\text{clean}} = P_{\text{dirty}} - AI$$

Example

$$57.5 = 63 - 5.5$$

Evaluate Formula ↻

4) Conversion Premium Formula ↻

Formula

$$CP = CV - MP_{CB}$$

Example

$$5 = 100 - 95$$

Evaluate Formula ↻

5) Conversion Ratio Formula ↻

Formula

$$CR = \frac{P_{vm}}{CP_{equity}}$$

Example

$$2 = \frac{1100}{550}$$

Evaluate Formula ↻

6) Conversion Value Formula ↻

Formula

$$CV = P \cdot CR$$

Example

$$100 = 50 \cdot 2$$

Evaluate Formula ↻

7) Convexity Adjustment Formula ↻

Formula

$$CA = BC \cdot (\Delta y)^2 \cdot 100$$

Example

$$0.28 = 7 \cdot (0.02)^2 \cdot 100$$

Evaluate Formula ↻



8) Dirty Price Formula

Formula

$$P_{\text{dirty}} = P_{\text{clean}} + AI$$

Example

$$63 = 57.5 + 5.5$$

Evaluate Formula 

9) Expected Loss Formula

Formula

$$EL = DP \cdot LSD$$

Example

$$0.04 = 0.05 \cdot 0.80$$

Evaluate Formula 

10) Floating Interest Rate Formula

Formula

$$FIR = R_{\text{ref}} + FS$$

Example

$$25 = 10 + 15$$

Evaluate Formula 

11) Loss Severity Formula

Formula

$$LS = 1 - RR$$

Example

$$0.12 = 1 - 0.88$$

Evaluate Formula 

12) Nominal Yield Formula

Formula

$$NY = \left(\frac{AIP}{F} \right) \cdot 100$$

Example

$$4 = \left(\frac{60}{1500} \right) \cdot 100$$

Evaluate Formula 

13) Putable Bond Price Formula

Formula

$$PBP = NPBP + POP$$

Example

$$90 = 85.5 + 4.5$$

Evaluate Formula 

14) Semi Annual Bond Equivalent Yield Formula

Formula

$$BEY_{\text{semi-annual}} = Y_{\text{semi-annual}} \cdot 2$$

Example

$$7000 = 3500 \cdot 2$$

Evaluate Formula 



Variables used in list of Fixed Income Securities Formulas above

- **AI** Accrued Interest
- **AIP** Total Annual Interest Payments
- **BC** Bond's Convexity
- **BEY_{semi-annual}** Semi Annual Bond Equivalent Yield
- **C** Total Annual Coupon Rate
- **CA** Convexity Adjustment
- **CBP** Callable Bond Price
- **COP** Call Option Price
- **CP** Conversion Premium
- **CP_{equity}** Conversion Price of Equity
- **CR** Conversion Ratio
- **CV** Conversion Value
- **D** Days since Last Payment Date
- **DP** Default Probability
- **EL** Expected Loss
- **F** Face Value
- **FIR** Floating Interest Rate
- **FS** Fixed Spread
- **LS** Loss severity
- **LSD** Loss Severity given Default
- **M** Number of Coupon Payments per Year
- **MP_{CB}** Market Price of Convertible Bond
- **NCBP** Non Callable Bond Price
- **NPBP** Non Puttable Bond Price
- **NY** Nominal Yield
- **P** Market Price per Share
- **P_{clean}** Clean Price
- **P_{dirty}** Dirty Price
- **P_{vm}** Par Value at Maturity
- **PBP** Puttable Bond Price
- **POP** Put Option Price
- **R_{ref}** Reference Rate
- **RR** Recovery Rate
- **T** Accrual Period
- **Y_{semi-annual}** Yield per Semi Annual Period



- Δy Change of Yield



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