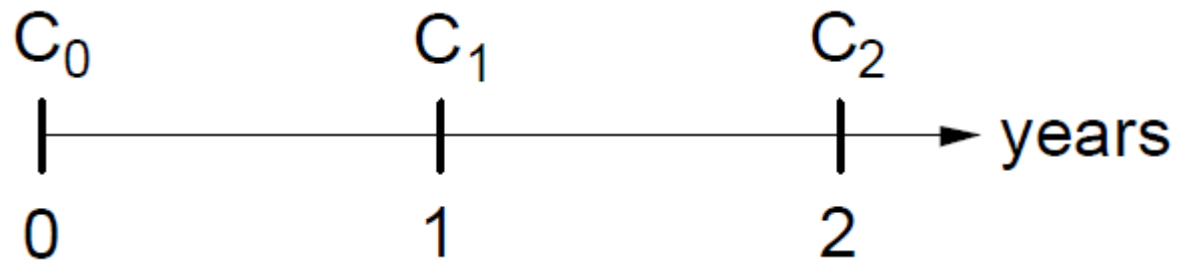


## Compound interest

- interest compounded **once** per year

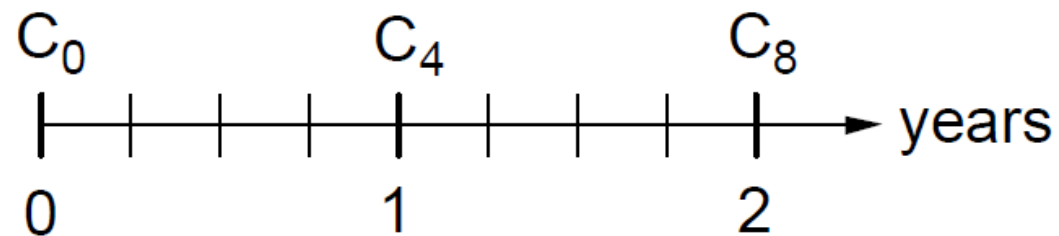


$$C_n = C_0 q^n = C_0 (1 + r_a)^n$$

## Compound interest during the year

- interest compounded **m times** per year ( $m > 1$ )

example:  $m = 4$  (interest compounded quarterly)



$$C_n = C_0 q^n = C_0 \left(1 + \frac{r_a}{4}\right)^n$$

generally:  $C_n = C_0 q^n = C_0 \left(1 + \frac{r_a}{m}\right)^n$