Exercise 1
A debt of 7,000 SR due in five years is to be repaid by a payment of 2,000 SR now, a second payment at the end of two years, a third payment of 1,000 SR at the end of four years. How much should the second payment be if the interest rate is 8% compounded quarterly?

Exercise 2
Find the present value of the following annuity: 1,000 SR paid at the beginning of each six-month period for seven years at the rate of 8% compounded semi-annually.