

## CFA® SAMPLE QUESTION - LEVEL I

### Corporate Finance

**Q:** A company has \$5 million in debt outstanding with a coupon rate of 12%. Currently the Yield to Maturity (YTM) on these bonds is 14%.

If the firm's tax rate is 40%. What is the company's after tax-cost of debt?

- (a) 5.6%
- (b) 7.2%
- (c) 8.4%



CFA Society Hong Kong  
Candidate Services

