

## INFORMATION BULLETIN

### State support account for servicing family capital

#### 1. General T&Cs of State support account for servicing family capital

- State Support Account for servicing the family capital / hereinafter Account / is a special account opened in the Bank in the name of the child / hereinafter Account Holder /. The disposal of funds on the Account is limited by the legislation of the Republic of Armenia.
- Annual interest payable by the Bank against the favorable balance of account - 0%.
- Currency of Account – Armenian dram /AMD/.
- Opening and maintenance of Account - 0 AMD.
- Transfers from the Account / intrabank, to other banks of RA / - 0 AMD.
- Maintaining and servicing of an Account which has been dormant for one year - 0 AMD.
- Closing of Account - 0 AMD.
- Provision of a statement of Account, other payment document after each transaction - 0 AMD.
- Provision of a monthly statement of Account - 0 AMD.
- Provision of a statement of Account in Armenian (VAT incl.) - 0 AMD.
- Provision of statements on loan commitments under the State Support Account and compliance with the general conditions of mortgage loans (VAT included) - 0 AMD.
- Calculation of interest - The Bank performs calculation of interests for the total sum of the deposit available on account on a daily basis for the whole period of the deposit agreement validity. In addition, the Bank calculates interest rate for each day of the year made up of 365 days.
- Frequency of interest payment – on a monthly basis /each month interest amounts shall be added on the amount of deposit/.
- The Account is opened based on the application of the Parent of the Account Holder - the person who has the right to dispose of the Family capital /hereinafter Customer/.

Person who has the right to dispose of the Family capital - Parent residing (registered) with the Account Holder in the Republic of Armenia at the same place of residence, who, has the right to dispose of the funds on the State Support Account pursuant to the legislation of the Republic of Armenia (the data of the person who has the right to dispose of the family capital are provided to the bank by the authorized body based on the application for the assignment of allowance to the Parent residing (registered) with the Account Holder at the same place of residence in the Republic of Armenia or for the disposal of family capital by the Parent residing (registered) with the Account Holder at the same place of residence in the Republic of Armenia.

Parent: The father or the mother of the Account holder whose origination from such parents is established pursuant to law; the custodian or adoptive parent of the Account holder.

#### 2. Other terms and restrictions

- No cash or non-cash credits can be made to the Account.
- The Account holder has the right to dispose of the family capital without any restrictions as soon as he/she becomes 18 years old.
- The person who has the right to dispose of the family capital (hereinafter the Customer) until the Account Holder reaches the age of 18, by making non-cash payments only for the following purposes:
  - 1) Payment of interests and repayment of the principal of mortgage loan provided for the purchase, construction of an apartment or a residential building in the Republic of Armenia, on account of debt, if the borrower is the Parent of the Account holder (except for the guardian),
  - 2) Payment of the tuition by the family member, Parent of the Account Holder (payment of a tuition in a preschool educational establishment) during the period of study in educational establishment specified by the Republic of Armenia Government decision N1691-N dated December 27, 2012;
  - 3) Payment of interest and repayment of the principal of a loan provided to the parent of the Account holder (except for the guardian), if the interest rate of loan is partially subsidized in accordance with the procedure approved by subparagraph 1 of para. 4 of the Republic of Armenia Government decision N 349-N dd 31.03.2011. and there is a conclusion of "The Economic Development of Rural Areas" PIU State Institution of the RA Government Office on the targeted use of the loan.
  - 4) For the acquisition of an apartment or a residential building or other real estate (hereinafter the Property) in remote, border, high-mountain, mountainous rural settlements with up to 1000 habitants, in Aygut /Gegharkunik/, Yeghegnut /Lori/, Tatev /Syunik/, Itsakar /Tavush/ stipulated under the Republic of Armenia Government decision N 1017-N dated July 14, 2005, if the buyer is the parent of the account holder, except for the guardian (by transferring the amount to the bank account of the seller of the property).
  - 5) from the month following the month the newborn reaches the age of one year, make regular or lump-sum payments by transferring to any bank account, but not more than AMD 25,000 per month (this subparagraph has been terminated from December 30, 2018).
- Amounts on the account are not subject to cash out, except for special cases stipulated by the Republic of Armenia Government decision No. 275-N dated March 6, 2014 "On the approval of the procedure for determining the size of a lump sum allowance for a child birth, appointment and payment of a lump sum for a child birth" and the basic (general) rules for opening a state support account for managing Family capital and servicing family capital (hereinafter – General rules) approved by the Executive Board of the Bank.
- To open an Account and manage funds on the Account, the Customer shall provide the Bank with the documents stipulated under the General Rules.
- At the request of the Authorized Body, the Bank may perform the following operations:
  - Close the State Support Account without the Customer's additional order no later than the third banking day following the day of submission of the relevant request, and transfer the funds available on it to another State Support Account or to the state budget of the Republic of Armenia;
  - Close the State Support Account at the request of the Authorized Body and pay the sums on State Support Account to the person specified

- in the request;
  - Based on the request of the Authorized Body terminate transactions on State Support Account (including in case of the death of account holder);
  - Close the State Support Account unilaterally and report the Authorized Body on it if the funds on the State Support Account are completely used up (set to zero)
  - Based on the request of the Authorized Body provide information on State Support Account (incl. copies of documents) to the Authorized Body;
  - At the request of the Authorized Body, transfer overpaid amounts of family capital from State Support Account to RA State Budget.
- Subject to para. 1 of Article 907 of the Civil Code of RA interests against a bank deposit are accrued from the date of credit of Deposit funds until the day preceding the return to the Depositor or the withdrawal thereof from Depositor's account on other grounds.
  - The Depositor must comply with the requirements of RA laws and banking rules established in compliance with such laws, as well as of existing Bank procedures for opening and servicing of bank account.
  - In stipulated cases, funds on the Account are refunded to the Depositor in the same currency in which they were invested.
  - In the event of loss of the Agreement for Account opening, change of address, loss or change of documents necessary to identify the Customer or Account Holder, the Customer shall be liable to report on such to the Bank within 10 (ten) banking days for the execution of the required formalities; in addition, the Customer shall be liable for the consequences of failure to inform about such amendments within the above specified period.
  - In case the date of the refund of sums on the Account / in cases stipulated under General rules/ falls on a non-business day, the refund shall be made on the first business day following non-business day by paying interests for non-business days.
  - The Bank may amend the rate of interest payable for funds on the Account unless otherwise prescribed by agreement.
  - In case of any changes made during the agreement validity (stipulation, amendment or termination of the terms and conditions of agreement, rights, obligations, responsibilities of the parties or amendment of internal regulations of the Bank, which anyhow affect the Agreement and lead to a change in the annual percentage yield), the Bank must give the Depositor at least 15 (fifteen) days prior written notice via mail service about new terms and conditions from the date of change of annual percentage yield.
  - According to para 2 of Article 6 of RA Law "On Currency Regulation and Currency Control", interest on financial transactions is payable in drams.
  - **Acting as a taxation agent for Depositor-natural person, the Bank shall make withholding (deduction) in accordance with tax legislation of RA and NKR. Income received from deposits is subject to taxation in Armenia at the rate of 10% (ten percent), and in NKR at the rate of 5% (five percent) of interests accrued on deposit amount, while in case of foreign citizens and stateless persons at the rate of 10% (ten percent).**

### 3. Protection of the Depositor's rights

- In case of any appeals or claims implying from Deposit agreement the Depositor may protect his/her infringed rights by applying to the Bank; where no agreement is forthcoming, apply to court or financial system mediator.
- The Bank must **review the Depositor's claim** provided that it was submitted within a year when the Depositor learnt or might have learnt about any violation of his/her rights.
- The Bank is obligated to give the Depositor a final answer within 10 (ten) working days. Should the answer appear to be unsatisfactory or inadequate for the Depositor, the latter may either apply within 6 months to the financial system mediator, in accordance with RA law on "The financial system mediator" or else apply to court of justice in the established order. The financial system mediator has the right to consider the claims made by customer against the organization, and which have reference to the services and facilities rendered by such and comprise claim of ownership for the amount not exceeding AMD 10 000 000 or the equivalent in foreign currency.

### 4. Amount of guaranteed deposits

Pursuant to RA law on "The guarantee of bank deposits of individuals (sole entrepreneurs including)", the refund of bank deposits attracted from natural persons is guaranteed at all banks of RA by Deposit Guarantee Fund'. Deposits are guaranteed irrespective of their currency - whether AMD or foreign exchange.

The following are the maximum guaranteed amounts of deposits:

- **where a depositor has only a dram denominated deposit in the insolvent bank, the amount of the guaranteed deposit is 16 (sixteen) mln Armenian drams;**
- **where a depositor has only a foreign currency denominated deposit in the insolvent bank, the amount of the guaranteed deposit is 7 (seven) mln Armenian drams;**
- **where a depositor has dram and foreign currency denominated deposits in the insolvent bank, and dram denominated deposit is over 7 (seven) mln Armenian drams, only up to 16 (sixteen) mln Armenian drams of dram denominated deposit are guaranteed;**
- **where a depositor has dram and foreign currency denominated deposits in the insolvent bank, and the amount of dram denominated deposit is less than 7 (seven) mln Armenian drams, dram denominated bank deposit is subject to guarantee in full, and foreign currency denominated bank deposit is subject to refund in the amount equal to difference between 7 (seven) mln Armenian drams and the reimbursed dram denominated bank deposit.**

All dram denominated deposits kept by a depositor in the same bank shall be deemed single deposit and all foreign currency denominated deposits kept by a depositor in the same bank shall be deemed single deposit.

### 5. Annual percentage yield

**ATTENTION: THE INTERESTS ON FUNDS ON YOUR ACCOUNT ARE CALCULATED BASED ON NOMINAL (SIMPLE) INTEREST RATE. THE ANNUAL PERCENTAGE YIELD SHOWS THE AMOUNT OF YOUR INCOME IN THE EVENT YOU REINVEST DEPOSIT INTERESTS AS A DEPOSIT.**

### 6. Information on interest rates

**Annual percentage yield of Account (APY) shows the annual yield on account after mandatory payments by customer and compounding /capitalization/ of earned interests on the principal.**

### 7. Other information, Bank details

"ARMBUSINESSBANK" Closed Joint Stock Company

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Certificate of registration N 0176, issued 10.12.1991, bank license N 40, issued 10.12.1991

List of services, which the Bank may render under Chapter 4 of RA Law "On Banks and Banking Activity".  
For full terms and conditions please follow this link: <http://www.armbusinessbank.am/am/page/bank-soc-acc>