

INFORMATION BULLETIN

Demand deposit/Bank account

(for individuals)

1. General terms applied for demand Deposit/bank account (called Deposit):

- Annual interest rate accrued on the balance of Deposit - for accounts in Armenian drams and Russian rubles - 1%, for accounts in US dollars, Euro and other currency - 0.01%.
- Currency of Deposit - any currency, which may be offered by the Bank.
- Minimum amount of Deposit - AMD 0 for individuals.
- Reinforcement of Deposit - without any limitations as to amount or periodicity.
- Frequency of interests payment - Interest amounts shall be added on the amount of deposit each month.
- 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. At that, the Bank calculates interest rate for each day based on the ratio of at least 1/365 of the fixed interest rate.
- Opening, maintenance of Deposit, cash withdrawal from the account is carried out pursuant to the tariffs for the services rendered by the Bank.
- Fee schedule for the maintenance of account, provision of account statements, copies of such statements, references, and other tariffs are established subject to fee schedule applicable for Bank services.

2. Other terms and restrictions

- Subject to item 1, Article 907 of the Civil Code of RA, interests are accrued on a Bank deposit from the date following the receipt of the Deposit until the day preceding the return thereof to the Depositor or withdrawal thereof on other grounds.
- The Bank shall return the funds available on the account to the Depositor upon his/her first request.
- The Depositor is obligated to comply with the requirements of RA laws and of the banking rules established in compliance therewith, as well as of the Bank procedures in force for the time of the receipt of the term deposits.
- The Deposit is returned to the Depositor in the same currency in which it was placed.
- To receive the Deposit, part of the Deposit and (or) interests charged thereon, the Depositor should submit to the Bank an ID or a substitute document.
- The Bank may amend the rate of interests payable for demand deposits unless otherwise prescribed by deposit agreement. In case the Bank lowers the rate of interests payable for demand deposits, the amended rate of interests shall apply to the deposits made prior to giving the Depositor notice about decreasing the interest rates after one month from the date of such notice on the reduction of invested deposit interests unless otherwise specified under agreement.
- In the event of loss of their copy of Agreement, address change, loss or change of documents necessary to identify the Depositor, the latter 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 Depositor shall be liable for the consequences of failure to inform about such amendments within specified period.
- In case the date of the refund of the funds available on the bank account falls on a non-business day or holiday, the refund shall be performed on the first business day following non-business day or holiday with the payment of interests for non-working days or holidays.
- In case of any changes made during Deposit 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 affects the Deposit agreement and leads 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.
- Subject to item 2, Article 6 of the RA law on “Exchange regulation and control” the interest amounts for financial transactions can be paid in Armenian drams at the request of the depositor, as well as in the foreign currency in which the deposit was made.
- Operations related only to the involvement of, servicing and repayment of term deposit can be carried out through demand deposit account.
- **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 is obligated to consider 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

Annual percentage yield - for accounts in Armenian drams and Russian rubles - 1.0046%, for accounts in US dollars, Euro and other currency - 0.01%.

6. Information about interest rates

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.

- **Simple annual interest rate - an interest rate defined under deposit agreement on an annual basis, based on which the bank calculates interest amounts payable to the depositor.**

Formula for calculating interests payable for given type of deposit agreement:

$AD = A/365 * \text{Day}$, where:

AD – amount of deposit,

A - simple annual interest rate,

Day - the number of days of deposition subject to paragraph 1 of Article 907 of the Civil Code, according to which interests against a bank deposit are accrued from the date following the credit of Deposit funds with the Bank until the day preceding the return to the Depositor or the withdrawal thereof for other grounds.

Example

Number of days of deposit investment - 365 days

Initial amount of deposit - AMD 10.000,

Simple annual interest rate of the deposit in drams - 1%

$10.000 * 0.01/365 * 364 = \text{AMD } 99.72$

- **The annual percentage yield of deposit (APY) shows the annual yield on deposit after making by customer of mandatory payments associated with the deposit and compounding /capitalization/ earned interests on the initial amount.**

$APY = (1+r/n)^n - 1$, where:

APY – annual percentage yield,

r – simple annual interest rate,

n – frequency of compounding interest amounts within a year,

Where interests are paid on a monthly basis n=12, then

$$APY = (1+0.01/12)^{12} - 1,$$

$$APY = 0.010046 * 100 = 1.0046\%$$

Where interests are paid at maturity, n=1, then

$$APY = (1+0.01/1)^1 - 1,$$

$$APY = 0.01 * 100 = 1 \%$$

Example

Formula for calculating interests payable for given type of deposit agreement, by applying monthly capitalization of interests

Number of days of deposit investment – 365 days,

Initial amount of deposit – AMD 10.000,

Annual percentage yield – 1.0046%

$$10.000 * 0.010046 / 365 * 364 = \text{AMD } 100.18$$

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, is stipulated in accordance with Chapter 4 of RA Law "On Banks and Banking Activity"