

INFORMATION BULLETIN

Social package account

1. General T&Cs of Social package account

- Annual interest rate charged on social package account balance - 5%.
- Currency of Social package account – Armenian dram /AMD/.
- Opening and maintenance of Social package account - 0 AMD.
- Replenishment of Social package account - without amount and frequency limitation.
- Provision of a statement on social package account in Armenian (including VAT) - 0 AMD.
- Provision of statements on loan commitments under the social package and compliance with the general conditions of mortgage loans (VAT included) - 0 AMD.
- **Frequency of interest payment** – on a monthly basis /each month interest amounts shall be added on the amount of deposit/.
- **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.

2. Other terms and restrictions

- Funds may be credited on the account in cash and non-cash.
- The social package includes the following services:
 - 1) Provision of recreation in Armenia and Artsakh (the list of tour operators is published on the official website of the Ministry of Economy of the Republic of Armenia),
 - 2) Payment of monthly fee for mortgage loan,
 - 3) Tuition fee (the list of educational institutions is published on the official website of the Ministry of Education and Science of the Republic of Armenia).
 - 4) Acquisition of a minimum package of additional health insurance services for the beneficiary of a social package and (or) minimum basic package of health insurance for a family member of the beneficiary of a social package subject to the decision of the Government of the Republic of Armenia N 1691-N dated December 27, 2012 (the list of insurance companies and standard forms of insurance packages are published on the official website of the Ministry of Health of the Republic of Armenia).
- The amount from the Social package account is transferred only to the bank account of organizations that meet the criteria approved by the decision of the Government of the Republic of Armenia N 1691-N dated December 27, 2012.
- Effective of September 1, 2018, the existence of an ID card is a prerequisite for using the social package services (including health insurance services) and (or) cashing of funds on the social package account. This does not apply to foreign citizens but applies to social package beneficiaries with refugee status effective of February 1, 2021.
- Funds available on the Social package account can be cashed out only in the following cases:
 - 1) If the Client has the right to receive a pension and his / her right to use the social package is terminated (his / her right to use the social package is terminated and no social payments are made to his / her social package account for at least three months), in order to cash out the funds on the account of the social package, the Client submits to the Bank his pension certificate, a copy of which is kept in the Bank. In this case, in order to cash out the funds available on the Social package account the Customer submits to the Bank a certificate of inheritance, a copy of which is kept at the Bank.
 - 2) In the event of the death of the Customer, when the funds available on the Social package account are transferred to the heir by inheritance in accordance with the law, and in this case the heir submits to the Bank a certificate of inheritance, a copy of which is kept at the Bank.
 - 3) Subject to section 10 of Article 9 of RA Law “On Accumulated Pensions” as compensation for social payments, the balance on the social package account as of January 1 of the current year, but not more than the amount of social payments calculated and transferred from salary fees and business income receivable for the previous year. In this case, after the end of each year, in order to cash out the funds in the social package account in the relevant amount the Customer shall submit to the Bank an application for the receipt of information from the tax authority on the amount of social payments calculated on the basis of salary and entrepreneurial income for the previous year and actually remitted to the person maintaining the register of participants. The bank receives relevant information from the tax authority via online request. Based on the response to this request, the Bank shall pay in cash to the Client the amount available on social package accumulated for previous years, but not more than the amount of calculated and transferred social payments indicated in the statement.
- The Social package account can only be changed in the new fiscal year, prior to the first transfer of amount to the social package for the current year.
- In case the social package account is changed, the Customer can unilaterally terminate the Agreement on opening and servicing the Social package account, by giving the Bank written notice, based on which the Social Package account is closed and the balance of the account is transferred to Customer’s new Social package account with another commercial bank.
- Transfers from the social package account for Social package services are made by Customer (with the exception of military personnel, employees of the penitentiary institutions and the rescue service) upon submission to the Bank of a

relevant statement on using the component of the mandatory preventive medical examination.

- In case of making transfers to “Hayastan” All-Armenian Fund, the terms of ID card and the certificate of passing the annual preventive medical examination are not valid. The amount is transferred based on a payment order submitted to the Bank by the Client. The Bank refuses to execute the payment order if the funds available on the social package account are encumbered with the obligation to pay for services provided within the framework of the social package.
- The activation of social package services and the other conditions are stipulated under “The terms for opening and servicing of Social Package account of “ARMBUSINESSBANK” CJSC”.
- Pursuant to para. 1 of Article 907 of the Civil Code of RA, interests on bank deposit are accrued from the following date of crediting Deposit funds with the Bank until the day preceding the refund to the Depositor or the withdrawal thereof from Depositor’s account for other grounds.
- The Depositor must comply with the requirements of RA laws and banking rules established in compliance with these laws, as well as of existing Bank procedures for opening and maintenance of accounts.
- Where so provided, the funds available on the bank account are refunded in the currency in which they were deposited.
- The interest amounts are paid in the currency of account.
- Upon receipt of funds available on Banking account, part thereof and (or) interests accrued thereon, the Customer should submit ID document or its substitute to the Bank.
- In the event of loss of his/her copy of Agreement on opening of Social package account, 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 held liable for the consequences of failure to inform the Bank about such amendments within specified period.
- In case the date of the refund of Deposit falls on a non-business day or holiday, the refund of Deposit 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 the Agreement validity (stipulation, amendment or termination of the terms and conditions of agreement, rights, obligations, liability 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.
- **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 shall 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 ownership claim of 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”, the refund of bank deposits attracted from individuals (sole entrepreneurs including) is guaranteed at all banks of RA by Deposit Guarantee Fund’.

Deposits are guaranteed irrespective of their currency - whether AMD or foreign currency.

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 10 million Armenian drams;**
- **where a depositor has only a foreign currency denominated deposit in the insolvent bank, the amount of the guaranteed deposit is 5 million Armenian drams;**
- **where a depositor has dram and foreign currency denominated deposits in the insolvent bank, and dram denominated deposit exceeds 5 million Armenian drams, only up to 10 million 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 5 million 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 5 million 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.

Deposit Guarantee Fund is located at 15 Khorenatsi street, Yerevan ("Elite Plaza" Business Center), Tel: +37410 583514

5. Annual percentage yield

Annual interest rate calculated on the balance of the bank account - **5.12 %**

6. Information on interest rates

IMPORTANT NOTE: THE INTERESTS ON FUNDS ON YOUR ACCOUNT ARE CALCULATED BASED ON NOMINAL (SIMPLE) INTEREST RATE, WHILE 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 invested 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 - 72.000 AMD,

Simple annual interest rate - 5%

$72.000 * 0.05/365 * 364 = 3590,13$ AMD

- **The annual percentage yield (APY) of deposit shows the annual yield on deposit after mandatory payments by customer relating to the deposit and compounding /capitalization/ of earned interests on the principal.**

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

$APY = (1+0.05/12)^{12} - 1$,

$APY = 0.051162 * 100 = 5.12 \%$

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

$APY = (1+0.05/1)^1 - 1$,

$APY = 0.05 * 100 = 5 \%$

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 – 72.000 AMD,

Annual percentage yield – 5.12 %

$72.000 * 0.0512/365 * 364 = 3676,30$ AMD

7. Other information, Bank details

"ARMBUSINESSBANK" Closed Joint Stock Company

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Viber` (+37494) 11-44-88, WhatsApp` (+37494) 11-44-88

Website: www.armbusinessbank.am;; E-mail: info@armbusinessbank.am

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".

Full conditions can be found by the following link: <http://www.armbusinessbank.am/am/page/bank-soc-acc>

The conditions listed in this bulletin are subject to change.

For details, please apply to the Head Office or branches of ARMBUSINESSBANK CJSC.

ARMBUSINESSBANK CJSC is controlled by the Central Bank of Armenia