

INFORMATION BULLETIN

Social account for the maintenance of pensions and regular cash sums provided under other social security programs (for individuals)

1. General terms and conditions of Social Account (bank or card account) for the maintenance of pensions and regular cash sums provided under other social security programs (called the Account)

- Annual percentage rate accrued on the balance of account - 5%.
- Currency of account – Armenian dram (AMD).
- Minimum account balance - 0 AMD.
- Replenishment of account is made by non-cash method, in the amount equal to the periodic cash payment.
- Frequency of interest payment – per month /the interests are added on the deposit amount 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, servicing the account, withdrawing cash from account is carried out in accordance with the tariffs for services provided by the Bank.
- Fee schedule for the provision of account statements, copies of such statements, references, maintenance of account and other tariffs are established subject to the fee schedule applicable for Bank services.
- **Regular payments specified under para. 3 of RA Government decision No. 284-N dated 12.03.20:**
 - 1) Family allowance and social allowance stipulated under the Republic of Armenia law “On State Benefits”.
 - 2) The allowance for a child care under 2 years of age, the unpaid amount of the allowance stipulated under the Republic of Armenia law “On State Benefits”.
 - 3) The amount of old-age allowance, invalidity allowance and survivor benefit, the unpaid amount of such allowances stipulated under the Republic of Armenia law “On State Benefits”.
 - 4) The amount of pension, outstanding amount of pension due stipulated under the Republic of Armenia law “On State Pensions”.
 - 5) The amount of pension, the outstanding amount of pension due established by the Republic of Armenia law “On Ensuring, Maintaining the Activity and Social Guarantees of Officials”.
 - 6) The amount of the premium, the outstanding amount of the premium due stipulated under the Republic of Armenia law “On Military Service and Status of Military Staff”.
 - 7) The amount of honorary funds, the outstanding amount of honorary funds due established by the Republic of Armenia law "On Veterans of the Great Patriotic War".
 - 8) The amount of compensation for damage caused as a result of injury, occupational disease or other damage to health associated with the performance of official duties of employees.
- **Beneficiary (account holder, depositor)** - person who is eligible according to law to receive the amount of Regular cash payments (in whose name the Account is opened).

2. Peculiarities and limitations

- The social security account is credited only with the amount of regular cash payments, viz the amount of pensions provided for by social protection (security) programs, regular benefits (issued for a fixed or indefinite period) and other cash payments. Only transactions for servicing regular cash payments can be made through a social account..
- Social security account is opened based on the lists received from the Authorized Body.
- The Beneficiary of Account may dispose of the amount of the regular cash payment after the date of signing the Application-Agreement between the Beneficiary and the Bank and the transfer thereof to the Bank by the Authorized Body.
- All regular cash payments due to Beneficiary are credited by the Bank to the same Social Security account opened in the name of the Beneficiary.
- The Bank provides an ARCA payment card /social security card/ (called the Card) attached to the Social Security Account.
- Only the Beneficiary can personally apply for the Card attached to the Social Security Account.
- The terms and tariffs of the Card are defined under the fee schedule approved by the Bank for this type of the card along with the basic (general) rules of “ARMBUSINESSBANK” CJSC for opening bank accounts for issuing and servicing payment cards (cards). The tariffs and terms for servicing a bank account are defined under the fee schedule established by the Bank for Social Accounts, and the basic (general) rules of “ARMBUSINESSBANK” CJSC for opening and servicing banking and unallocated metal accounts.
- The pensioner is obligated to prove his residence in the Republic of Armenia by personally visiting the Bank premises no later than the last working day of the 12th month following the month of his visit to the Bank (a requirement defined by para. 4 of Article 928.9 of the RA Civil Code). Such requirement shall be deemed fulfilled if the Pensioner personally comes to the Bank, signs an application of residence in the Republic of Armenia or is identified and signs any other document at the Bank.

3. Other terms

- The Bank credits the amounts of regular cash payments due the Beneficiary to the same Social account opened in the name of the Beneficiary.
- Subject to paragraph 1 of Article 907 of the Civil Code, interests against a bank deposit are accrued from the date of the receipt of Deposit funds with the Bank until the day preceding the return to the Depositor or the withdrawal thereof on other grounds.
- The Depositor can at any time demand from the Bank to return deposit amount and the corresponding interests.
- The Bank must refund amounts on the account to the Depositor upon first request.
- 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 the receipt of time deposits.
- The Deposit is refunded to the Depositor in the same currency in which it was made.
- Upon receipt of the Deposit, part of the Deposit and (or) interests accrued thereon, the Depositor should submit ID document to the Bank.
- 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 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.
- **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).**
- **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

Annual percentage yield - 5.0%

6. Information on 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*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 of the receipt of Deposit funds with the Bank until the day preceding the return to the Depositor or the withdrawal thereof on other grounds.

Example

Number of days of deposit investment - 365 days

Initial amount of deposit - AMD 10.000

Simple annual interest rate - 5%

$10.000 * 0.05/365 * 364 = 498.63$ AMD

- **Annual percentage yield of deposit (APY) 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 = $0.0512 * 100 = 5.12\%$

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

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

APY = $0.05 * 100 = 5\%$

7. Other information, Bank details

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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".