

INFORMATION BULLETIN

Banking account for the maintenance of lump-sum payments (allowances and sums provided under other social security programs)

(for individuals)

1. **General terms and conditions of a banking account for the maintenance of lump-sum payments (allowances and sums provided under other social security programs) (called the Account)**
 - Annual percentage rate accrued on the balance of account - 0.01%.
 - 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 amount of lump-sum 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.
 - **Lump-sum payments specified under para. 3 of RA Government decision No. 287-N dated March 12, 2020:**
 - 1) The amount of emergency assistance established by the Republic of Armenia law "On State Benefits".
 - 2) The amount of one-time childbirth allowance established by the Republic of Armenia law "On State Benefits" (except for one-time childbirth allowance credited to the state support account).
 - 3) The amount of maternity benefit for an unemployed person, established by the Republic of Armenia law "On State Benefits".
 - 4) The unpaid amount of benefit due in case of termination of the right to receive child care allowance for a child under 2 years old in accordance with the Republic of Armenia law "On State Benefits".
 - 5) The outstanding amount of benefit due for old-age or invalidity benefit or survivor benefit in case of termination of the right to receive funeral benefit, old-age benefit or invalidity benefit or survivor benefit stipulated by the Republic of Armenia law "On State Benefits", except when the unpaid amount of benefit is paid after becoming eligible again for the benefit or pension.
 - 6) The outstanding amount of pension due in case of termination of the right to receive the funeral benefit established by the Republic of Armenia law "On State Pensions", except when the unpaid amount of pension is paid after acquiring the right to old-age or invalidity or survivor benefit or pension.
 - 7) The outstanding amount of pension due in case of termination of the right to receive the funeral benefit, burial benefit, one-time financial assistance, pension established by the Republic of Armenia law "On Ensuring, Maintaining the Activity and Social Guarantees of Officials", except when the unpaid amount of pension is paid after acquiring the right to a pension.
 - 8) The outstanding amount of the premium due in case of termination of the right to receive the premium in accordance with the Republic of Armenia law "On Military Service and Status of Military Staff", except when the unpaid amount of the premium is paid after obtaining the right to a pension.
 - 9) The outstanding amount of honorary funds due in case of termination of the right to honorary funds specified by the Republic of Armenia law "On Veterans of the Great Patriotic War", except for the case when the unpaid amount of the honorary funds is paid after obtaining the right to receive a pension.
 - 10) The outstanding 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, if it is paid after the termination of the right to it.
 - 11) Compensation for cash deposits made before June 10, 1993 by citizens who are depositors in "VTB-Armenia" CJSC as a republican bank of the Armenian Soviet Socialist Republic under the former USSR Savings Bank.
2. **Peculiarities and limitations**
 - **Only transactions for servicing lump-sum payments can be made through a banking account opened for lump-sum payments (allowances and sums provided under other social security programs).**
 - Subject to paragraph 1 of Article 907 of the RA 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 such laws, as well as of existing Bank procedures for the opening and servicing of banking accounts.
 - 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 an ID document or a substitute to the Bank.
- The Bank may amend the rate of interest payable for demand deposits unless otherwise prescribed by deposit agreement. In case the Bank lowers the rate of interest 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 the copy of Agreement, address change, loss or change of documents necessary to identify the Depositor, the Depositor 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 about such amendments within specified period.
- In case the date of the refund of Deposit or renewal of Deposit falls on a non-business day, the refund or renewal of Deposit shall be performed on the first business day following such non-business day with the payment of interests for non-working days.
- 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 para. 2 of Article 6 of RA Law “On currency regulation and currency control”, interests against financial transactions can be paid in AMD, as well as in foreign currency in which the deposit was attracted, at the request of the depositor.
- **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 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 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.

5. Annual percentage yield

Annual percentage yield - 0.01%

6. Information on interest rates

IMPORTANT NOTE: 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 - 0.01%

$10.000 * 0.0001/365 * 364 = 0.99$ 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

$APY = (1+0.0001/12)^{12} - 1$,

$APY = 0.0001 * 100 = 0.01\%$

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

$APY = (1+0.0001/1)^1 - 1$,

$APY = 0.0001 * 100 = 0.01\%$

Example

Formula for calculating interests payable for given type of deposit agreement in case of monthly capitalization of interests:

Number of days of deposit investment - 365 days

Initial amount of deposit - AMD 10.000,

Simple annual interest rate - 0.01%

$10.000 * 0.0001/365 * 364 = 0.99 = 0.99$ AMD

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"