

## Information Guide to Deposits

1. The payment of deposit to the bank is documented by a written instrument – bank deposit agreement.
2. Opening an account in AMD is mandatory for banking. For clients wishing to make a time deposit we will open an account in AMD. If the deposit is to be made in foreign currency, we will open an account in the deposit currency as well. There are no requirements to minimum account balance and service fees for time deposit accounts.

The list of documents and information required for opening an account, making a deposit, ordering a card or safe deposit box in Ameriabank CJSC is available [here](#).

3. Account statements are subject to the following rates.

<i>Provision of information and copies of documents</i>	
1. Provision of up to 1 year-old account statements, copies of account statements or other documents kept in electronic form	Free of charge
2. Provision of more than 1 year-old account statements, copies of account statements or other documents kept in electronic form	AMD 5,000, VAT included per annual statement per account and each electronically stored document
3. Provision of more than 1 year-old account statement or other electronic document, by emailing to the customer without stamp	AMD 3,000, VAT included per annual statement per account and each electronically stored document

4. Account maintenance fee may be waived based on the date of the latest transaction through account.
5. The bank calculates interest based on 365 days per year, 366 days in case of leap year.
6. Calculation of interest commences on the deposit start date and ends one day before deposit repayment date.
7. Interest can be paid on a monthly, quarterly, annual or capitalization basis.
  - 7.1 Monthly payment: interest is credited to the depositor’s bank account on a monthly basis from deposit start date.
  - 7.2 Quarterly payment: interest is credited to the depositor’s bank account on a quarterly basis from deposit start date, on the last day of each quarter.
  - 7.3 Annual payment: interest is credited to the depositor’s bank account on an annual basis from deposit start date, on the last day of each year.
  - 7.4 Capitalization (payment of interest upon maturity): net interest is accrued to deposit amount every month on deposit start date or the next banking day, and continues to accrue to the sum of deposit and interest for all previous months. The maturity of deposits



with compound interest rates should be at least 60 days.

8. The bank has the right to review and change the interest rate of deposit, notifying the depositor in writing 2 days in advance.
9. Deposit agreement can be extended in cases provided for thereby.
10. The bank shall repay the whole or part of deposit forthwith upon request of depositor.

If the client terminates the deposit before the due date, the bank recalculates and repays the amount within 3 days. This being the case, the bank pays interest at a 0.1% annual interest rate instead of the rate defined by deposit agreement. Any interest already paid that should have been charged back after recalculation shall be charged to the principal amount of deposit.

11. If the depositor does not request to return the deposit upon expiry of its term, then based on the option selected by the depositor in the agreement either (i) the agreement is prolonged subject to the rates and fees effective in the bank at that moment, or (ii) the deposit is transferred to the depositor's bank account which shall be continued to be administered in accordance with the applicable fees and terms of the bank.
12. If the depositor terminates the deposit agreement within 30 days after deposit start date, the bank, in addition to the recalculation specified in clause 10 herein, shall charge a fine in the amount of AMD 15,000. No fine shall be applied, if a deposit agreement with extension clause has been prolonged after its expiry.
13. Any dispute or disagreement arising out of or in connection with the deposit agreement shall be resolved amicably through negotiations between the parties.

#### 14. PROVISION OF INFORMATION

- Via Internet-Bank
- In person on the bank's premises
- By email
- Delivery

15. **Attention!** The bank may credit third party funds to deposit account provided that such third party has specified the deposit account details and the depositor has issued a payment order for increasing the deposit amount.

16. **Attention!** The bank does not have any tariffs application of which may result in reduction of annual percentage yield of deposit.

17. **Attention!** Interest earned on deposits of resident legal entities is not taxable. Interest earned by non-resident legal entities is subject to a 10% tax.

*Where required under the Republic of Armenia Law "On Combating Money Laundering and Terrorism Financing" the bank may request the client to provide additional documents and information to conduct "Know your customer" checks, as well as ask further questions during verbal communication.*



Agreements, covenants, partnerships or memberships of the bank might directly affect customers (for example, according to the agreement executed with the US under the Foreign Account Tax Compliance Act (FATCA) the financial institution may collect additional information to find out whether you are a US tax payer).

Accounts of companies incorporated in foreign countries (including legal entities, unions without legal entity status, international organizations) can be opened solely by the Corporate Customer Service under the Corporate and Investment Banking Department.

***Terms of time deposits of resident financial organizations (credit organizations, insurance companies, insurance brokers, insurance agents, payment and settlement organizations, investment companies, investment and pension fund managers, etc.) are negotiated on a contractual basis.***

***Terms of deposits of non-resident legal entities are negotiated on a contractual basis.***

Terms and conditions for deposits over AMD 2 billion or foreign currency equivalent are determined in accordance with applicable internal regulations of the bank.

#### **Example 1**

Where the amount of deposit is increased during the deposit term, interest is calculated as follows:

Deposit amount: AMD 2,000,000

Start date: April 01, 2016

Nominal annual interest rate: 7.2%

Term: 180 days

First interest payment date: May 1, 2016

Nominal interest to be paid =  $2,000,000 * 7.2 / 100 / 365 * 30 = 11,835.61$

On May 1, 2016 AMD 50,000 was added to the deposit.

Second interest payment date: June 1, 2016

Nominal interest to be paid =  $2,050,000 * 7.2 / 100 / 365 * 31 = 12,535.89$

#### **Example 2**

Where the amount of deposit is increased during the deposit term, capitalization of interest is calculated as follows:



Deposit amount: AMD 2,000,000

Start date: April 01, 2016

Nominal annual interest rate: 7.2%

Term: 180 days

First interest payment date: May 1, 2016

Nominal interest to be paid =  $2,000,000 * 7.2 / 100 / 365 * 30 = 11,835.61$

On May 1, 2016 the accrued interest of AMD 11,835.61 was added to the principal amount of the deposit.

Second interest payment date: June 1, 2016

Nominal interest to be paid =  $2,011,835.61 * 7.2 / 100 / 365 * 31 = 12,302.51$

**ATTENTION!** INTEREST ACCRUED TO DEPOSIT IS CALCULATED ON THE BASIS OF NOMINAL INTEREST RATE. ANNUAL PERCENTAGE YIELD (APY) SHOWS THE YIELD YOU COULD EARN IF YOU RE-DEPOSIT THE INTEREST RECEIVED. THE ANNUAL PERCENTAGE YIELD CALCULATION METHOD IS DESCRIBED BELOW.

APY is calculated based on the following formula:

$$A = \sum_{n=1}^N \frac{K_n}{(1+APY)^{D_n/365}} \quad (1)$$

where

- 1) A stands for the initial deposit amount.
- 2) n is the consecutive number of deposit-related cash flows.
- 3) N stands for the last of deposit-related cash flows (including cash flows at the moment the deposit was made), after which the deposit agreement expires.
- 4)  $K_n$  stands for the flows of deposit amount and/or capitalized interest and, if any, mandatory fees, on the start date and/or during the term of deposit.
- 5)  $D_n$  is the number of days between deposit start date and  $n^{\text{th}}$  deposit-related cash flow inclusively. When cash flows occur on deposit start date,  $D_1=0$ .

Example: time deposit with interest payable in 3 months after deposit start date

Suppose deposit terms are as follows below:

- a. Amount: AMD 1,000,000
- b. Term: 1 year (365 or 366 days)
- c. Nominal annual interest rate: 11%
- d. Interest payment scheme: quarterly
- 1) Interest payment schedule will look like this:

Consecutive number of deposit-related cash flows: n	Dn, number of days between deposit start date and respective interest payment date	Interest payable	Principal payments	Kn, each total payment
1	90	110,000		110,000
2	366		1,000,000	1,000,000
Total		110,000	1,000,000	1,110,000

2) The amount payable in 3 months following deposit start date will make:

$$k_4 = 1,000,000 * 0.11 = \text{AMD } 110,000$$

3) If you know all values and insert them into formula 1, you can calculate APY.

$$1,000,000 = \frac{110,000 \dots + 1,000,000}{(1+APY)^{\frac{90}{365}}} \dots \frac{1}{(1+APY)^{\frac{365}{365}}}, \text{ where}$$

$$\text{APY} = 11.46\%$$