The procedure and an example of calculating and paying deposit interests / according to Regulation 8/02 of the RA Central Bank "On calculation of annual interest profitability of bank deposits"/

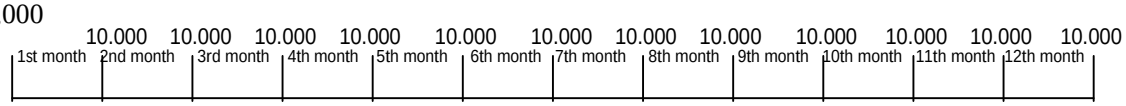
- The deposit amount interests are calculated on actual balance of deposit account from the next day of depositing the amount in the bank till the day before paying it back to the depositor or writing off the account of the depositor on the other bases.
- The calculation of interests is done by the Bank at ordinary interest rate, taking 365 days a year /366 for a leap-year/ as a divider.
- If the depositor is a non-resident legal entity or sole entrepreneur, the interests are paid to the depositor in the deposit currency. In all other cases if the deposit is in foreign currency, the interests are paid in AMD at the exchange rate defined by the bank for buying the relevant currency as of the payment day.
- The deposit interests are subject to 10% income tax.

An example of calculating annual interest profitability.

Deposit Manuk

a. Deposit amount – AMD 100,000
b. Deposit term – 5 years,
c. Current interest rate - CBSI (Settlement Interest rate of "Converse Bank"), which we consider as unchangeable during the deposit term, makes up 11% annually,
d. Interest accrual –Once in a quarter the calculated interests are accrued on the deposit balance.
e. Bonus – When paying back the deposit a bonus will be added to the deposit balance, which is calculated with the following formula:
Deposit balance x Number of deposit years x 5/100
f. Other – During five years the deposit account is increased with AMD 10,000 at the end of each month*.
g. Income tax- 10% taxation from interest income at the moment of accrual.

*100,000



The deposit interest amount is calculated as follows:

a. 1st year

1st quarter

1st month

Daily interest income

$$\frac{\text{100,000 (deposit amount) x 11\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 30.14$$

1-st month interest income
30.14 x 31 (number of days a month) = 934.25

2nd month

Daily interest income

110,000 (deposit amount) x 11% (annual interest rate) / 365 or 366 (number of days a year, leap-year) = 33.15

2nd month interest income
33.15 x 28 (number of days a month) = 928.22

3rd month
Daily interest income
120,000 (deposit amount) x 11 % (annual interest rate) / 365 or 366 (number of days a year, leap-year) = 36.16

3rd month interest income
36.16 x 31 (number of days a month) = 1,121.10

1st quarter net interest income
934.25 + 928.22 + 1,121.10 - 298.36 (10% taxation) = 2,685.21

2nd quarter

4th month
Daily interest income
132,685 (deposit amount) x 11% (annual interest rate) / 365 or 366 (number of days a year, leap-year) = 39.99

4th month interest income
39.99 x 30 (number of days a month) = AMD 1,199.62

5th month
Daily interest income
142,685 (deposit amount) x 11% (annual interest rate) / 365 or 366 (number of days a year, leap-year) = 43.00

5th month interest income
43.00 x 31 (number of days a month) = AMD 1,333.03

6th month
Daily interest income
152,685 (deposit amount) x 11% (annual interest rate) / 365 or 366 (number of days a year, leap-year) = 46.01

6th month interest income
46.01 x 30 (number of days a month) = AMD 1,380.44

2nd quarter net interest income
1,199.62 + 1,333.03 + 1,380.44 – 391.31 (10% taxation) = 3,521.78

3rd quarter

7th month
Daily interest income
166,207 (deposit amount) x 11% (annual interest rate) / 365 or 366 (number of days a year, leap-year) = 50.09

7th month interest income
50.09 x 31 (number of days a month) = AMD 1,552.78

8th month

Daily interest income

$$\frac{\text{176,207 (deposit amount) x 11\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 53.10$$

8th month interest income
53.10 x 31 (number of days a month) = AMD 1,646.21

9th month

Daily interest income

$$\frac{\text{186,207 (deposit amount) x 11\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 56.12$$

9th month interest income
56.12 x 30 (number of days a month) = AMD 1,683.52

3rd quarter net interest income
1,552.78 + 1,646.21 + 1,683.52 - 488.25 (10% taxation) = 4,394.26

4th quarter

10th month

Daily interest income

$$\frac{\text{200,601 (deposit amount) x 11\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 60.46$$

10th month interest income
60.46 x 31 (number of days a month) = AMD 1,874.11

11th month

Daily interest income

$$\frac{\text{210,601 (deposit amount) x 11\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 63.47$$

11th month interest income
63.47 x 30 (number of days a month) = AMD 1,904.07

12th month

Daily interest income

$$\frac{\text{220,601 (deposit amount) x 11\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 66.48$$

12th month interest income
66.48 x 31 (number of days a month) = AMD 2,060.96

4th quarter net interest income

1,874.11 + 1,904.07 + 2,060.96 – 583.91 (10% taxation) = 5,255.22

At the end of the first year after accrual and increase with AMD 10,000, the deposit amount will make up AMD 235,856.47.

The calculations for the years 2-5 are done on the same principle.

In case of holding the deposit in the bank till the end of the term, at the end of the 5th year the deposit amount will make up AMD 923,442.76.

The Bank will accrue a bonus on this amount, which is calculated with the following formula:

(Monthly average account balance x number if deposit years x 5)/ 100, which in this case is equal to 118,064.34 – 11,806.43 (10% taxation) = AMD 106,257.91

The deposit amount with the bonus will make up
923,442.76 + 106,257.91 = AMD 1,029,700.67

As a result, the deposit "Manuk" in amount of AMD 100,000 with CBSI annual profitability, with monthly increase in amount of AMD 10,000 during five years, will make up 1,029,700.67 after 5 years.