

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 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 PROGRESS

- a. Deposit amount – AMD 30,000
- b. Deposit term – 1 year,
- c. Current interest rate - 11% annually,
- d. Other – Paying the interests at the end of the term – 10% interest income tax.

The calculation of deposit interests is done as follows:

Daily interest income

$$\frac{30,000 \text{ (deposit amount)} \times 11\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 9.04$$

Yearly net interest income

$$9.04 \times 363 \text{ (the number of days a year minus 2 days: the day of deposit formulations and the closing day.)} - 328.19 \text{ (10\% taxes)} = 2,953.73$$

As a result, the deposit “Progress” in amount of AMD 30,000 with 11% annual profitability after a year will make up AMD 32,953.73.