

**The procedure and an example of calculating and paying deposit interests
/according to the RA Central Bank Regulation 8/02
“On Calculation of Annual Interest Profitability of Bank Deposits”/**

- The deposit amount interests are accrued to the actual balance of the deposit account starting from the next day of depositing the amount at the bank till the day before paying it back to the depositor or writing off the account of the depositor on 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 PENSION

- a. Deposit amount - AMD 10,000
- b. Deposit term - 1 year;
- c. Current interest rate - 12%;
- d. Interest accrual – Once in a month the calculated interests are accrued to the deposit account balance;
- e. Other –10% interest income tax.

The deposit interest amount is calculated as follows:

1st month

Daily interest income

$$\frac{10,000 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 3.29$$

1st month interest income

$$3.29 \times 31 \text{ (number of days a month)} - 10.19 \text{ (10\% taxation)} = \text{AMD } 91.73$$

2nd month

Daily interest income

$$\frac{20,092 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 6.61$$

2nd month interest income

$$6.61 \times 28 \text{ (number of days a month)} - 18.50 \text{ (10\% taxation)} = \text{AMD } 166.46$$

3rd month

Daily interest income

$$\frac{30,258 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 9.95$$

3rd month interest income

$$9.95 \times 31 \text{ (number of days a month)} - 30.84 \text{ (10\% taxation)} = \text{AMD } 277.55$$

4th month**Daily interest income**

$$\frac{40,536 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 13.33$$

4th month interest income

$$13.33 \times 30 \text{ (number of days a month)} - 39.98 \text{ (10\% taxation)} = \text{AMD } 359.82$$

5th month**Daily interest income**

$$\frac{50,896 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 16.73$$

5th month interest income

$$16.73 \times 31 \text{ (number of days a month)} - 51.87 \text{ (10\% taxation)} = \text{AMD } 466.84$$

6th month**Daily interest income**

$$\frac{61,362 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 20.17$$

6th month interest income

$$20.17 \times 30 \text{ (number of days a month)} - 60.52 \text{ (10\% taxation)} = \text{AMD } 544.70$$

7th month**Daily interest income**

$$\frac{71,907 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 23.64$$

7th month interest income

$$23.64 \times 31 \text{ (number of days a month)} - 73.29 \text{ (10\% taxation)} = \text{AMD } 659.58$$

8th month**Daily interest income**

$$\frac{82,567 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 27.15$$

8th month interest income

$$27.15 \times 31 \text{ (number of days a month)} - 84.15 \text{ (10\% taxation)} = \text{AMD } 757.35$$

9th month**Daily interest income**

$$\frac{93,324 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 30.68$$

9th month interest income

$$30.68 \times 30 \text{ (number of days a month)} - 92.05 \text{ (10\% taxation)} = \text{AMD } 828.41$$

10th month**Daily interest income**

$$\frac{104,152 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 34.24$$

10th month interest income

$$34.24 \times 31 \text{ (number of days a month)} - 106.15 \text{ (10\% taxation)} = \text{AMD } 955.35$$

11th month**Daily interest income**

$$\frac{115,108 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 37.84$$

11th month interest income

$$37.84 \times 30 \text{ (number of days a month)} - 113.53 \text{ (10\% taxation)} = \text{AMD } 1,021.78$$

12th month**Daily interest income**

$$\frac{126,130 \text{ (deposit amount)} \times 12\% \text{ (annual interest rate)}}{365 \text{ or } 366 \text{ (number of days a year, leap-year)}} = 41.47$$

12th month interest income

$$41.47 \times 29 \text{ (number of days in the month minus 2 days allocated for recording and closing the deposit)} - 120.26 \text{ (10\% taxation)} = \text{AMD } 1,082.30$$

As a result, deposit “Pension” for the amount of AMD 10,000, with annual interest profitability of 12%, will make up 127,211.86 in a period of 1 year.