Procedure for calculating the annual percentage yield of the deposit

According to RA law" On attracting bank deposits" the procedure for calculating the annual percentage yield of term deposits accepted from physical entities and sole proprietors by "ARMECONOMBANK" OJSC is as follows:

The annual percentage yield of deposits with the monthly payment of interests AMD, USD, EUR, RF ruble is calculated in the order established by the Central Bank of RA based on the following formula:

$$APY = (1 + r/n)n - 1 ,$$

Where:

APY – is the annual percentage yield of the deposit(APY – Annual Percentage Yield) which shows how much the deposit's annual yield will be as a result of the depositor making mandatory payments related to the deposit and adding the received interest to the principal amount (capitalization).

r – is the annual simple interest (r – Annual Rate of Simple Interest) is the interest defined by the deposit agreement on annual basis, on the basis of which the Bank calculates the interest amounts to be paid to the Depositor.

n –Is the frequency of capitalization of interests showing is the number of times in a year the direct entry of interest on the amount of the deposit or the direct payment of interest to the depositor is made.

The annual percentage yield of deposits with payments of interests of deposits in AMD, USD, EUR, RF ruble at the end of term is calculated according to the following formula:

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

where:

A - is the initial amount of deposit.

2. n - is the serial number of cash flows for a deposit

3. N - is the last number of cash flows for a deposit(also including the cash flow at the time of investing the deposit), after which the term of the deposit agreement is considered as completed.

4. Kn – are flows of the deposited deposit and/or capitalized interest, mandatory fees if any at the time of investing the deposit or during the validity of the deposit.

5. Dn – is the number which shows how many days have passed from the date of the deposit till the next nth cash flow for the deposit inclusive. In the event that cash flows are at the time of investing the deposit, D1 = 0.

6. The maximum value of each interval of the attraction period is taken as a basis for the term of the deposit.

The frequently the capitalization of interests will be, the higher will the annual percentage yield be. No mandatory payments connected with the deposit are established by "ARMECONOMBANK" OJSC.