IDBank reference rate (IBRR)

Effective from 01.07.2024

Currency	IBRR	Effective until
AMD	10.1%	01.01.2025
USD	4.1%	01.01.2025
EUR	2.4%	01.01.2025

Methodology

for defining the IDBank reference rate, underlying the definition of floating interest rates

Chapter 1. Purpose

1.   This methodology determines the procedure for calculating the IDBank reference rate (hereinafter referred to as "IBRR"), enabling to provide long–term credit facilities to customers, as well as control the timing risk of the Bank's assets and liabilities depending on possible changes in interest rates.

Chapter 2. The calculation procedure and components of IBRR according to currencies

2. Based on the IBRR the basic interest rates for loans provided in AMD, USD and EUR with the Bank's own resources can be defined.

3.   **IBRR** calculated for AMD, USD:

$$IBRR = WAIR$$

Where:
- **WAIR** – is the weighted average interest rate of deposits attracted by commercial banks from physical and legal entities for a term "exceeding one year" for the corresponding currency published by the RA Central Bank rounded to 1 /one/ digit after comma.
  The "**WAIR**" is published in **"Monetary and Financial Statistics" section** on the official website of the Central Bank (https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx):

4.   **IBRR** calculated for EUR:

$$IBRR = AIRE$$

Where:
- **AIRE** – is the average interest rate of deposits attracted by commercial banks from physical and legal entities for a term of "one to five years" in EUR published by the RA Central Bank rounded to 1 /one/ digit after comma.
  The "**AIRE**" is published in **"Monetary and Financial Statistics" section** on the official website of the Central Bank (https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx).

Chapter 3. Definition and application of IBRR

5. The IBRR is defined by the Bank twice a year, in May and November, based on the most recent relevant interest rates preceding the given month published by RA Central Bank and European Central Bank.

6. In case the RA Central Bank does not publish the weighted average interest rate of deposits attracted by commercial banks from physical and legal entities for a term "exceeding one year" within 6 months, the calculation of the IBRR will be performed as follows:

$$IBRR = WAIR^* + \text{Correction factor}$$

Where:

- **WAIR*** – is the weighted average interest rate of deposits attracted by commercial banks from physical and legal entities for a term of "181 days to 1 year" for the corresponding currency published by the RA Central Bank rounded to 1 /one/ digit after comma.
  The "WAIR*" is published in **"Monetary and Financial Statistics" section** on the official website of the Central Bank (https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx)
- **Correction factor** – the value of "$WAIR_{n-m} - WAIR_{n-m}^*$" as of the period preceding the moment of transition to alternative floating interest rate, **where**:
  - ✓ **n** is the moment of transition to the alternative floating interest rate,
  - ✓ **m** is the period preceding the moment of transition to the alternative floating interest rate during which the abovementioned interest rates have been published,
- Incidentally, the correction factor is calculated only at the moment of transition to the alternative floating interest rate and is set as a constant value during the application of the alternative floating interest rate.

7. If the RA Central Bank does not publish the interest rate **for EUR** within 6 months, the calculation of the IBRR will be performed as follows:

$$IBRR = AIRE^* + \text{Correction factor}$$

Where:

- **AIRE*** - is calculated as follows: <u>50% ESTR or €STR (euro short-term rate) + 50% IBRR calculated for USD</u>
- **ESTR or €STR** – is the actual overnight interest rate for EUR published by European Central Bank which amounts to the weighted average interest rate of actual transactions in EUR in the international market rounded to 1 /one/ digit after comma.
- "**ESTR**" is published in <u>"Financial markets and interest rates" section</u> of the European Central Bank (www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_short-term_rate/html/index.en.html).

- **Correction factor** – the value of "$AIRE_{n-m} - AIRE_{n-m}^*$" as of the period preceding the moment of transition to alternative floating interest rate, **where**:
  - ✓ **n** is the moment of transition to the alternative floating interest rate,
  - ✓ **m** is the period preceding the moment of transition to the alternative floating interest rate during which the abovementioned interest rates have been published,

- Incidentally, the correction factor is calculated only at the moment of transition to the alternative floating interest rate and is set as a constant value during the application of the alternative floating interest rate.

8. The IBRR is changed in case the interest rate underlying the IBRR has changed by 1% and more interest points for AMD and 0.5% and more interest points for USD and EUR as compared to the interest rates underlying the previous IBRR published by the Bank.
9. This methodology is valid for the loans and other lending instruments that were provided at a floating interest rate and were approved before 15/07/2022.