In case where the interest payments are capitalized at **regular** intervals, for annualizing the agreed interest rate will be applied this formula:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1$$

Meaning of letters and symbols:

- x Annualized agreed rate,
- r_{ag} Interest rate per annum that is agreed between the bank and the client for the loan/deposit, where the dates of the interest capitalization of the loan/deposit are at regular intervals during the year , and
- n Number of interest capitalization periods for the loan/deposit per year i.e., 1 for yearly payments, 2 for semi-annual payments, 4 for quarterly payments, and 12 for monthly payments.

In all other cases will be applied formula proposed by the International Securities Markets Association for the exponential interest rate calculation for all maturities:

$$A = \sum_{n=1}^{N} \frac{CF_{n}}{(1 + i)^{\frac{D_{n}}{365}}}$$

Meaning of letters and symbols:

i Interest rate,

- CF_n Cash flow n, from the perspective of the investor in the case of deposits and from the point of view of the credit institution in the case of loans,
- *N* Number of cash flows associated with the financial instrument,
- *A* Amount of the deposit/loan initially placed/paid out,
- D_n Timing of the cash flow n, expressed in days after the first cash flow (in general, the date of investment of the deposit or valuation of the loan)