

## Bank Base Rate

Bank Base Rate	
AMD ( <i>Effective 01 April, 2009</i> )	10.5%
USD ( <i>Effective 10 November, 2008</i> )	8.75%
EUR ( <i>Effective 22 April, 2009</i> )	7.00%

**AMD Base Rate** is equal to the Refinancing (Repo) Rate announced by the Central Bank of Armenia plus a fixed margin. Repo Rate is always published on the Central Bank's web-site: <http://www.cba.am>  
AMD Base Rate is subject to change if there is a move in the Repo Rate by 2% p.a. up or down since the date of last review of the AMD Base Rate by the Bank. Within the range of up to 2% p.a. move in the Repo Rate the Bank reserves the right to change the AMD Base Rate at its discretion. The fixed margin over the Repo Rate may be amended at any time at the Bank's discretion to reflect local or international market changes.

**AMD Base Rate last review date is 18 February 2009**

**Effective 01 April 2009**

**USD Base Rate** is equal to the US Federal Funds Target Rate (rate announced by the US Federal Reserve - Central Bank of the United States of America) plus a fixed margin. US Federal Reserve Target Rate is always published on the Federal Reserve's web-site: [www.federalreserve.gov/fomc/fundsrate.htm](http://www.federalreserve.gov/fomc/fundsrate.htm)

USD Base Rate is subject to change if there is a move in the US Federal Funds Target Rate by 2% p.a. up or down since the date of the last review of the USD Base Rate by the Bank. Within the range of up to 2% p.a. move in the US Federal Funds Target Rate the Bank reserves the right to change the USD Base Rate at its discretion. The fixed margin over the US Federal Funds Target Rate may be amended at any time at the Bank's discretion to reflect local or international market changes.

**USD Base Rate last review date is 30 September 2008**

**Effective 10 November 2008**

**EUR Base Rate** is equal to the Main Refinancing Operations Fixed Rate announced by the European Central Bank (ECB Main Refinancing Operations Fixed Rate) plus a fixed margin. ECB Main Refinancing Operations Fixed Rate is always published on the European Central Bank's web-site:  
<http://www.ecb.int/home/html/index.en.html>.

EUR Base Rate is subject to change if there is a move in the ECB Main Refinancing Operations Fixed Rate by 2% p.a. up or down since the date of the last review of the EUR Base Rate by the Bank. Within the range of up to 2% p.a. move in the ECB Main Refinancing Operations Fixed Rate the Bank reserves the right to change the EUR Base Rate at its discretion. The fixed margin over the ECB Main Refinancing Operations Fixed Rate may be amended at any time at the Bank's discretion to reflect local or international market changes.

**EUR Base Rate last review date is 21 April 2009**

**Effective 22 April 2009**

## **Explanatory Note to Customers on change in AMD Base Rate**

### **Effective 01 April 2009**

On 18 February 2009, after careful consideration of the situation in the Armenian market, HSBC Bank Armenia cjsc decided to exercise its discretion to review AMD Base Rate.

HSBC Bank Armenia cjsc decided to exercise its discretion to change the fixed margin over the Repo Rate announced by the Central Bank of Armenia based on the stated below main factors:

- Detailed market research on interest rates prevailing in the Armenian market showed that there is a tendency for the increase in Armenian Dram interest rates despite reduction of the Repo Rate.
- HSBC Bank Armenia cjsc increased its Armenian Dram term deposit interest rates several times during last 12 months by average of 4.75% p.a. in total.
- Increased credit risks due to the current economic situation.

Accordingly, HSBC Bank Armenia cjsc decided to increase AMD Base Rate by 1.25% p.a. by increasing the fixed margin over the Repo Rate to 3.75% p.a. and reducing the Repo Rate in Base Rate calculation to 6.75% p.a..

**AMD Base Rate will be set at 10.50%p.a. with effect from 01April2009.**