

Cumulative Term deposit

Build and protect your money for a better future

Today's proper planning holds the key to secure and prosperous future. Invest your free funds in Cumulative Term deposit, replenish and increase your savings and receive them back in the future in one-off or regular repayments during a term specified by you. Build and save your money today to ensure a better tomorrow

Deposit currency and minimum amount	Armenian drams, minimum amount AMD 100,000 US dollars and euros, minimum amount USD/EUR 500
Deposit term	AMD - Minimum: 3 years Maximum: 10 years USD/EUR - Minimum: 3 years Maximum: 5 years
Interest rate	The interest rate for the cumulative term deposit is equal to the sum/difference of the Bank's base rate and the Bank's fixed margin. For current interest rates and other details please refer to Interest Rates section

Example

Let's review an example. Customer (30 year old) decides to open a cumulative term deposit with an initial deposit amount of AMD 100,000 for a term of 10 years and interest rate of 8.00% per annum. If he saves AMD 30,000 monthly during the first ½ of Deposit accumulation period and chooses to compound the accrued interest on his term deposit, upon turning 40, his account balance will be equal to AMD 3,233,885 (assuming the above-stated initial conditions remain unchanged for the whole term of the deposit).

Initial deposit	Monthly savings	Accumulated amount		
		After 5 years	After 7 years	After 10 years
AMD 100,000	AMD 30,000	AMD 2,258,303	AMD 2,606,955	AMD 3,233,885

The interest rate for the cumulative term deposit is equal to the sum/difference of the Bank's base rate and the Bank's fixed margin.

Interest will be accrued for the deposit amount on a daily basis and can be paid with the following options:

- ✓ Monthly or quarterly payment of accrued interest to the account specified by you
- ✓ Monthly or quarterly compounding of accrued interest to the term deposit (compounding of interest is available only during the deposit accumulating phase)

Interest paid for cumulative deposits is subject to income tax in accordance with RA legislation. The interest rate on a foreign currency deposit can be paid in foreign currency by which the deposit is attracted or in AMD based on respective instruction provided by customer.

Important note

The current nominal interest rate of the cumulative term deposit can be changed by the Bank (which will result in change of the annual percentage yield) based on the change of the Bank's base rate and the Bank's fixed margin. In case of change of interest rate you will be notified at least 1 month prior to the change entering into force. In case of interest rate reduction you can terminate the deposit before the date of change entering into force and will receive the deposit amount and accrued interest in full. If the deposit is terminated after the changed interest rate enters into force interest calculation applicable for premature withdrawal of the deposit will be applied.

Annual interest rates for cumulative term deposits¹

Currency	Bank Base Rate (BR, %)	Deposit Term			
		36 Months	48 Months	60 Months	120 Months
AMD	9.50*	BR - 2.00%	BR - 2.00%	BR - 1.50%	BR - 1.50%
		7.50%	7.50%	8.00%	8.00%
USD	9.25**	BR - 7.75%	BR - 7.50%	BR - 7.25%	
		1.50%	1.75%	2.00%	
EUR	8.00***	BR - 7.50%	BR - 7.25%	BR - 7.00%	
		0.50%	0.75%	1.00%	

The above rates are nominal and interest income received from Term deposits are subject to taxation in accordance with RA legislation.

¹ Cumulative term deposit interest rates in AMD are effective from 29/05/2018

Cumulative term deposit interest rates in EUR are effective from 01/04/2018

Cumulative term deposit interest rates in USD are effective from 01/05/2018

Term deposit interest calculation is done on daily basis on total deposit balance for the entire deposit term. Daily interest rate is equal to 1/365 of applicable interest rate for the deposit type and term (for leap year 1/366 ratio is applied).

Annual Percentage Yield for Term Deposits

Annual percentage yield (APY) indicates how much will be the annual percentage yield of your time deposit in case of addition of the received interest to the principal amount.

Currency	Periodicity of interest payment	Deposit Term			
		36 Months	48 Months	60 Months	120 Months
AMD	Monthly	7.76%	7.76%	8.30%	8.30%
	Quarterly	7.71%	7.71%	8.24%	8.24%
USD	Monthly	1.51%	1.76%	2.02%	
	Quarterly	1.51%	1.76%	2.01%	
EUR	Monthly	0.50%	0.75%	1.00%	
	Quarterly	0.50%	0.75%	1.00%	

The annual percentage yield is being calculated based on the formula below:

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

where:

A – is the initial deposit amount.

n – is the consecutive number of the time deposit related monetary flows.

N – is the last number of the time deposit related monetary flows (including the monetary flow at the moment the time deposit started), after which the time deposit agreement term is being considered as expired.

Kn – the flows of the time deposit invested at the moment of time deposit opening and/or during the operation of it, as well as the flows of the capitalized interests, and, if available, of the mandatory fees.

Dn – is the number that indicates how many days are passed from the moment the time deposit has been opened till the time deposit related monetary flows are being done, including the consecutive n-th one. In case the monetary flows are at the moment of time deposit opening, D1 = 0.

¹Cumulative term deposit interest rates in AMD are effective from 29/05/2018. Cumulative term deposit interest rates in EUR are effective from 01/04/2018. Cumulative term deposit interest rates in USD are effective from 01/05/2018.

Ways to save

After you open the long term cumulative term deposit, funds may continue to be deposited into the account at any time either by yourself or any third parties.

To replenish cumulative term deposit you can:

- During Deposit accumulation period the Customer can top up the Deposit amount with overall AMD 5 million (for deposits in US dollars and euros, respectively USD 10,000 or EUR 10,000) or 50% of initial deposit amount, whichever is higher, during the first $\frac{1}{3}$ of the accumulation term.
- Customer can top up the Deposit amount during the first $\frac{1}{2}$ of Deposit accumulation period via periodic written standing instructions (monthly or quarterly) provided during deposit opening, on monthly perspective being no more than AMD 250,000 (for deposits in US dollars and euros, respectively USD 500 or EUR 500) or 2.5% of the initial deposit amount, whichever is higher.

Initial deposit amount is the sum of the funds actually deposited on the Deposit account during the first month after the Deposit opening, which should be defined by the Deposit agreement.

You can transfer funds to the cumulative deposit via the following channels:

- **ATM network:** our ATM network comprises more than 50 ATMs at over 40 locations in Yerevan where you can effect your transfers
- **Phone Banking:** call us at +374 (60) 655 000 7 days a week, 24 hours a day and ask our Contact Centre agents (if registered for Phone Banking service)
- **Internet/Mobile Banking:** make your transfers 24/7 via HSBC Personal Internet Banking and Mobile banking services from anywhere in the world and any time during the day, at no additional cost (if registered for Internet/Mobile banking services)
- **Branch network:** you may visit any of our branches/offices to make your payment transactions in cash or via transfer

Learn how much you have already saved

You will receive monthly statements reflecting, among other information, your initial deposit amount, savings paid in to your deposit, total balance and interest paid.

Monthly statements delivered on the territory of Republic of Armenia as well as delivered through electronic means are provided free of charge. For other options for delivery of statements as well as providing statement copies and other information Bank may apply charges in accordance with the Bank's tariff of charges.