

BANK OF BAHRAIN & KUWAIT B.S.C.

COMPREHENSIVE DEPOSIT POLICY

Introduction

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the demand and term deposit account. The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. The ultimate objective is that the customer will get services that they are rightfully entitled to receive without any hurdles.

With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association and the code laid by the **Banking Codes and Standards Board of India**. Detailed operational instructions on various deposit schemes and related services will be issued from time to time.

Deposit Accounts- Types: -

While various deposit products offered by the Bank are assigned different names, the deposit products can be categorized broadly into the following types. Definition of major deposits schemes are as under: -

i) "**Demand deposits**" means a deposit received by the Bank which is withdrawable on demand;

ii) "**Savings deposits**" means a form of demand deposit, by way of a running account for personal needs of an individual and Trust or Association of Person (If so qualify), which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period; Basic banking account "No Frills Account" will be opened under this scheme and will carry the same rate of interest as a normal saving account however certain stipulation on maintenance of minimum balance, concessional tariff rates is offered under this scheme.

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iii) **"Term deposit"** means a deposit accepted by the Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring / Advantage Plus / Flexi Deposits / Fixed Deposits etc. The minimum period for a term deposit would be 7 days and the maximum period would be 10 years. The maximum period and interest rates will be decided by the ALCO.

Bank offers the facility of FLEXI Deposit Account with AUTO SWEEP OUT & SWEEP IN feature. No penalty is applicable on premature closure of Flexi Deposit Account.

iv) **"Current Account"** means a form of demand deposit, by way of a running account for business purposes wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit such as EEFC accounts.;

Salient features on operation of different types of accounts:

a) Deposit Accounts- Account Opening and Operation

1. The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and such other norms or procedures adopted by the Bank in line of law of land. If the decision to open an account of a prospective depositor requires clearance at a higher level, the same will be taken and the final decision of the Bank will be conveyed at the earliest to the customer, but not later than 3 working days after satisfying all requirement of the bank.

2. The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and or for record. It is expected of the Bank official opening the account, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.

3. For running accounts like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such schemes. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheques books, return of collection instrument additional statement of accounts, duplicate pass book, folio charges, ATM cards, stop payment instructions,

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standing instructions etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be provided to the prospective depositor while opening the account changes in which may notified by public notification on the Internet Site of Bank BBKINDIA.COM

. Bank at its discretion, may open account of illiterate person, blind person, mentally challenged person (With Guardian Name).

4. Savings Bank Accounts can be opened by eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time)

Current Accounts can be opened by individuals / proprietorship firm / limited liability firm/ partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc.

Term Deposits Accounts can be opened by individuals / firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, etc.

5. The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, occupation and source of income. Obtaining recent photograph of the person/s opening / operating the account are part of due diligence process. Enhanced due diligence by way of introduction from an existing customer may be obtained as additional comfort. e.g. in certain high risk accounts etc.

6. In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules. Such declaration should be complete in all respects.

7. Savings accounts can be opened by an individual singly (status: known as account in single name) or by more than one individual jointly if they are closely related (status: known as Joint Account). Savings Bank Account can be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as **Minor's** Account). Minors above the age of 10 will also be allowed to open and operate saving bank account independently. Term Deposits and Current accounts can be opened by individuals singly or jointly with other individuals.

Bank can refuse opening of the account if the prospective account holder was/ is engaged in terrorist activity or money laundering or subject to sanctioned by United Nation Organisation or other such forums or for more such reason. Bank Account can not be opened or closed by the Power of Attorney holder.

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b) Operation of Joint Account:

1. The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be given or modified, at any time, with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian only till the minor attains majority. Any operating instructions which are not feasible or difficult to observe from operation point of view, could be refused by the bank.

2. The joint account holders can give any of the following mandates for the operation of the account and disposal of balance in the above accounts:

i. Either or Survivor : If the account is held by two individuals say, A & B, the final balance along with interest, if any, is payable to either of the account holders in case of operative accounts like saving and current accounts. However, in case of term deposit account, on death of anyone of the account holders the same will be paid to the survivor, on the date of maturity . In case pre mature withdrawal is sought, it will be paid to the survivor and the legal heirs of the deceased account holders.

ii. Anyone or Survivor/s : If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to any one of the account holders; In case there is only one survivor the same will be payable to the surviving account holder.

iii Former or Survivor If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will not be paid to joint account holders; In case if the first account holder deceased, surviving joint account holder can claim the deposit amount after maturity.

vi: The Joint accounts can be operated by all the joint account holders collectively. The final balance on maturity or closure, will be payable to all the joint holder.

Above process is to be observed in normal course of the business and wherever bank receive inconsistent or conflicting instructions from joint account holders or their heir, such instructions/ request would be ignored.

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In case of term deposits, the above mandates will be applicable to or become operational only on or after the date of maturity. These instructions can be modified at any time, with the consent of all the account holders.

3. At the request of the depositor, the Bank will register mandate / power of attorney given by him authorizing another person to operate the account on his behalf. All the joint account holders can also give mandate, jointly, in favour of one individual. Such mandates can be revoked at any time, by way of written instructions to the Bank, signed by the Single account holder or all the Joint Account holders, as the case may be.

c) Nomination facility:

1. Bank offers all depositors to avail nomination facility. In the event of death of the depositor/s, the nominee would receive the balance outstanding in the account as a trustee of legal heirs. In case of joint accounts, the nomination will be activated only on the death of all or last surviving account holder. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

2. Nomination facility is available on all deposit accounts opened by the individuals, either singly or jointly. Nomination is not available to accounts with constitution other than sole proprietorship... Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party. Nomination can be modified with the consent of all account holder/s. Nomination can be made in favour of a minor also, in which cases, a major is required to be indicated as 'appointee' for the minor. Nomination can be made in the name of more than one person.

d) Accounts Statements

1. Pass book will be issued by the Bank to Savings Bank accounts. A statement of account will be provided by the Bank to NRE Savings Bank (quarterly) as well as Current Deposit Account holders (monthly) as per terms and conditions of opening of the account.

2. The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

3. The Bank has the facility of sending e-Statement to the account holders, at their request to the e-mail address furnished by the customer

e) Interest Payments:

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1. Interest shall be paid on saving account at the rate and mode decided by the bank as per the guidelines of the Reserve Bank of India directive from time to time. ~~However,~~ Term deposit interest rates are decided by the ALCO committee of the Bank within the general guidelines issued by the Reserve Bank of India from time to time.

2. In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid on accrual basis at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. In case of Flexi / Reinvestment Deposits, the interest is compounded on quarterly basis and paid at the time maturity / final withdrawal. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association.. No interest is payable if deposit has not run for the minimum period applicable as specified in the interest rate chart of the bank issued from time to time. The interest payment on Foreign Currency deposits scheme (FCNR-B) will be made only if it is kept for or over the minimum period specified by RBI guidelines / and or bank's interest rate chart. Swap/Hedging cost if any on Foreign currency deposits would be recoverable from the customer in case of premature withdrawal of the deposit.

3. The rate of interest on deposits will be displayed in the branch premises as well as in the website. Changes, if any, with regard to the deposit schemes and other related services shall be displayed.

4. The Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. In case of Reinvestment Plan, the interest compounded would be net of TDS deducted from time to time and such TDS amount will be excluded while compounding further interest on interest. Similarly, bank will collect Service Tax or any other levy on the recovery of service charges.

f) Minors' Accounts:

1. The minor can open Savings Bank Account jointly with natural Guardian / mother and the same can be operated by the natural guardian / mother. The minor himself / herself, can operate the account, if he/she is above the age of 10 years and no cheque book / ATM card will be issued. 2. On attaining majority, the bank should obtain confirmation of the balance in his/her account, besides revisiting the entire KYC process. If the account is held jointly with the natural guardian / guardian, fresh specimen signature of erstwhile

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minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes. The account may or may not be continued as a joint account, at the option of the account holders.

g) Account of Illiterate / Blind Person:

The Bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with an existing customer of the Bank who is known to the depositor. Such customer will introduce the account and witness the opening of the account. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his / her thumb impression or mark in the presence of the authorized officer (other than the teller) who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate / blind person.

h) Addition / Deletion of the Name/s of Joint Account Holders:

The bank may at the request of all the joint account holders allow addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder. The first original account holder should continue till maturity / final payment, in case of term deposit.

i) Dormant / Inoperative Accounts:

Accounts which are not operated for a considerable period of time will be designated as dormant/inoperative account status in the interest of the depositor as well as the Bank. The depositor will be informed of the status, and if any, which the Bank will levy on dormant / inoperative accounts. The depositor can request the Bank to activate the account for operating it after providing identification document and or the latest KYC documents in case as required as per risk perception of the bank.

j) Stop Payment Facility:

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The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. Charges, as prevailing, will be recovered.

k) Closing of a abnormally operated Account

A account if not operated normally i.e improper conduct as required by the terms and conditions of the bank may be closed after giving 30 days notice to the customer and asking him/her/them to make alternate arrangements for cheques already issued and also not issue further cheques and surrender the unused cheque leaves.

l) Customer Information:

The customer information collected from the customers shall not be used for cross selling of third party products by the Bank, their subsidiaries and affiliates. If the Bank proposes to use such information, it should be strictly with the consent of the accountholder. The bank will not disclose any private and confidential information of its customer even if he/she cease to be a bank's constituent except or otherwise required under the law.

m) Secrecy of Customer's Accounts:

The Bank shall not disclose details / particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

n) Premature withdrawal of Term Deposit:

The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. Interest payable on such premature deposit would be the interest rate applicable (as at the time of making the deposit) to the period for which the deposit remained with the Bank less penalty if any. Minimum period of deposit for eligibility of payment of interest and penalty for premature withdrawal of term deposit will be as per the interest rate chart applicable from time to time.. The Bank shall make depositors aware of the applicable rate along with the deposit rate.

o) Premature Renewal of Term Deposit:

Incase the depositor desires to renew the deposit before maturity of the deposit, the bank will permit the renewal at the applicable rate of interest on the date of renewal. However, the deposit will be renewed for a period equal or longer than the unexpired period of the

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original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period as on date of deposit for which the deposit remained with the bank without any penalty and not at the contracted rate.

p) Renewal of Term Deposits:

1. All existing as well as new fixed deposits shall be placed under auto renewal mode, for the original period of the deposit, unless contrary instructions such as closure or renewal for a different period / amount etc., are provided by the depositors anytime prior to the date of maturity, in accordance with the mode of operation of the account.
2. In case of auto renewal, as the case may be, interest rate prevailing on the date of auto renewal shall be applicable.

q) Renewal of Overdue Term Deposits:

If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time. .

r) Advances Against Deposits:

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits. The depositor will be required to submit duly discharged Deposit Advice and on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor, for the benefit of the minor. The extent of loan and applicable interest chargeable on the loan will be as per Bank's Policy.

s) Deceased Deposit Account Settlement of Dues procedure:

1. If the depositor has registered nomination with the Bank; - the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid by account payee cheque/DD to the nominee after the nominee satisfies the Bank, about the identity of himself/herself, with requisite documents as required by the bank..
2. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

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3. In a joint deposit account, (operated Jointly) when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as "either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate.

4) In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs. The legal heirs can authorize one of the legal heirs or any other person to receive the payment on their behalf. The Bank will consider settling the claims, without insisting on legal documents up to the limit as per Bank's deceased claim Policy, with a view to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities

s) Interest Payable on Term Deposit in Deceased Account:

1. In the event of death of the depositor before the date of maturity of deposit, the Bank shall pay interest where –

a. deposit claimed/paid before maturity - at the rate applicable for the period for which deposit remained with the bank without penalty

b. deposit claimed/paid after the maturity – at the contracted rate till the date of maturity. Thereafter simple interest at the applicable rate prevailing on the date of maturity from the date maturity till the date of payment

2. In case of death of the depositor after maturity of deposit (where deposit has remained as overdue) – the Bank shall pay interest at savings deposit rate for the period from the date of maturity till the day of payment.

t) Insurance Cover for Deposits:

All bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to certain limits and

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conditions. The details of the insurance cover in force will be made available to the depositor in Bank's notice board.

u) Safe Deposit Lockers:

Wherever the facility is offered, allotment of safe deposit lockers will be subject to their availability. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. The operations of safe deposit lockers are governed by the terms and conditions applicable to the facility as informed to the customer .

v) Redressal of complaints and grievances:

Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within 60 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

Policy Revision

This policy is subject to revision based on the extant RBI guidelines from time to time.
