

Bank of Baroda

(Incorporated in [Baroda], India)

**Explanatory statement setting out important facts about the proposed scheme
For the transfer of part of the banking business of
The UK branch of Bank of Baroda to Bank of Baroda (UK) Limited**

Plain English is used where possible but, throughout this booklet, it will be necessary to use technical terminology (**shown in bold**)

Explanatory Statement setting out the terms of the proposed scheme for the transfer of part of the banking business of the UK branch of Bank of Baroda (BOB) to Bank of Baroda (UK)Limited (BOB Newco)

1. OVERVIEW

1.1 **BOB** proposes to transfer part of its deposit, loan and mortgage accounts currently provided by the UK branch of **BOB**, (the **Transferring Business**) to a new subsidiary, **BOB Newco** (the **Proposed Transfer**). **BOB Newco** is wholly owned by **BOB**, and incorporated in England and Wales and regulated by the Financial Conduct Authority (**FCA**) and Prudential Regulation Authority (**PRA**).The **Proposed Transfer** will be made by means of a banking business transfer scheme (the **Scheme**) under Part VII of the Financial Services and Markets Act 2000 (**FSMA**). This document will be important to you if you have one or more of the following accounts or products:

- (a) current account;
- (b) savings account;
- (c) fixed term deposit account;
- (d) Baroda Smart Sweep account;
- (e) Baroda Max account;
- (f) buy-to-let mortgage;
- (g) commercial mortgage.
- (h) loan (individual borrower or a business/corporate);
- (i) overdraft (individual borrower or a business/corporate);
- (j) loan against fixed assets or deposit;
- (k) remittance services;
- (l) certain bilateral loans advanced to business/corporate customers.

1.2 If you have one or more of the accounts listed above, then **BOB** is currently either your deposit-taker, credit or finance provider and/or mortgage lender and your deposit account, loan, mortgage or overdraft form part of the **BOB's** business that is being transferred to **BOB Newco**. On the date when the **Proposed Transfer** takes effect, **BOB Newco** will become your deposit-taker, credit or finance provider and/or mortgage lender. You should receive a letter providing information about the **Proposed Transfer** and a Your Questions Answered booklet that will describe the process of the **Proposed Transfer**.

1.3 If you have any questions about whether the account which you hold with **BOB** will transfer to **BOB Newco**, please contact us by telephone on 020 74481577 and 08008121121.

2. THE PROPOSED TRANSFER

2.1 In order to meet the regulatory expectations following the release of the **PRA's** Supervisory Statement SS10/14¹ (Supervising international banks: the Prudential Regulation Authority's approach to branch supervision), which sets out the **PRA's** risk appetite for retail deposit-taking in non-EEA branches, **BOB** has decided to transfer a part of its business to a UK authorised bank. In order to effect this, **BOB** has set up **BOB Newco**, which is authorised to accept deposits and to carry out banking business in the UK. The **Scheme** is required legally to transfer the Transferring Business from **BOB** to **BOB Newco** in a manner compliant with the requirements of **FSMA**.

¹ Further details on the **PRA's** Supervisory Statement SS10/14 (Supervising international banks: **PRA's** approach to branch supervision) is available at www.bankofengland.co.uk.

- 2.2 The establishment of **BOB Newco** and the **Proposed Transfer** will enable the **BOB** group to offer accounts in the UK market that are directly comparable from a risk and protection standpoint with existing mainstream providers in the UK. It is anticipated that this will enable **BOB Newco** to achieve a balanced and sustainable growth in customer lending and deposits in the UK market.

3. **PROCESS**

- 3.1 The **Proposed Transfer** is to be carried out under Part VII of **FSMA** and its terms are set out in the banking business transfer scheme document (the **Scheme Document**).
- 3.2 To become effective, the **Scheme** requires court approval. The role of the court is to ensure that it is appropriate to sanction the **Scheme**. It is anticipated that the final court hearing will be held on 15 November 2018 (the **Final Hearing**). At the **Final Hearing** the court will consider and, if thought fit, sanction the **Scheme** by way of an **Order**.
- 3.3 Any person (including any customer or employee of **BOB**) who claims that they will be adversely affected by the **Scheme** is entitled to be heard by the court, or to make representations in writing to it, as is the **FCA** and the **PRA**. Any such person who wishes to attend the **Final Hearing**, or wishes to instruct a barrister or solicitor advocate, at their own cost, to attend the **Final Hearing** and make representations on their behalf should note that the **Final Hearing** will take place on 15 November 2018 at The Rolls Building, Fetter Lane, London EC4A 1NL. Any person who wishes to make a written representation to the court is requested to give notice in writing of their intentions and their objections, as soon as possible and preferably before 1 November 2018 to the Customer Care Centre at the address provided at the end of this Explanatory Statement. Details of any objections submitted before this date will be provided to the court.

4. **EFFECTIVE DATE OF THE SCHEME**

If the **Scheme** is approved by the court on 15 November 2018, the **Scheme** will become effective on 1 December 2018 or on such other time and date as **BOB** and **BOB Newco** may agree (being a date and time falling after the making of the **Order**) and the **Proposed Transfer** will take place automatically as a matter of law. The outcome of the **Final Hearing** will be posted on **BOB** UK Branch website (<http://www.bankofbarodauk.com/subsidiary.aspx>) on the first business day following the **Final Hearing**. Unless the **Scheme** becomes effective by the later of (i) 00:01 on 1 December 2018; or (ii) such other time and/or date as the court may allow on the application of **BOB** and **BOB Newco**, it will lapse.

5. **EFFECT OF THE PROPOSED TRANSFER**

Deposits, loans and mortgages

- 5.1 Any account loan or mortgage between **BOB** and a customer in respect of the **Transferring Business** shall become an account, loan or mortgage between **BOB Newco** and that customer. The terms and conditions that were applicable immediately prior to the **Proposed Transfer** will not change as a result of the **Proposed Transfer**. **BOB Newco** will, following the **Effective Date**, be responsible for the setting of interest rates and charges that apply to any account, loan or mortgage in accordance with the terms and conditions that apply to your transferred loan, account and/or mortgage.
- 5.2 Any reference to **BOB's** variable rate of interest will be deemed to be a reference to the variable rate of **BOB Newco** that **BOB Newco** is free to vary from time to time in accordance with the terms and conditions that apply to any transferred loan, account or mortgage. However, there will be no change in the interest rates or charges that currently apply to your account, loan or mortgage as a result of the **Proposed Transfer**.
- 5.3 From 1 December 2018, any payments made in respect of an account, loan or mortgage falling within the **Transferring Business** will be received by **BOB Newco** instead of **BOB**.

The dates on which you make payments and the way in which you make such payments (for example, by cheque, direct debit or standing order) will not change as a result of the **Proposed Transfer**. Your account number(s) and sort code(s) will remain the same.²

- 5.4 Any security (in whatever form, including by guarantee, charge, counter-indemnity or security assignment, lien, title transfer or retention agreement) which is held by **BOB** in relation to any loan or mortgage falling within the **Transferring Business** will transfer to **BOB Newco**.
- 5.5 Any loan, overdraft, mortgage or facility application which is being processed by **BOB** immediately prior to 1 December 2018 will continue to be processed after 1 December 2018 by **BOB Newco**.
- 5.6 The branding of correspondence and documentation relating to your loan, account or mortgage will change from **BOB** to **BOB Newco**.

Set-off

- 5.7 The terms and conditions of some accounts provide a right of set-off to **BOB**. This means that **BOB** may deduct what you owe to **BOB** from what **BOB** owes to you. Following the **Proposed Transfer**, the same right of set-off may be enjoyed by **BOB Newco** provided that your relevant loans, accounts or mortgages have transferred to **BOB Newco** and are held in the same name.
- 5.8 If you hold any of the accounts set out in paragraph 1.1 that are part of the **Transferring Business** and have another loan, account or mortgage with **BOB** on the **Effective Date**, you will have two separate banking relationships (one with **BOB** and one with **BOB Newco** from the **Effective Date**). Where there was a right of set-off in respect of deposit accounts and loans which you held at **BOB** prior to the **Proposed Transfer**, such right of set-off will continue even in the situation where your deposit is transferred to **BOB Newco** while the loan remains with **BOB** or where your loan is transferred to **BOB Newco** while the deposit remains with **BOB**.
- 5.9 Please note that there will be no right of set-off in respect of new loans taken with **BOB** against deposits or other accounts held at **BOB Newco**. However, a right of set-off may exist in relation to deposit accounts and loans taken with **BOB Newco**.

Security

- 5.10 Any security in respect of the **Transferring Business** held by **BOB** or by a nominee, agent or trustee for **BOB**, as security for the payment or discharge of any liability shall on and from the **Effective Date** be held by **BOB Newco** or as the case may be by a nominee, agent or trustee for **BOB Newco**, and be available to **BOB Newco** as security for the payment or discharge of any such liability.

Instructions and authorities

- 5.11 Any existing direct debit instruction, standing order, direction, mandate, power of attorney, authority, undertaking or consent given to or by **BOB** in respect of the **Transferring Business**, shall have effect on and from 1 December 2018 as if given to, or as the case may be, by **BOB Newco**.

6. FINANCIAL SERVICES COMPENSATION SCHEME COVER

- 6.1 Customers of the **BOB** branch in the UK are covered by the UK **Financial Services Compensation Scheme** (the **FSCS**). The **FSCS** provides most customers, including private individuals and small businesses (which includes companies, as long as they meet the "small company" criteria set out in the relevant legislation), with assurance that up to £85,000 of

² BOB to confirm that this is correct.

money deposited with an authorised bank will be protected if the bank becomes unable to repay money deposited with it.

- 6.2 For joint accounts each account holder is treated as having a claim under the **FSCS** in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed under the **FSCS** would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.
- 6.3 In accordance with the requirement contained in section 19.1 of the PRA rulebook on Depositor Protection, we are providing you with at least one month's notice prior to the **Proposed Transfer**. In any event, you have the right to withdraw (or transfer to any other bank) any of your deposit amounts over and above the FSCS limits, without incurring any penalty, during a period of three months from the date of the letter sent to you by **BOB**. For avoidance of doubt, such amount may also include any accrued interest or benefits.
- 6.4 Following the implementation of the **Scheme**, all customers will continue to benefit from the same level of protection as they currently enjoy under the **FSCS**.
- 6.5 For more details on the rules and eligibility under the FSCS, please refer to the FSCS website at www.fscs.org.uk

7. DATA PROTECTION

- 7.1 As part of the **Proposed Transfer**, all personal data obtained by **BOB** from its customers, contacts and employees in respect of the **Transferring Business** will be disclosed to **BOB Newco** who will become the data controller in respect of that data and will be under the same duty as **BOB** to respect the confidentiality and privacy of such data. **BOB Newco** will use this data in order to administer the customer accounts, enquiries and employment relationships that are included in the **Transferring Business**, and references to **BOB** in any of **BOB**'s data protection statements or consents should be construed as references to **BOB Newco**.

8. CONTINUITY OF PROCEEDINGS

Any proceedings for the resolution of a dispute or claim by or against **BOB** in relation to the **Transferring Business** will be continued by or against **BOB Newco** from 1 December 2018. **BOB Newco** will also be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to **BOB** in any such proceedings. Similarly, judgments, settlements, orders and awards obtained by or against **BOB** in relation to the **Transferring Business**, and which are not fully satisfied before the **Effective Date**, will be enforceable by or against **BOB Newco**. Complaints about the **Transferring Business** (whether arising before or after 1 December 2018) can still be referred to the Financial Ombudsman Service.

9. BUSINESS WHICH MAY BE TRANSFERRED AFTER [EFFECTIVE DATE]

Any part of the **Transferring Business** that for any reason is not transferred on 1 December 2018 will be retained by **BOB** but may be transferred to **BOB Newco** subsequently in accordance with the terms of the **Scheme Document**.

10. AMENDMENTS TO THE SCHEME

- 10.1 **BOB** and **BOB Newco** can apply jointly at any time before or after 1 December 2018 to the court for any amendment, variation, modification or addition to the **Scheme** provided that, if such application is made after the sanction of the **Scheme**, the **FCA** and **PRA** shall be notified of, and have the right to be heard at, any hearing of the court at which such application is considered.
- 10.2 At any time after the sanction of the **Scheme**, in the case of minor amendments or manifest error, the amendment may be made without the consent of the court provided that the **FCA**

and **PRA** has been notified of the proposed amendment and no objection is received by **BOB** or **BOB Newco** from the **FCA** or **PRA** within 14 days of such notification.

11. **COSTS**

BOB and **BOB Newco** will be responsible for all costs of implementing the **Scheme** and customers will not bear any such costs.

12. **GOVERNING LAW**

The **Scheme** is governed by English law.

13. **CONTACT DETAILS**

The details that you hold for contacting **BOB** in relation to your mortgage, deposit or loan account will not change as a result of the **Proposed Transfer**. **BOB Newco** will be contactable on the same telephone numbers and at the same address. There will be no significant changes to the online banking services provided by **BOB Newco** and the website details will remain the same. **BOB** and **BOB Newco** do not expect there to be any interruption to the service you receive as a result of the **Proposed Transfer**.

14. **FURTHER INFORMATION**

14.1 Further information in relation to the **Proposed Transfer**, including the **Scheme Document**, is available on our website at <http://www.bankofbarodauk.com/subsidiary.aspx>

14.2 You can request free copies of any of the relevant documents, including the **Scheme**, or ask any further questions you may have by calling us on 020 74481577 and 08008121121 (phone lines are open from 09.30 to 17.00 Monday to Friday), writing to us at Customer Care Centre, Bank of Baroda, 32 City Rd, London EC1Y 2BD, or by emailing us at customercare.uksub@bankofbaroda.com.

14.3 If you wish to notify us of your intention to object to the **Proposed Transfer** at the **Final Hearing**, please write to the Deputy Chief Executive at Bank of Baroda, 32 City Rd, London EC1Y 2BD, or email us at customercare.uksub@bankofbaroda.com.

15. **STATUS OF THIS EXPLANATORY STATEMENT**

This Explanatory Statement is provided for information only, and is designed to help customers and other interested parties understand the background, mechanism and process of transfer under the **Scheme**. This document is a summary only, and it is not to be treated as a substitute for reading the entire **Scheme Document** if you wish to ascertain its terms. Consequently, it is the **Scheme Document**, and not this Explanatory Statement, which will have legal effect.