Investment Risk Reserve Rules (IRR):

Investment Risk Reserve (IRR) is a voluntary contribution by the Investment Accounts only out Investment Account share.

Following Rules shall be followed for its creation and use:

RULES

1. It shall be voluntary contribution from Investment Accounts only.
2. It shall not be more than 1/100th (1%) of share of income of Investment Accounts. However, the Bank may decide any amount instead of a Ratio provided the same does not exceed declared ratio.
3. Maximum IRR ratio shall be declared for each pool at the time of creation of each pool.
4. IRR created from a Pool shall be utilized for the same Pool.
5. The Bank may, in the best interest of the depositors, allocate less amount of IRR at time of distribution of profit.
6. It shall be effective with prospective effects. It shall not have retrospective effects.
7. IRR shall be created only if the remaining profit is sufficient so that the rate in any deposit category does not fall below total of 2.5% p.a. plus withholding taxes and any other taxes.

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8. IBG shall declare the ratio or any change in the ratio after approval from Committee constituted for approval of Pool.

9. The ratio of IRR shall be displayed on the Notice Board of the branches and shall also be available at the website of the Bank.

10. Accumulated balance in IRR shall be invested in SLR eligible Shariah Compliant Securities.

11. A PLS account called IRR Account shall be maintained by the Bank in its own Bank or any other Bank to credit profit received on the Investment of the IRR.

12. The Balance in IRR Account shall be invested in SLR eligible Shariah Compliant Securities as soon as possible.

13. IRR shall be reflected as liability in accounts.

14. In case of actual termination of a Pool, its IRR shall be distributed to the Pool.

15. Only those losses shall be set off by the IRR of a Pool which directly relate to that Pool.

16. IRR may be utilized for following purposes:

    a. Utilize the IRR to smoothening returns to Investment Accounts during the period when the Pools profits are below market expectation.

    b. Utilize the IRR to cover losses, if any, incurred by the Pool to which this IRR relates.

    c. Off-set any specific loss or expense directly from IRR without passing it through NIP which is expected to be recovered or recouped in future. In such cases, when loss is recovered or recouped, it shall be directly added back to the IRR.

    d. Profit is declared upto two digits after decimal. A difference arises at the time of actual distribution of profit. Net difference shall be paid from or transferred to IRR.