

(1) COMPREHENSIVE DEPOSIT POLICY

I. Introduction

One of the important functions of the bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. 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.

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by Unity Small Finance Bank Limited ("the Bank") and terms and conditions governing the conduct of the account. The document recognises 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.

It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

II. Types of deposits

While various deposit products offered by the Bank are assigned different names, the deposit products can be categorized broadly into Demand Deposits and Time Deposits (or Term deposits). These deposits are offered under various schemes.

A) **"Demand Deposits"** means a deposit received by the Bank which is withdrawable on demand. The following are two broad categories of demand deposits:

1. **"Savings Account"** means a form of Demand Deposit 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.

The Bank also offers **Basic Savings Bank Deposit Account (BSBDA)** as per the extant guidelines laid down by the RBI from time to time. Terms and conditions for this account laid down in the Bank's Policy on Basic Savings Bank Deposit Account details of which are displayed on our website and details available at our branches.

2. **"Current Account"** means a form of demand deposit 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.

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments / Authority created by Government (Central or State), Limited Liability Partnership etc.

Need for discipline: Opening current accounts for borrowers who have already availed credit facilities in the form of Cash Credit (CC) / Overdraft (OD) from the banking system shall be undertaken strictly

in terms of RBI Circular No. RBI/2022-23/27, DOR.CRE.REC.23/21.08.008/2022-23 April 19, 2022 on Consolidated Circular on Opening of current accounts and CC/OD Accounts by Banks.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12293&Mode=0>

- B) **"Term Deposits"** means a deposit received by the Bank for a fixed period and includes deposits such as Recurring / Short Deposits / Fixed Deposits.

Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments / Authority created by Government (Central or State), Limited Liability Partnership etc.

The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. In absence of any written instructions about the disposal of the term deposit, the Bank reserves the right, at its discretion, to renew the deposit along with accrued interest thereon at prevailing rates of interest for a *similar tenor of the deposit which has matured.

*rate applicable on the date of renewal/maturity

Bulk Deposit : Single Rupee term deposits of Rupees **three crore** and above.

Non callable deposits : Single Rupee term deposits of above Rupees **one crore and above**. **Premature withdrawal is not permitted** under any circumstances

III. Account opening and operations of deposit accounts

- A) **Opening of an account:** 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.

With the advent of technology and various policies by the regulator on KYC, accounts may be opened digitally taking into account all the checks and balances expected to open such accounts and as suggested by the regulator / statutory authorities from time to time.

- B) **Know Your Customer (KYC):** The Bank before opening any deposit account will carry out due diligence as required under "Know-Your-Customer" (KYC) guidelines issued by RBI/ PMLA/ Bank's KYC AML policy and such other norms or procedures as adopted by the Bank.
- C) **Due Diligence:** The due diligence process, while opening a deposit account will normally involve identifying and verifying the identity of the person, verification of address, obtaining information relating to the customers occupation, source of income etc. The Bank requires a recent photograph of the person(s) opening / operating the account as a part of the due diligence process.

For customers who are legal persons or entities, the Bank should

- (i) verify the legal status of the legal person/ entity through proper and relevant documents;
- (ii) verify that any person purporting to act on behalf of the legal person / entity is authorized to act on behalf of the entity and identify and verify the identity of that person;
- (iii) understand the ownership and control structure of the customer and identity and verify the identity of the natural persons who ultimately control the legal person. Notwithstanding the aforesaid, Bank reserves the right to conduct further due diligence as deemed appropriate by it.

- D) **Risk categorization:** The Bank will adhere to regulatory guidelines and solicit information from the customer for the purpose of assigning a risk category to the customer and for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in the Bank not opening an account.
- E) **PAN requirement:** In addition to the due diligence requirements under KYC norms, the Bank is required to obtain Permanent Account Number (PAN)* details or alternatively declaration in Form No. 60 as specified under the Income Tax Act / Rules.

**compulsory in case of non-individual customers except for unincorporated association or a body of individuals. Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' Term 'body of individuals' includes societies

- F) **Minimum / Average Balance requirements:** For deposit products like Savings Account and Current Account, the Bank will normally stipulate certain minimum/ average balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain stipulated minimum/ average balance in the account will attract levy of charges as specified by the Bank from time to time and the same is notified to the customer through Short Message Service (SMS). The stipulated minimum / average balance shall be advised through Short Message Service (SMS) requesting them to maintain the stipulated balance requirement for the account to avoid penalty. The SMS shall only go to the account holders whose stipulated balance is less than the prescribed to be maintained in account. The Schedule of charges structure for recovery of charges in the various categories of Saving Bank account will be made available on Bank's website and is subject to revision from time to time
- G) **Other terms and conditions:** 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 additional cheque books, additional statement of accounts, duplicate pass book etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account. Savings Bank Accounts can be opened for eligible person / persons and certain organizations /agencies (as advised by Reserve Bank of India (RBI) from time to time) Account is subject to verification, and the Bank reserves the right to reject the request of the Applicant to open an Account without providing any reason. In the event where the documents submitted by the Applicants or Customers for opening an Account and/ or availing the Bank's products and services or for processing the transactions thereon are incomplete or discrepant, The ("Unity SFB") Bank shall notify such discrepancies and/or certain additional verification/ documentation requirements within a reasonable time through emails sent to the email ID of the Customer (as provided in the AOF). In case highlighted discrepancies remain

unresolved or upon non-receipt of required documents within the stipulated time period, if any, the Bank, shall have the right to reject the AOF of the Applicant and in accordance with its policies and procedures, the Bank shall retain the application forms and documents provided therewith at the time of Account opening, including photographs and will not return the same to the Applicant in case of rejection of the said application. In such an event the Bank shall not be liable to pay interest on the amount of deposit and shall refund the money received, if any, to the source account.

H) Other Banking Products & Services:

Customer also can avail other banking product and/or services offered by Bank from time to time like:

- i. **Debit card:** Bank may issue Debit cards to customers having Saving Bank/Current Accounts. Bank may charge on debit card usage within stipulated benchmark as per regulatory guidelines. Debit cards are issued in accordance with the Bank's internal policy on Debit card, as approved by Board/ any other committee. The Schedule of charges structure for Debit cards is available on Bank's website and is subject to revision from time to time
 - ii. **Mobile, WhatsApp and Internet banking:** The Bank may undertake Mobile Banking, WhatsApp Banking and Internet Banking, in accordance with the Bank's policy.
 - iii. **Access to own and other ATM network:** The bank will make available its own ATM access as well as ATMs of other banks by participating in regulated and approved network by regulators and statutory authorities.
 - iv. **Extension of alternate delivery channels:** The Bank may offer choice of electronic channels (like NEFT and RTGS) to customers for conducting their banking transactions. Wherever such electronic facilities are offered as a part of the basic account/product, the Bank will obtain specific consent of the customers for availing the facility.
- I. **Statement of Account:** A statement of account will be provided by the Bank to Savings Account as well as Current Account Holders on a monthly basis as per the terms and conditions applicable while opening the account. The statement of account maybe issued in a digital form to the customer and send to their registered email id on monthly basis. The customer may also have ability to download the statement of account by accessing the Internet Banking / Mobile Banking / WhatsApp Banking. Alternatively, the Bank may issue a Passbook to these account holders.

J. Accounts Operations:

- i. **Account in the name of a single individual:** Savings accounts can be opened by an individual in his/her own name, known as account in single name wherein the mode of operation is Self.
- ii. **Accounts of Minors:** A savings bank account can be opened in the name of a minor by his/her natural or legally appointed guardian and the same shall be operated by the natural / legally appointed guardian only.

A minor, can also independently open a Savings Bank Account operated by himself / herself if he/she is above the age of 10 years, and is literate. The Bank may, at its discretion, fix limits on the amounts up to which the minor may be allowed to operate the account independently.

On attaining the age of majority, the erstwhile minor should confirm balance in her/her account and if the account is operated by the natural guardian / legal guardian, fresh KYC documents, photograph, operating instructions, and specimen signature of erstwhile minor should be obtained and kept on record.

- iii. **Joint Accounts:** An account can be opened and held by more than one individual in their own names, known as Joint Account. The joint account holders can give any of the following mandates for the operation of account and disposal of balance in the above deposit accounts:
 - a. **Either or Survivor:** If the account is in the name of two individuals say, A & B, either of them can operate the account in the normal course. The final balance along with interest, if applicable, will be paid to either of account holders i.e. A or B, on date of maturity (in case of term deposit) or to the survivor on death of any one of the account holders. However, the signatures of both the depositors may have to be obtained, in case the deposit is to be paid before maturity.
 - b. **Anyone or Survivor(s):** If the account is in the name of two or more individuals say, A, B & C, any one of them can operate the account in the normal course. The final balance along with interest if applicable, will be paid to any of surviving account holders i.e. A or B or C, on the date of maturity (in case of term deposit). On the death of any one of account holder say A, the final balance along with interest, if applicable, will be paid to the surviving account holders i.e. B and C. On the death of any two of account holders, say A and B, the final balance along with interest, if applicable, will be paid to surviving account holder i.e. C.
 - c. **Former or Survivor:** If the account is in the name of two individuals say, A & B, the account shall be operated by the Former i.e. A. The final balance along with interest, if applicable, will be paid to the former i.e. A on date of maturity (in case of term deposit) and to the survivor on death of anyone of the account holders.
 - d. **Jointly by All :** If the account is in the name of two individuals say, A & B, the account shall require to be operated by A & B jointly. The final balance along with interest, if applicable, will be paid to both the applicants jointly. On the death of any one of the account holders, the final balance along with the interest if applicable will be paid jointly to the legal heirs of deceased constituent and the surviving constituent.
- iv. **Power of Attorney:** At the request of the depositor/s, the Bank will register mandate / power of attorney given by him/her/them authorizing another person to

operate the account on his/her/their behalf. Account opening and closing will not be allowed by Power of Attorney.

- v. **Mandate:** At the request of the depositor/s, the Bank will register mandate given by him/her/them authorizing another person to operate the account on his/her/their behalf. This is applicable for NRI customers. Account opening and closing will not be allowed by mandate

K. Nomination: Nomination facility is available on all deposit accounts opened by individuals. Nomination is also available to an account opened by a Sole Proprietorship concern. Nomination made can be cancelled or changed by the account holder(s) at any time. While making nomination, cancellation or change thereof, thumb impression of an illiterate will be witnessed by two Individuals. Signatures of the account holders on nomination form need not be attested by witnesses in case of literate customers. Nomination can be modified with the consent of account holder/s.

Nomination can be made in favor of a minor also. In such cases at the time of making nomination, depositor has to give a name of person (called appointee) who is a major and will receive the amount of deposit on behalf of the minor nominee and give discharge to the Bank, in the event of death of the account holder during the minority of the nominee.

The Bank recommends that all depositors avail nomination facility. Bank would give wide publicity on the benefits of nomination. The nominee, in the event of death of the depositor(s), would receive the balance outstanding in the account as a trustee of legal heirs.

The detailed policy guidelines form a part of this Master Policy on Customer Service.

L. Account Portability: The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor or in such cases where the branches are merged or relocated which necessitates the change of the branch. The bank will make adequate care to ensure that such changes do not cause unnecessary hardship while operating the account.

M. Term Deposit of Senior Citizens: The Bank may offer Resident Indian Senior Citizens, (age over 60 years) a higher rate of interest on Fixed Deposits within the Minimum and Maximum range as stipulated by the RBI from time to time. The Bank would also be guided by all applicable Income Tax Rules pertaining to fixed deposits held by Resident Indian Senior Citizen.

N. Account of Illiterate Person: The Bank may open deposit accounts of illiterate person/s subject to certain conditions, with a view to safeguard the interest of the customer. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. No cheque book facility is provided to illiterate customers. 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 bank officer 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.

O. Accounts of Visually Challenged Persons: The Bank may open deposit accounts of visually challenged person. Such accounts will be operated by the account holder personally. Such account holders will have to be present before the branch official and affix thumb impression

and they will be identified through their photograph to facilitate operations. Bank is also committed to introducing technology banking facilities progressively via ATM & Internet banking in keeping with the availability of supporting technology which will enable visually challenged persons to operate their own accounts. Banks will offer all the Banking facilities such as Cheque book, ATM, Net Banking, Locker, Retail Loans, Credit Cards etc., to the visually challenged persons without any discrimination. No differential treatment shall be accorded to visually challenged customers. In addition, magnifying glass is also kept in the branch for the use of persons with low vision, wherever they require for carrying out banking transactions with ease. The Bank official shall explain the terms and conditions governing the account to the visually challenged person.

- P. Opening of Accounts under National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999:** Savings bank and term deposits can also be opened in the name of persons covered under the above Act by a guardian appointed to have the care of the person and property of the disabled person, by the Local Level Committees set up under the said Act. All banking facilities will be offered to such persons without any discrimination. Debit card will not to be issued to mentally ill person. It will be issued to guardian only. Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate
- Q. Opening of Accounts under The Mental Health Act, 1987:** Savings bank and term deposits can also be opened in the name of persons covered under the above Act by a Guardian appointed by the District Courts / Collectors of Districts under the said Act for this purpose.
- R. Account of Transgender person:** In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as “Third Gender” and the details shall be accepted in the AOFs/ or other applicable forms as such. All transgender customers shall be treated equally to other male/ female customers without any discrimination.
- S. Non-Resident Deposits:** Accounts of Non-Resident individuals shall be opened as per the guidelines issued by the Regulator / other statutory authorities.
- T. Account Closure:** Customer who wishes to close the account :
- i. Have to submit account closure application signed by all Joint holders.
 - ii. Customer has to surrender debit card if any issued.
 - iii. Customer has to surrender unused cheque leaves.
 - iv. Customer has to declare that he/she has delinked the account linked for financial credits & debits.

At the time of closure of account, Bank will check the surrender cheque leaves with unused cheque leaves in CBS, obtain a declaration if does not tally. Bank will check if the account is linked for locker rent & demat charges. Bank will recover unrecovered charges / debit balance if any. Bank can waive partly / fully unrecovered charges at its discretion.

For service charges related to account closure refer Schedule of charges in Bank’s website. Service charges are subject to change from time to time at the discretion of the Bank.

IV. Interest Rate framework

Bank shall pay interest on deposits of money (other than current account deposits) accepted by them or renewed by them in their Domestic, Ordinary Non-Resident (NRO), Non-Resident (External) Accounts (NRE) and Foreign Currency (Non-resident) Accounts (Banks) Scheme {FCNR(B)} deposit account on the terms and conditions specified in these directions:

- a) The rates shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
- b) Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance. **The bank shall maintain the bulk deposit interest rate card in their Core banking system to facilitate supervisory review.**
- c) The rates shall not be subject to negotiation between the depositors and the bank.
- d) The interest rates offered shall be reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.
- e) All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits and to two decimal places for FCNR (B) deposits.
- f) Deposits maturing on non-business working day
 - i. If a term deposit is maturing for payment on a non-business working day, Bank shall pay interest at the originally contracted rate on the original principal deposit amount for the non-business working day, intervening between the date of the maturity of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.
 - ii. In case of reinvestment deposits and recurring deposits, Bank shall pay interest for the intervening non-business working day on the maturity value.

A) Interest rate on Domestic Current Account

No interest shall be paid on deposits held in current accounts.

Provided that balances in current account standing in the name of a deceased individual depositor or sole proprietorship concern shall attract interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment

B) Interest rate on Domestic Savings Bank Accounts:

- (i) Interest will be paid on savings account at the rate specified by the Bank from time to time. Also, the interest on domestic rupee savings accounts are calculated on the daily product basis and credited at quarterly or shorter intervals.
- (ii) The Bank, at its discretion, may provide differential rates of interest for any end-of-day savings bank balance exceeding Rupees one lakh.

- (iii) Interest on savings bank accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.

C) Interest rates on Domestic Term Deposits:

- (i) Term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. This includes additional interest rates for Resident Indian senior citizens and staff as may be decided by the bank in terms of its internal policy.
- (ii) Interest rates on term deposits shall vary only on account of one or more of the following reasons:
 - (a) Tenor of Deposits: Bank shall have the freedom to determine the maturity/tenor of the deposit subject to the condition that minimum tenor of the deposit offered shall be seven days.
 - (b) Size of Deposits : Differential interest rate shall be offered only on bulk deposits.
Provided that differential interest shall not be applicable on deposit schemes framed on the basis of the Bank Term Deposit Scheme, 2006 or the deposits received under the Capital Gains Accounts Scheme, 1988.
- (iii) In terms of RBI directives Interest is calculated at quarterly intervals on term deposits and paid at the rate decided by the bank depending upon the period of deposits.
- (iv) In case of monthly deposit scheme, interest shall be calculated at discounted value for General customers and simple interest for Senior Citizens.
- (v) Interest on deposits repayable for less than 3 months or where the terminal quarter is incomplete, interest is calculated for completed months and further for incomplete month on actual number of days reckoning the year at 365 days.
- (vi) In case, the Deposit is spread over a leap and a non-leap year, the interest is calculated reckoning the year at 365 days irrespective of a leap year.
- (vii) The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.
- (viii) Payment of interest on term deposit maturing on Sunday/holiday/non-business working day: In respect of a term deposit maturing for payment on a Sunday or a holiday or a non-business working day, or Saturday in case of NRE deposits, bank shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday/ holiday/ non-business working day and also Saturday in case of NRE deposits, intervening between the date of the expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

- (ix) In case of reinvestment deposits and recurring deposits, the bank shall pay interest for the intervening Sunday/holiday/non-business working day (as also Saturday in case of NRE deposits) on the maturity value.
- (x) Interest rate payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance except for Bulk Deposits i.e. Single rupee term deposits of rupees three crore and above where the bank may, at its discretion, offer differential rates of interest, within the ambit of regulatory guidelines issued by RBI from time to time.
- (xi) The bank shall maintain the deposit interest rate card in its core banking system to ensure that uniform rates are applied to all the deposits without any discrimination and modification is allowed only with the permission of authorized person.
- (xii) All transactions, involving payment of interest on deposits shall be rounded off to the nearest rupee for rupee deposits

D) Interest payable on term deposit in deceased account:

- i) In the event of the death of the depositor before the date of maturity of the deposit and amount of the deposit is claimed after the date of maturity, the bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the bank at its discretion shall pay simple interest at the applicable rate operating on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity.
- ii) If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the bank will be paid.
- iii) However, in the case of death of the depositor after the date of maturity of the deposit, interest shall be paid at the contracted rate till the date of maturity and the bank shall pay interest at savings account or the contracted rate of interest on the matured term deposit, whichever is lower from the date of maturity till the date of payment.
- iv) In case of splitting of the amount of term deposit at the request from the claimant/s of deceased depositors or Joint account holders, no penalty for premature withdrawal of the term deposit shall be levied if the period and aggregate amount of the deposit do not undergo any change.

The detailed policy guidelines form a part of this Master Policy on Customer Service.

V. Premature withdrawal of Term Deposit:

1. The bank on request from a depositor, will allow withdrawal of term deposit before completion of the period of the deposit as per terms agreed upon at the time of placing the deposit.

2. The deposit should, however, have run at least for the minimum tenor of seven days as prescribed by RBI, in order to be eligible for payment of interest at rate applicable for the period it has run, i.e. no interest shall be paid where premature withdrawal of deposit takes place before completion of the minimum period specified by RBI i.e. seven days.
3. Bank levies premature penalty @ 1% p.a on the rate applicable for the period the deposit has remained with the bank or as decided from time to time. Further, the bank may, at its discretion, waive penalty for premature closure.
4. Interest on the deposit for the period that it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate
5. **Term Deposits of below ₹ 3 Crores:** For term deposits of below ₹ 3 crores , the Bank on request from the depositor shall allow withdrawal of deposit before completion of the period of the deposit agreed upon at the time of placing the deposit i.e. premature withdrawal will be allowed.
6. **Term Deposits of ₹ 3 crores and above:** For term deposits of ₹ 3 crores and above, where Bank offers both, deposits with/without premature withdrawal facility, customer shall be given the option to choose between the two facilities. For term deposits without premature withdrawal facility, the Bank may offer differential rate of interest. The Bank, shall, however disclose in advance the schedule of interest rate payable on term deposits. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. While prematurely closing the existing deposit, interest will be paid for the period the deposit has remained with the Bank. The Bank shall make depositors aware of the applicable rate along with the deposit rate.

VI. Premature termination of Term Deposit of deceased depositor/s with Nomination: Premature termination of term deposit account as per terms of contract will be permitted at the request of the nominee on verification of his/her OVD (such as Election ID Card, PAN Card, Passport etc.) and proof of death of depositor.

VII. Premature termination of Term Deposit of deceased depositor/s without Nomination: Premature termination will be permitted on joint request by all legal heirs (or any of them as mandated by all the legal heirs) as per the terms of the contract on verification of the authority of the legal heirs and proof of death of depositor.

VIII. Premature Renewal of Term Deposit: In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank will permit the renewal at the applicable rate on the date of renewal, provided

- i. The depositor approaches for premature closure before 7 days from the start date of deposit, then the deposit shall be renewed with retrospective maturity date, since no interest is paid
- ii. The depositor approaches for premature closure on or after 7 days for renewing the Term deposit for a longer period than the original contract then while prematurely closing the deposit, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. Further,

the bank may, at its discretion, levy penalty for premature closure of an existing deposit at such rates as may be decided by the bank from time to time.

- IX. Renewal of Overdue Term Deposit:** When a term deposit is renewed on maturity, on the renewed deposit, interest rate for the period specified by the depositor, as applicable on the date of maturity, would be applied.

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 savings account rate or the contracted rate of interest on the matured term deposit, whichever is lower. Such term deposit must have run for a minimum tenor of 7 days from the date of request for renewal by the depositor, in order to earn any interest. Premature withdrawals before this minimum tenor will result in zero interest payment to the client.

- X. Payment of Overdue Term Deposit:** If a term deposit matures and the proceeds are unpaid, the amount left unclaimed would attract savings account or the contracted rate of interest on the matured term deposit, whichever is lower.

- XI. Tax Deduction at Source (TDS):** 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 applicable declaration in the prescribed format (Form 15G/ Form 15H / Tax Exemption Certificate) at the beginning of every financial year, for existing term deposits and later on for term deposits created subsequently, failing which bank shall proceed to deduct taxes as applicable.

XII. Interest rates on Rupee Deposits-Non-Residents

- A.** Interest on deposits of money accepted or renewed under NRE/NRO deposit scheme shall be on the terms and conditions specified in the ensuing paragraphs:
- a.** The interest rates shall be subject to the conditions laid down in these Directions.
 - b.** Interest rates on savings deposits under Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits shall be in accordance with Directions.
 - c.** Interest rates on NRE/NRO term deposits shall vary only on account of one or more of the following reasons:

(i) Tenor of Deposits:

Banks shall have the freedom to determine the maturity/tenor of the deposit subject to the condition that minimum tenor of NRE term deposits shall be one year and that of NRO term deposits shall be seven days.

(ii) Size of Deposits :

Differential interest rate shall be offered only on bulk deposits

- d. Interest rates on NRE/ NRO deposits shall not be higher than those offered by the banks on comparable domestic rupee term deposits.
 - e. The benefit of additional interest rate on deposits on account of being bank's own staff or senior citizens shall not be available to NRE and NRO deposits.
 - f. Interest on savings deposits shall be credited at quarterly or shorter intervals.
 - g. If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under:
(i) if the NRE deposit has not run for a minimum period of one year, interest shall not be paid
- B. Prohibition on marking lien :** Scheduled Commercial Banks shall not mark any type of lien, direct or indirect, against NRE saving deposits except for statutory requirement
- C. Penalty on premature withdrawal of NRE deposits** There shall be a comprehensive policy on penalties for premature withdrawal of NRE term deposits approved by the Board of Directors or any committee of the Board to which powers have been delegated, subject to the following:
- a. The components of penalty shall be clearly brought to the notice of the depositors at the time of acceptance of the deposits.
 - b. No penalty shall be levied for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.
 - c. Penalties for premature withdrawal shall be levied for conversion of NRE deposit into FCNR (B) deposit and vice versa.
 - d. No penalty for premature withdrawal shall be levied, where depositors of the branch as mentioned in section 4(h) of this direction desires premature withdrawal of deposit consequent to the transfer of business to another bank.

D. Interest payable on the NRE term deposit account of deceased depositor :

In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.

XIII. Others:

- A) Advances against Deposits:** The Bank may consider request of the depositor(s) for loan / overdraft facility against term deposits maintained with the Bank and duly discharged by the depositor(s) on execution of necessary security documents. The Bank may also consider loan against deposit in the name of minor, however, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor – applicant. The Bank will offer such advances at a margin as decided from time to time and ensuring the

necessary margins are maintained so as to ensure that the due amount outstanding is never over the principle maintained in the bank.

- B) **Addition or Deletion of names(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.
- C) **Customer Information:** The customer information collected from the customers may be used for cross selling of services or products by the Bank, their subsidiaries, affiliates and associates strictly with the consent of the account holder in writing, obtained at the time of account opening or subsequently.
- D) **Secrecy of Customer Information:** 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
- E) **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 conditions. The details of the insurance cover in force, will be made available to the depositor.
- F) **Settlement of Dues in Deceased Deposit account:** The Bank has framed a comprehensive policy to facilitate a simplified procedure for settlement of accounts of deceased account holders, which forms a part of this Master Policy on Customer Service. The claims in respect of deceased depositors and release of payments to survivor(s)/nominees will be made within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor, suitable identification of the claimant(s) to the bank's satisfaction and other documents to the bank's satisfaction.
- G) **Dormant / Inoperative Account:** Accounts which are not operated by the customer for a period of two years will be classified as Dormant / Inoperative in the interest of the depositor as well as the Bank. Activation of such dormant accounts will be done on receiving a request in writing from the customer. The depositor can request the bank to activate the account for operating it after complying with the regulatory guidelines and the banks internal guidelines in this regard.
- H) **Inactive Account:** Accounts which are not operated by the customer for a period of one year will be considered as inactive accounts in the interest of depositor as well as the Bank. An intimation letter shall be sent to the depositor on account turning inactive. Customer can activate the account by performing a financial transaction in the account.
- I) **Unclaimed Deposits:** These are accounts which have not been operated upon for ten years. Such accounts are transferred to RBI under the "The Depositor Education and Awareness Fund Scheme, 2014".

Unclaimed Deposit Reference Number (UDRN)- It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred

to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

In an effort to play a more pro-active role in finding the whereabouts of the account holders of unclaimed deposits, the list of such accounts which are inoperative for ten years or more will be displayed on our Bank's website. For Individual Customers, the list displayed on the website will contain the names of the account holder(s) and his/her address in respect of unclaimed deposits. For Non-Individual Customers, the list so displayed on the website will contain the names of the Entity and its address in respect of unclaimed deposits. Customers / claimants in respect of such accounts are required to contact the Bank to submit their claims with supporting documents as may be directed by the Bank.

1. Review of Accounts

- i. Bank shall undertake atleast an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the bank should review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. The bank shall inform the account/deposit holders through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages shall invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.
- ii. If the letters are returned undelivered or no response is received through registered email, the bank shall immediately undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased
- iii. In case any response is received from the account holder giving the reasons for not operating the account, the bank shall continue to classify the account as operative for one more year and the account holder shall be advised to operate the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the bank shall classify the said account as inoperative account after the expiry of the extended period.
- iv. For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.
- v. The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.
- vi. In case the account holder is not carrying out transaction and the account is - inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorisation to enable the bank to transfer the balance from the existing bank account.

2. Customer Awareness

1. The bank shall provide on their website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances

therein. Necessary claim forms and documents may be made available for the benefit of customers.

2. The bank shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.
 - J) **Stop Payment Facility:** The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them, in writing or through such alternate channels as may be notified by the Bank from time to time. Charges, as specified in the schedule of charges, will be recovered
 - K) **Standing instructions:** Standing instructions can be given to the Bank for transfer/remittance of funds from one account to other account(s) maintained in the same branch, any other branch of the bank or any branch of any other bank. This will be done electronically using Net Banking or mobile banking facility.
 - L) **Direct Debit:** The Bank offers Electronic Clearing Service (ECS) / Automated Clearing House (ACH) facility for effecting periodic payments by "direct debit" to the customer's account. This facility is mainly used for payment of utility bills/EMI of Loans/Insurance Premium/Investment in Mutual Funds, etc. Details of ECS/ACH facility are available at all the branches
 - M) **Service Charges:** All new accounts opened would contain a leaflet detailing various types of Services & Charges being levied by the bank for any of the services availed. Updated service & fees leaflet is also made available to all customers at the branch for reference at any point of time. Any change in service & fees will be communicated one month in advance to all customers before effecting the change. Bank also ensures, that the account balance is not turned into negative due to levy of AMB / AQB charges.
 - N) **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 in terms of the Grievance Redressal Policy of the Bank, which forms a part of this Master Policy on Customer Service. The details of the internal mechanism for redressal of complaints / grievances will be displayed in the branch premises and website of the Bank. 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 one month 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.

XIV. PROHIBITIONS AND EXEMPTIONS

A.Prohibitions

Scheduled commercial banks shall not:

(a) Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except:

(i) commission paid to agents employed to collect door-to-door deposits under a special scheme.

(ii) commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements.

(iii) remuneration paid to Business facilitators or Business Correspondents.

(b) Offer prize/lottery/free trips (in India and/or abroad), etc or any other initiative having element of chance for mobilizing deposits. However, inexpensive gifts costing not more than Rupees 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.

(c) Resort to unethical practices of raising of resources through agents/third parties to meet the credit needs of the existing/prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.

(d) Issue any advertisement/literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.

(e) Accept interest-free deposit other than in current account or pay compensation indirectly.

(f) Accept deposits from/at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.

(g) Grant advances against term deposits maintained with other banks.

(h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities **other than** individuals, Karta of HUF and organisations/agencies listed in Schedule -I.

Explanation

For the purposes of this clause, 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.

(i) Create any fund to be utilized for charitable purposes in consultation with the depositors.

B. Exemptions

The provisions in the above paragraphs shall not be applicable to:

(a) A deposit received by the bank:

- (i) from the institutions permitted to participate in the Call/Notice/Term Money Market both as lenders and borrowers.
 - (ii) for which it has issued a participation certificate;
 - (iii) under the Capital Gains Accounts Scheme, 1988, framed by the Government of India in pursuance of sub-section (2) of Section 54, sub-section (2) of Section 54B, sub-section (2) of Section 54D, sub-section (4) of Section 54F and sub-section (2) of Section 54G of the Income-Tax Act, 1961; and
 - (iv) under the Certificate of Deposit Scheme.
- (b) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

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- (1) Primary Co-operative Credit Society which is being financed by the bank.
- (2) Khadi and Village Industries Boards.
- (3) Agriculture Produce Market Committees.
- (4) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except societies registered under the State Co-operative Societies Acts and specific state enactment creating Land Mortgage Banks.
- (5) Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited' or the words 'Private Limited'.
- (6) Institutions other than those mentioned in Section 28(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.
- (7) Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account.
- (8) Development of Women and Children in Rural Areas (DWCRA).
- (9) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
- (10) Farmers' Clubs – Vikas Volunteer Vahini – VVV.