

DEPOSITS POLICY 2022
[Version 10.0]



Personal Banking Liabilities Group,
Central Office,
Karur

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DEPOSITS POLICY 2022

1. PREAMBLE

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 focal point 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 issuing directives / guidelines from time to time on interest rates on deposits and other aspects regarding conduct of deposit business. 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.

In our endeavour to keep with the Bank's traditional commitment to our customers, more so depositors, this Policy document is brought out setting out the rights of the depositors in general and small depositors in particular. The Policy shall also cover all aspects of operations of deposit accounts, levy of charges and other related issues to facilitate interaction of depositors at branch levels. This document is a broad based framework under which the rights of common depositors are recognized.

2. SCOPE:

This Policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms & conditions governing the conduct of the 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 deposit 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 in the normal course of business.

While adopting this Policy, the Bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association. Detailed operational instructions on various deposit schemes and related services will be issued from time to time. The Bank's website will display the Bank's various deposit schemes and this website will be updated from time to time.

Guidelines of RBI / Government issued from time to time shall automatically form part of this Policy. MD & CEO is authorised to permit such modification in this Policy. However, other changes, wherever required, shall be done with the approval of the Board of the Bank.

3. TYPES OF DEPOSITS:

Bank shall accept the following types of deposits from general public and institutions:

- (i) Demand Deposit
- (ii) Current Account
- (iii) Savings Bank Account
- (iv) Term Deposit Account

Bank shall offer these generic products under various names with full transparency. For the purpose of clarity, the meaning of each type of deposit is given hereunder:

- i) **"Demand deposit"** means a deposit accepted by the bank which is withdrawn able on demand.
- ii) **"Current Account"** means a form of non interest bearing demand deposit where from 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.
- iii) **"Savings Account"** means a form of interest bearing demand deposit which is a deposit account whether designated as "Savings Account", "Savings Bank Account", "Savings Deposit Account", "Basic Savings Bank Deposit Account (BSBDA)" or other account by whatever name called which is subject to the restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period.
- iv) **"Term Deposit"** means an interest bearing deposit received by the Bank for a fixed period withdrawable after the expiry of the fixed period and includes deposits such as Recurring deposits / Fixed Deposits /Cumulative Deposits/Flexi Term Deposits/ Special Term Deposits etc.

4. TYPES OF CUSTOMERS:

- 4.1. Bank shall accept deposits from the resident Indians as well as from the Non-resident Indians (NRIs).
- 4.2. Bank shall open deposit accounts in the name of an individual in his own name or by more than one individual in their names. However, the maximum number of account holders shall be restricted to four persons.

4.3. Bank shall open Current Accounts for individuals / proprietorship firms / partnership firms / Private and Public Limited Companies/HUFs/Specified Associations/Societies/Trusts/LLPs, other Banks, Inter-bank accounts, Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI, Accounts opened under specific instructions of Central Government and State Governments, Accounts attached by orders of Central or State governments/regulatory body/Courts/investigating agencies etc. wherein the customer cannot undertake any discretionary debits etc.

Branches shall open current accounts for borrowers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below:

For borrowers, where the exposure of the banking system is less than ₹5 crore, there is no restriction on opening of current accounts or on provision of CC/OD facility by banks, subject to obtaining an undertaking from such borrowers that they shall inform the bank(s), as and when the credit facilities availed by them from the banking system reaches ₹5 crore or more. In respect of borrowers where exposure of the banking system is ₹5 crore or more, such borrower can maintain current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the exposure of the banking system to that borrower.

Further, other lending banks shall open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned bank maintaining current accounts for the borrower. In case none of the lenders has at least 10% exposure of the banking system to the borrower, the bank having the highest exposure may open current accounts. Non-lending banks are not permitted to open current accounts.

The prospective current account holder shall give an undertaking that "they are not enjoying credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and undertake to inform, in writing, as soon as the aggregate credit facility availed by them from banking system exceeds Rs. 5 crore". Also, the prospective current account holder shall give an undertaking that "in the event of the Bank coming to know of borrower relationship exceeds Rs. 5 crore, if any, by the applicant with other bank(s), suitable authorization given to the Bank to close the current account and / or to take further action at the discretion of the Bank including, but not limited to sending the remittance of the proceeds upon such closure to any lender bank on receipt of any demand there from.

Branches shall open current accounts for borrowers who have not availed credit facilities in the form cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below:

a) In case of borrowers where exposure of the banking system is ₹50 crore or more, banks shall be required to put in place an escrow mechanism. Accordingly, current accounts of such borrowers can only be opened / maintained by the escrow managing bank. However, there is no restriction on opening of 'collection accounts' by lending banks subject to the condition that funds will be remitted from these accounts to the said escrow account at the frequency agreed between the bank and the borrower. Further, the balances in such accounts shall not be used as margin for availing any non-fund based credit facilities. While there is no prohibition on amount or number of credits in 'collection accounts', debits in these accounts shall be limited to the purpose of remitting the proceeds to the said escrow account. Non-lending banks shall not open any current account for such borrowers.

b) In case of borrowers where exposure of the banking system is ₹5 crore or more but less than ₹50 crore, there is no restriction on opening of current accounts by the lending banks. However, non-lending banks may open only collection accounts.

c) In case of borrowers where exposure of the banking system is less than ₹5 crore, banks may open current accounts subject to obtaining an undertaking from such customers to the effect that customers shall inform the bank(s), if and when the credit facilities availed by them from the banking system becomes ₹5 crore or more. The current account of such customers, as and when the exposure of the banking system becomes ₹5 crore or more and ₹50 crore or more, will be governed by the above lines respectively.

4.4. Current accounts for Executors, Administrators, Trustees, Liquidators, etc. can also be opened.

4.5. Bank shall open Term Deposits Accounts in the name of individuals / proprietorship concerns / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, LLP, other Banks etc.

4.6. Savings Bank Account:

4.6.1. Bank shall open Savings Bank Accounts for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time.

4.6.2. Savings Account shall not be opened in the name of entities belonging

to the category of bodies/institutions/organizations prohibited by RBI to open such accounts.

Savings Bank accounts can be opened by eligible persons **except** 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.

The above prohibition will not apply in the case of organisations / agencies listed hereunder: [as approved by the RBI].

- (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 governed by the Companies Act, 1956 which have been licensed by the Central Government under Section 25 of the said Act, 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'. [Companies Act 2013 shall also be referred wherever applicable].
- (6) Institutions other than those mentioned above as ineligible to open Savings Bank accounts 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.

@The definition of political party shall be referred to the KYC-AML-CFT Policy / Standard Operating Procedures (SOP) of the Bank as amended from time to time

5. SPECIAL TYPES OF CUSTOMERS:

5.1. Minors' Accounts

- i) Bank shall open Savings / term deposit accounts in the name of minors of any age through his/her natural/legally appointed guardian. However, the natural guardian only shall be permitted to operate the accounts. Bank shall allow minor accounts (fixed and savings accounts) with mother as guardian, subject to some additional safeguards.
- ii) A minor, who has crossed the age of 10 years can open and operate Savings Bank account independently subject to the balance in her / her account not exceeding Rs. 10,000/- (Rupees ten thousand only) at any given point of time and total credit to the account not exceeding Rs. 50,000/- (Rupees fifty thousand only) in a financial year. The account can also be opened jointly with guardian.
- iii) On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / legal guardian, fresh operating instructions and specimen signature of erstwhile minor shall be obtained and kept on record for all operational purposes.

A Balance Confirmation Letter signed by the erstwhile minor (and the guardian, if the account was operated by the guardian singly or jointly with the minor) would be obtained. Minor to major conversion cum re-KYC forms with the operational mandate, photograph and fresh specimen signature of the erstwhile minor, duly verified by the natural guardian would be obtained and kept on record for all operational purposes.

- iv) No overdraft would however, be granted to minors. No current account shall be opened in the name of minors.

5.2. Accounts of Illiterate Persons

An illiterate person may open an ordinary Savings Bank account in his sole name or jointly with other person(s). 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 a witness who is known to both the depositor and the Bank. 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 who should verify the identity of the person. The Bank official shall explain the terms and conditions governing the account to the illiterate person. The Bank shall also explain the need for proper care and safe keeping of the passbook etc. given to the account

holder.

5.3. Accounts of Differently abled Person:

A physically challenged person may open an account in his sole name or jointly with other person(s). 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.

Guardianship certificate issued either by the District Court under Mental Health Act, 1987 or by the Local Level committees under the National Trust for the welfare of persons with Autism, Cerebral Palsy, Mental retardation and Multiple Disabilities Act, 1999 is required for the purpose of opening / operating accounts.

5.4. Accounts of Visually Impaired Person:

A visually impaired person may open an ordinary Savings Bank account in his sole name or jointly with other person(s). 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. The signature of the witness to this effect will be obtained in the account opening form.

Bank shall offer all the banking facilities such as cheque book facility, ATM facility, Net banking facility, locker facility, retail loans, credit cards etc., to the visually challenged persons without any discrimination. Bank shall also render all possible assistance to the visually challenged for availing the various banking facilities.

5.5. Transgender:

Transgender shall be treated as third gender and Bank shall open accounts in their names and account opening forms shall contain a provision for third gender.

5.6 Accounts for beneficiaries under various Central/State Government schemes

Bank shall open zero balance savings bank account under product "KVB Grant" for the beneficiaries under various Central/State Government schemes who receives subsidy in the form of LPG subsidy, MNREGA payments, Old Age Pension & Student Scholarships. Accounts opened under this product shall be excluded from flagging as inoperative/dormant account, if non-operative for more than 24 months to ensure continuous credit from Central/State Government by way of cheques/ Direct Benefit Transfer/ Electronic Benefit Transfer.

6. ACCOUNT OPENING PROCESS:

6.1.1 Due Diligence Process under KYC/AML guidelines:

- ✓ The Bank before opening any deposit account shall carry out due diligence as required under "Know Your Customer" (KYC) and Anti Money Laundering(AML) guidelines issued by RBI and or such other norms or procedures adopted by the Bank:
- ✓ Obtention of KYC documents for deposit account opening shall be as per the extant KYC/ AML policy of the bank which may subject to change from time to time.

6.1.2 Freezing and closure of accounts

- ✓ In case of non-compliance of KYC requirements by the customers despite repeated reminders by the bank, bank may impose 'partial freezing' on such KYC non-compliant in a phased manner.
- ✓ During the course of such partial freezing, the account holders can revive their accounts by submitting the KYC documents as per instructions in force.
- ✓ If the accounts are still KYC non-compliant after six months of imposing initial 'partial freezing', bank may disallow all debits and credits from/to the accounts, rendering them inoperative.
- ✓ Further, if any Suspicious transactions observed as per extant guidelines / any other serious concern observed by the compliance department of the bank or during any audit, it is open to the bank to close the account(s) of such customers after issuing due notice period of 30 days to the customer explaining the reasons for taking such a decision.
- ✓ In such cases, bank may close those accounts and the balance available will be handed over to the customer by way of a Demand Draft after ascertaining and authenticating the bonafide of the customer.

6.2.Introduction:

Introduction from an existing customer is not mandatory for opening accounts, including those of legal entities. After passing of Prevention of Money Laundering Act (PML Act) and introduction of document based verification of identity/address of the proposed account holders, the accounts opened with proper documents are considered as acting in good faith and without negligence by the banks.

6.3. Risk categorisation:

The regulatory guidelines require Banks to categorise customers based on risk perceptions and prepare profiles of customers 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 the account. Inability of an existing customer to furnish details required by the Bank to fulfil statutory obligations could also result in "partial freezing" of the account by allowing all credits and disallowing all debits with the freedom to close the account or closure of the account after due notice(s) is provided to the customer.

6.4. Nomination

Nomination facility is available for all deposit accounts opened by the individuals including joint accounts opened with or without 'either or survivor' mandate. In case of joint deposit account the nominee's right arises only after the death of all the depositors. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination can be made in favour of a minor also. A nominee cannot be an Association, Trust, Society or any other Organisation or any office-bearer thereof in his official capacity. In view thereof any nomination other than in favour of an individual will not be valid.

Nomination so made can be cancelled or changed by the account holder/s any time. While creating, modifying or cancelling a nomination, the prescribed forms as per the Banking Companies Nomination Rules, 1985 which are available with the Bank have to be used. Attestation of two witnesses on the nomination forms would be required only if the form carries the thumb impression of the account holder. Attestation by the witness is not required in case the form is signed by the account holder.

The Bank would generally insist that the person opening a deposit account makes a nomination. The depositor will be informed of the advantages of the nomination facility while opening a deposit account. In case the person opening an account declines to fill in nomination, the Bank would explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the same shall be recorded. Under no circumstances, would the Bank refuse to open an account solely on the ground that the person opening the account refused to nominate.

In respect of auto renewed deposits, the nomination made in respect of the original deposit account will continue to exist unless the depositor requests for the change.

7. ACCOUNT OPERATIONS:

7.1. Minimum balance and service charges:

For deposit products like Savings Bank Account and Current Deposit Account, the Bank shall normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. This may vary depending upon the branch location and type of the product. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time and levy of charges in savings bank accounts should be in line with RBI circular.DBR.Dir.BC.No.47/13.03.00/2014-15 dated 20th Nov 2014 which states:

- ✓ The penal charges should be directly proportionate to the extent of shortfall in balance observed in the account.
- ✓ Bank to intimate the shortfall in minimum balance one month before levy of charges.
- ✓ Bank to levy minimum balance charges in case the minimum balance is not restored within one month from the date of notice to the customer.

Bank has discretion to change the above norms and levy charges for non-compliance of the same. However, 30 days' notice will be given duly informing the change/s.

Bank shall not levy penal charges for non-maintenance of minimum balances in any inoperative accounts

7.2. Guidelines for operations in accounts:

For Savings 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 cheque books, additional statement of accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services shall be provided.

Cash withdrawal from SB account shall be in round sums only. However, cheques issued in paise also shall be accepted, if the same are presented in clearing.

For existing accounts, issue of cheque book is subject to satisfactory operation in the account. Issue of multiple cheque books is at the discretion of the Branch Manager. Bank shall provide minimum 25 cheque leaves every year, if requested, in savings bank account, free of charge.

Cheques, Dividend Warrants drawn in the name of account holder/s only will be collected through the account.

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

7.3. Operation through Power of Attorney (POA) /Mandate:

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.

In case of accounts which are to be operated by the mandate holder, the account holder himself shall introduce the mandate holder in person and mandate form to be obtained.

Bank shall obtain the Original POA (Registered and Stamped as per the laws of the respective States) in case of Power of Attorney given accounts.

7.4. Operation of Joint Account

- ✓ The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian only.
- ✓ 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 joint account holders can give any of the following mandates for the disposal of balance in the accounts:
 - i. **Either or Survivor** : If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to survivor on the death of any one of the 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 joint account holders or to the survivor(s) on death of any one/two account holders.
 - iii. **Former or Survivor**: Joint accounts may also be opened with F or S clause. The accounts are to be operated only by the first joint account holder. The Fixed Deposits opened with F or S clause are to be paid to

former (First Joint account holder) only on maturity. But, for availing loan and premature closure, all the joint account holders have to jointly execute the documents / request letter. In case of death of the Former, the balance becomes payable to the Survivor.

- iv. **Latter or Survivor:** Under this mandate, only the second named depositor has the right to operate the account i.e. during the lifetime of latter, the former cannot operate the account. After the death of latter, the former can operate the account/ or the outstanding balance can be paid to survivor.
- ✓ The above mandate for opening joint accounts/disposal of balances become operational from the date deposit account is opened. This mandate can be modified with the consent of all the account holders.
 - ✓ In case of term deposits with "Either or Survivor" or "Former or Survivor" mandate, bank shall allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other, only if there is a joint mandate from the joint depositors to this effect.
 - ✓ The joint deposit holders may be permitted to give the mandate either at the time of placing fixed deposit or anytime subsequently during the term/tenure of the deposit. If such a mandate is obtained, bank may allow premature withdrawal of term deposits by the surviving depositor without seeking the concurrence of the legal heirs of the deceased joint deposit holder. It is also reiterated that such premature withdrawal would not attract any penal charge.

7.5. Dishonour of cheques Bank shall ensure that the dishonoured instruments are returned / despatched to the customer promptly without delay, in any case within 24 hours.

7.6. Statement of account:

A statement of account will be provided by the Bank to Savings Bank as well as Current Account depositors periodically as per terms and conditions of opening of the account. Alternatively, the Bank may issue a Pass Book to these account holders. If the customer desires, bank would send the statement of accounts by post or by courier / e-mail or through our secured internet banking service. The Bank under the financial inclusion initiative has introduced Smart Card which stores the details of the account.

Bank should issue term deposit receipt indicating therein full details, such as, date of issue, period of deposit, due date, applicable rate of interest, etc.

7.7. Transfer of accounts:

The customer shall be allowed to transfer his account from one branch to another branch without again insisting for KYC adherence basis on the KYC verification done for the concerned account by the previous branch. Periodical updation of KYC data would continue to be done by bank as per prescribed periodicity.

Account number portability shall also be offered to the account holder for retaining the same account number at another branch by only changing the home branch of the account to the branch where the account is transferred to.

7.8. Dormant Accounts / Inoperative Accounts

A savings as well as current account should be treated as inoperative / dormant if there are no transactions in the account for over a period of two years. For the purpose of classifying an account as inoperative, both the types of transactions i.e debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, system driven transactions like application of interest/ service charges, etc should not be considered. The depositor can request the Bank to activate the account for account operation. Bank shall inform the customers three months before their accounts being classified as inoperative / dormant accounts.

8. POLICY PRESCRIPTIONS ON TERM DEPOSITS:

8.1. Acceptance of term deposits:

Term deposits shall be accepted from resident Indians as well as NRIs under various Schemes that are and/or may be designed by the Bank. Generally, domestic deposits shall be accepted for a maximum period of 10 years except in the case of minors when it can be accepted for a maximum period of 20 years. Deposits under Court Orders may also be accepted for a maximum period of 20 years.

Term deposits shall generally be classified as Fixed Deposit, Cumulative Deposit and Recurring Deposit. Bank shall come out with different variants of the above mentioned generic deposits. RD account in foreign currency shall not be available. Full details of the deposit schemes shall be displayed in the Bank's website.

Minimum period for domestic and NRO deposits shall be 7 days whereas the same is one year for NRE and FCNR (B).

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. If no mandate is received till the date of maturity, the amount will be reinvested for the same period i.e. the period of original deposit.

The Bank shall provide only term deposit advice as an acknowledgement to the deposit account holders. The deposit account holders will be required to provide instructions to the Bank to deal with the pay-out amount upon maturity. The instruction will be accepted by the Bank any time before the actual maturity date of the deposit. In the absence of maturity instructions, to safe guard the deposit account holders from loss of interest, the deposit will be auto renewed for the same tenor as the tenor of the original deposit. New advice will not be issued by the bank during auto-renewal and the auto renewed information will be noted on the rear of the term deposit advice.

In case of renewed deposits (auto renewed / renewed on depositor request), interest as applicable to term deposits will be provided by the Bank from the date of original maturity only when the deposit remains with the Bank for a minimum period of 7 days from the date of renewal. Otherwise, depositor will be eligible only for interest as applicable to savings bank accounts from the date of maturity until the date of redemption.

8.1.1. Senior Citizen Deposits

The Senior Citizen Term Deposits can be made /renewed for a maximum period of 10 years. The minimum tenor for providing additional interest rate to Senior Citizens shall be decided by ALCO from time to time.

On Senior Citizen Term Deposits, the Bank shall offer such additional ROI over the applicable ROI on deposits under normal category, as may be decided by ALCO from time to time, without any cap on quantum of Senior Citizens deposits that can be accepted per customer.

However, no such additional interest is payable on SB deposits of Senior Citizens.

Business Group Head of PBLG is vested with powers to approve the applicable additional interest to Senior Citizens automatically from their attaining the age of sixty, though the deposit might have been placed originally under normal deposits category.

Bank shall provide a clearly identifiable dedicated counter or a counter which provides priority to senior citizens and people who are differently abled including visually impaired persons.

8.2. 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. In case of joint accounts, premature withdrawal of Term Deposit will depend on the mandate given by the depositors jointly at the time of opening the Term Deposit.

A penalty of 1% shall be deducted from the applicable rate of interest payable to the depositor for the term for which the deposit has actually remained with the Bank, irrespective of the original tenor /amount of the deposit. No interest will be paid on premature withdrawal up to 7 days.

If the deposit is prematurely closed for the purpose of re-depositing with us to avail the benefit of higher rate of interest, the penalty of 1% shall not be deducted. In such case, the bank shall pay interest at the applicable card rate for the period for which the deposit has remained with the bank. This facility shall be extended subject to the condition that the pre-closed deposit is reinvested for the period longer than the remaining period of the original deposit. If the pre-closed deposit is re-invested for a period lesser than the remaining period of the original deposit, the penal rate of interest of 1% as referred herein above is to be necessarily charged / collected.

The bank at its discretion may disallow premature withdrawal of bulk deposits of Rs. 2 Crore and above for all depositors, including deposits of individuals and HUFs. However at the time of placing the deposit the condition like allowing or disallowing premature withdrawal of bulk deposits including the rate at which the preclosure penalty will be charged will be made known to the customer. The preclosure penalty will not exceed 1%.

Preclosure penalty of 1% will be levied for NRE Term Deposits also. However, no interest is payable if the deposit is not kept with the bank for a minimum period which is at present one year. If the deposit completes the minimum period (presently one year), interest will be paid at the rate applicable for the period for which it has run less a penalty of 1%.

In the case of premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account, the bank shall not levy any penalty for premature withdrawal. If such a deposit has not run for a minimum period of 1 year, the bank may, at its discretion, pay interest at a rate not exceeding the rate payable on savings deposits held in RFC accounts, provided the request for such a conversion is made by the NRE account holder immediately on return to India.

No pre-closure penalty charges to be levied on Deposit amount paid to nominee / legal heir / claimants in deceased accounts. In this case interest at applicable rates for which deposit has actually run will be paid.

Department Head - PBLG would be vested power for permitting waiver of Pre-closure penalty charges for Term Deposits less than Rupees Two crore (Resident / Non Resident) on a case to case basis. Additionally delegation of power for pre closure of all the Foreign Currency deposits (FCNR / RFC) which are not categorized based on the volume of deposit should also be permitted by Department Head - PBLG irrespective of any upper cap on the deposit value.

8.3. Renewal of Overdue Term Deposits

In case of auto renewal of deposits, interest as applicable for the renewed period of deposit prevailing on the maturity date shall be given. When a term deposit is renewed on maturity for a different maturity, interest rate for the period specified by the depositor as applicable on the date of maturity shall be applied.

In case of Tax Shield 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.

When the request is made by the customer for payment of overdue deposit without renewal, the unclaimed amount will attract with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

In the absence of any instruction for disposal of the maturity proceeds of the Term Deposits, the deposit will be renewed for the period originally opened at the rate applicable at the time of renewal.

The overdue deposits can be renewed for a maximum of 10 years and no deposit can be renewed beyond 10 years.

8.4. Settlement of dues in Deceased Depositor Account

8.4.1. Where nomination is registered: If the depositor has registered nomination with the Bank, the balance outstanding in the account of the deceased depositor will be paid to the nominee after the Bank satisfies about the identity of the nominee and on submission of documentary evidence of the death of the Depositor etc. provided the Bank is not in receipt of any injunction order from a competent court restraining the Bank from making the payment to the nominee.

8.4.2. Where nomination is not registered: 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 or the person mandated by the legal heirs to receive the payment on their behalf.

In a joint deposit account, 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 to avoid delays in production of legal papers by the heirs of the deceased.

8.4.3. Name change request: The request for change of name in case of the deceased first holder during the tenure of the deposit shall be considered in case of E or S accounts, provided mandate is obtained from the holders at the time of making the deposit for the preclosure/payment to survivor. In cases where mandate is not available, the consent of legal heirs has to be obtained for the name change. This is applicable only in case of deposits under E or S mode of operation. However, the Bank shall make payment to the survivor in case of maturity of the deposit, provided the Bank is not in receipt of any injunction order from a competent court restraining the Bank from making the payment to the survivor. The same shall be applicable for joint deposits opened with Joint Mode of operation.

9. Advances against Deposits

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor, however, a suitable declaration stating that loan is for the benefit of the minor with proper justification(s), is to be furnished by the depositor - applicant.

10. Marking of Lien on Term Deposits:

Bank shall not mark lien on our Term Deposits in favour of other Banks & other financial institutions.

PART II
POLICY ON INTEREST PAYMENT ON DEPOSITS

1. Payment of interest on Current Account

No interest shall be paid on deposits held in current accounts. However, interest shall be paid on the balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern 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.

2. Payment of interest on Savings Account

Bank shall pay SB interest on daily balances held in both operative and inoperative SB accounts - Domestic, NRO, and NRE including those frozen by the enforcement authorities. Staff members/ex-employees shall be offered an additional one percent. The interest rate offered on SB accounts is subject to change at the discretions of the bank in line with the market scenario based on the directive of the ALCO (Asset Liability Management Committee) as under:

- (i) A uniform interest rate shall be set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.
- (ii) Differential rates of interest may be provided for any end-of-day savings bank balance exceeding Rupees one lakh.

The interest on Savings Deposit is calculated on daily product basis and credited to the customers' accounts on quarterly intervals i.e., 30th June, 30th September, 31st December and 31st March every year.

3. Payment of interest on Term Deposits:

Term deposits (other than RD) shall have two dimensional pricing i.e. 1) according to maturity period and 2) according to the amount of deposit. The pricing according to maturity period shall be fixed taking into account the likely trend in the movement of interest rates and the maturity mix which would suit the Bank.

The pricing of deposits of Rs 2 Cr and above shall be based on market related interest rates. Depending upon the market condition and liquidity position, General Manager / Head – Treasury shall be vested with powers to fix differential rate of interest for Bulk Deposits

The differential 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.

Recurring deposits shall carry the interest rate offered for different maturities as applicable to other term deposits and there shall be no differential pricing according to the amount of the instalment.

Interest rate on term deposits shall be announced by the Bank through our website as well as displayed in Bank's Notice Board.

Interest rates on NRE/ NRO deposits shall not be higher than those offered by the banks on comparable domestic rupee term deposits. 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.

The **Overnight Alternative Reference Rate for the respective currency** / Swap rates quoted/displayed by **Financial Benchmarks India Pvt Ltd.** shall be used as the reference for arriving at the interest rates on FCNR (B) deposits.

The interest rates ceiling on FCNR (B) deposits shall be as under:

Period of deposit	Ceiling rate
1 year to less than 3 years	Overnight Alternative Reference Rate for the respective currency / Swap plus 250 basis points
3 years and above up to and including 5 years	Overnight Alternative Reference Rate for the respective currency / Swap plus 350 basis points

In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits. In case the depositor opts to receive interest on monthly basis, the interest shall be calculated for the quarter and paid monthly at discounted value. Interests on term deposits are also paid on calendar quarter basis.

No interest will be paid for premature withdrawal within 7 days in case of term Deposits, and within 12 months in case of NRE Term Deposit. In case of Recurring Deposits, simple interest at the applicable rate shall be paid when it is closed before 3 months.

3.1. Payment of Interest on Term Deposit maturing on intervening holiday (as also Saturday in case of NRE deposits):

Bank shall pay interest on Term deposits at the originally contracted rate for the period between the date of maturity and actual date of payment if the date of maturity falls on holiday / non-business working day (as also Saturday in case of NRE deposits) and consequently, the payment is made on the next working day.

- In case of reinvestment deposits and recurring deposits, Bank shall pay interest for the holiday / non-business working day on the maturity value.
- In the case of ordinary term deposits, the interest should be paid on the original Principal amount.

The overdue deposit should be renewed for a minimum period of fifteen days from the date of renewal i.e., the period of renewal shall be the overdue period plus fifteen days (Minimum) from the date of renewal.

Irrespective of date of maturity of the deposit, branches shall renew an overdue deposit at:-

(a) The rate of SB interest (applicable for the period for which the deposit is sought to be redeemed) prevailing on the due date of the deposit*
(Or)

(b) The rate of SB interest (applicable for the period for which the deposit is sought to be redeemed) prevailing on the date on which the deposit is redeemed*
(Or)

(c) The contracted rate of interest on the matured TD

WHICHEVER IS LOWER

*IN LINE WITH THE SB SLAB (if applicable) based on the quantum of TD Maturity amount.

4. Interest Calculation Method: - (Deposits below Rs.2 crore)

The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association.

There are various methods of interest calculation approved by IBA. The common ones are:

Actual/ Actual, 30/360 and Actual/365, where the numerator is the actual number of days in a month and the denominator is the actual number of days in a year. As per the directive from RBI, the banks are free to adopt any of the methods approved by IBA and the method of calculation used by the banks has to be made transparent to the customer. Our bank shall apply the Actual/Actual method for interest calculation of deposit. Accordingly, our bank has currently adopted Actual/Actual methodology for interest calculation of all types of Retail Term deposits (Deposits < Rs 2 crore). In case of Bulk Deposits (Deposits >= Rs. 2 crore), Interest is calculated by 30/360 methodology.

5. Payment of Additional Interest on domestic deposits:

Bank shall pay one percent additional interest on the deposits placed by staff members of the Bank:

Staff members retired on superannuation/VRS are also eligible for one percent additional interest as per the following terms & conditions.

- a) a member or a retired member of the bank's staff, either singly or jointly with any members of his/her family or
- b) the spouse of a deceased member or a deceased retired member of the bank's staff and
- c) an Association or a fund, members of which are the members of the bank's staff

The benefit of additional interest to bank's staff members or retired staff member is available only in case if the staff member or retired staff member has an account singly or jointly with family member where the staff member/retired staff member is the Principal Account Holder. However this does not apply to the deposits of the spouse of a deceased staff or a deceased retired staff.

A retired member of the bank's staff means an employee retiring whether on superannuation or otherwise, but does not include an employee retired compulsorily or in consequence of disciplinary action.

5.1. Resigned staff members:

Staff members who have resigned from the services of the bank are not eligible for benefit of one percent extra rate of interest.

Bank may examine requests from resigned staff members for additional one percent interest provided they have completed 20 years of unblemished service in our bank and also completed fifty years of age at the time of resignation and also subject to their not having joined any other bank / institution for gainful employment.

6. Interest Payable on Term Deposit in Deceased Account

- i) In the event of death of the depositor before the date of maturity of 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 shall pay simple interest at the applicable rate obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity.
- ii) However, in the case of death of the depositor after the date of maturity of the deposit, the Bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment.
- iii) In case the depositor had died before maturity date and the claim was also made before the maturity date, interest rate for the period run shall be paid to the claimants without penalty.

7. Tax on Interest on Bank Deposits:

If the aggregate interest on deposits (including interest on Recurring Deposit – RD), per depositor, per financial year for Bank as a whole exceeds Rs.40,000/-, the same is subject to Tax deduction at source [TDS] at the rate stipulated by the Income Tax authorities, except in case of exempted categories of deposits such as NRE SB/ NRE Term Deposit.

TDS shall be deducted on quarterly basis and as at end March every year and at maturity/preclosure for reinvestment of deposits. In respect of reinvestment deposits, TDS would be deducted on the last day of Financial Year or at the time of maturity/premature closure/premature extension/part-withdrawal of the deposit, whichever event takes place.

The depositor may furnish declaration in Form No.15G/15H at the commencement of the financial year for receiving interest on deposits without deduction of tax. However, furnishing of PAN is mandatory. Tax at higher of the prescribed rate or 20% will be deducted on all transactions

liable to TDS, where the Permanent Account Number (PAN) of the deductee is not available. The law will also apply to all non-residents in respect of payments / remittances liable to TDS. Form 15 G/H is not applicable for firms, trusts, institutions etc.

Those depositors who are desirous of waiver of TDS shall be required to submit I.T. Exemption Certificate. In the matter of TDS, Bank shall adhere to the instructions issued by IT department from time to time.

The Bank shall issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted.

PART III – MISCELLANEOUS PROVISIONS

1. "NO FRILLS ACCOUNT"

Bank shall open these accounts with low minimum balance as well as charges that makes a vast section of population accessible to bank accounts. Bank is committed in providing basic Banking services to the disadvantaged sections of the society and has simplified account opening forms for Basic Savings Bank Accounts (BSBDA) and Small Accounts.

1.1. Small account' means a savings account in a banking company where

- the aggregate of all credits in a financial year does not exceed rupees one lakh
- the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand and
- the balance at any point of time does not exceed rupees fifty thousand

It can be converted to normal SB account after fulfilling the KYC guidelines and maintenance of applicable minimum balance.

1.2. Basic Savings Bank Deposit Account (BSBDA)

Bank shall offer a 'Basic Savings Bank Deposit Account' with the following minimum facilities to all the disadvantaged sections of the society:

- ✓ This account shall not have the requirement of any minimum balance.
- ✓ The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs, receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments.
- ✓ While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a minimum of four withdrawals in a month, including ATM withdrawals.
- ✓ Facility of ATM card or ATM-cum-Debit Card without any charges.
- ✓ Further, no charge will be levied for non-operation / activation of in-operative 'Basic Savings Bank Deposit Account'.
- ✓ The 'Basic Savings Bank Deposit Account' would be subject to RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time.

- ✓ Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit account in that bank, he / she will be required to close it within 30 days from the date of opening a BSBD Account.
- ✓ Before opening BSBD Account, bank should take a Declaration Form from the customer, stating that he/she is not having an BSBD Account with in any other bank/s.

2. NON-RESIDENT ACCOUNTS: As defined by FEMA, Non Resident Indian (NRI) means person resident outside India who is citizen of India or is a person of Indian origin. NRI may open following types of accounts.

Non-Resident (External) account:

Account can be opened in any form i.e Savings, Fixed, Current, Recurring with the bank.

Non-Resident Ordinary account:

Account can be opened jointly with resident Indian for the purpose of putting through bonafide transactions not involving any violation of the provisions of the FEMA,1999, rules and regulations and in any form i.e Savings, Fixed, Current, Recurring with the bank.

Foreign Currency Non-Resident account (B):

Account can be opened in permitted foreign currencies viz., USD, GBP, Euro, JPY, CAD and AUD with minimum period of one year.

NRI, as defined in FEMA may be permitted to open NRE/FCNR (B) account with their resident close relative (relative as defined in Section 6 of the Companies act, 1956) on "former or survivor" basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the life time of the NRI/PIO account holder.

3. FATCA DECLARATION & BENEFICIAL OWNERSHIP:

As required under Law, Bank shall obtain a FATCA (Foreign Accounts Tax Compliance Act) declaration from the existing as well as the new account holders and share this information with the authorities concerned. Also,

Bank shall track the Beneficial Ownership of deposit account opening from time to time.

4. FREEZING OF DEPOSIT ACCOUNTS:

The Bank shall accede without demur in case of directions from statutory authorities / enforcement authorities to freeze the balances in the deposit accounts, without prior intimation to the deposit account holders. However, intimation to the account holders will be served after freezing the account and after getting the clearance from the respective statutory / enforcement authorities, payment will be made to the customer. The details of the accounts will also be shared with the respective statutory / enforcement authority in case they direct the Bank to do so.

5. UNCLAIMED DEPOSITS:

The deposits which are overdue for 10 years will be classified as unclaimed deposits and shall be transferred to RBI DEAF accounts as per RBI guidelines in this regard. The lists of such accounts, which are inoperative for ten years or more shall be displayed in our Banks website.

6. 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. Each depositor in the bank is insured upto a maximum of Rs.5,00,000/- (Rupees Five Lakhs) for both principal and interest (aggregate) amount held by him in the same right and in the same capacity. The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover and a maximum amount upto Rupees Five Lakhs is paid.

The DICGC insures all deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits

- ✓ Deposits of foreign Governments
- ✓ Deposits of Central/State Governments
- ✓ Inter-bank deposits
- ✓ Deposits of the State Land Development Banks with the State co-operative bank
- ✓ any amount due on account of and deposit received outside India
- ✓ any amount, which has been specifically exempted by the Corporation with the prior approval of Reserve Bank of India

7. CUSTOMER INFORMATION

The information collected from the customers shall not be used for cross selling of services or products by the Bank, their subsidiaries and affiliates. If the Bank proposes to use such information, it shall be strictly with the consent of the account holder.

8. SECRECY OF CUSTOMERS' ACCOUNTS

The Bank shall not disclose details / particulars of the customer's account to a third person or party without the express 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.

9. 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.

A standardized complaint register (perforated 3 copies) is available at branches and which would make it possible for customers to enter the complaints.

The names of the officials who can be contacted for Redressal of complaints, together with their direct telephone number, complete address and e-mail address etc. for proper and timely contact by the customers and for enhancing the effectiveness of the Redressal mechanism shall be prominently displayed at the branches / website of the Bank. In case the depositor does not get response from the Bank within 30 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.

A system of acknowledging the complaints is available, where the complaints are received through letters / forms / E-mails. There is also a system of fixing time frame for resolving the complaints received at different levels.

10. Prohibitions:

Banks shall not:

10.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:

- ✓ Commission paid to agents employed to collect door-to-door deposits under a special scheme.
- ✓ Commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements.
- ✓ Remuneration paid to Business facilitators or Business Correspondents.

10.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.

10.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.

10.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.

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

10.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.

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

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

11. Policy Review: The Policy shall be reviewed on a yearly basis or in the interim as and when there is a change in regulatory stance.

End



A handwritten signature in black ink, consisting of several loops and strokes, positioned to the right of the official stamp.