

slice small finance bank ltd.

Deposit policy

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1. Introduction

slice small finance bank, erstwhile North East Small Finance Bank (hereinafter referred to as “the bank”), was established to fulfil specific objectives, with a primary focus on conducting fundamental banking activities, including the acceptance of deposits and provision of lending services. One of the bank's key functions is to mobilize deposits from the public, which are essential for extending credit. Depositors, being the primary stakeholders of the banking system, hold a central place within the regulatory framework governing banking operations in India.

This policy sets forth the guiding principles for designing various deposit products offered by the bank and defines the terms and conditions governing the management of deposit accounts.

In adopting this policy, the bank reaffirms its commitment to the principles outlined in the Bankers' Fair Practice Code of the Indian Banks' Association and ensures compliance with all applicable regulatory requirements. The policy comprehensively addresses the following areas:

- Interest payable on deposit accounts of deceased depositors
- Settlement of claims in respect of missing persons
- Renewal of overdue deposits
- Policy on interest rates
- Payment of interest on frozen accounts
- Margin requirements for advances against term deposits

This policy underscores the bank's dedication to safeguarding the interests of its customers while adhering to regulatory norms and best practices in banking.

2. Objectives of the policy

The key objectives of this policy are as under:

- Ensure transparency in all interactions with individual customers while fostering awareness of their rights and entitlements concerning deposit accounts.
- Establish a comprehensive framework detailing the types of deposit products offered by the bank and the permissible operations associated with each type.
- Provide clear and comprehensive information on various aspects of deposit management for the benefit of customers, including the process for accepting public deposits, the operation and maintenance of deposit accounts, the payment of interest, procedures for account closure, and the settlement of deposits for deceased account holders.
- Ensure that customers receive all services they are rightfully entitled to, proactively and without the need for explicit requests.
- Establish a structured and efficient mechanism for the settlement and disposal of deposits in the event of a depositor's demise.

3. Applicability

This policy governs all deposit products offered or accepted by the bank, or proposed to be offered or accepted, and establishes a comprehensive framework for the acceptance, operation, servicing, and closure of all time and demand deposit accounts held with the bank.

Further, the policy also applies to all employees, officers, and business correspondent agents or sub-agents across every branch and business segment of the bank that deal with such deposit products. While its provisions are primarily directed at client-facing staff, all bank employees are expected to adhere to and be guided by the principles outlined herein.

4. Governance structure

The bank has established the following governance structure for the approval and implementation of this policy.

Head – liabilities

The head of liabilities shall be responsible for preparing and reviewing this policy in collaboration with the risk & compliance, operations, and IT departments. The reviewed policy will be presented to the Customer Service Committee and subsequently submitted to the board for final approval.

The head of liabilities shall ensure the policy undergoes a thorough review on an annual basis. Any new product or product variant that aligns with the principles of this policy must receive approval from the Product Approval Committee prior to implementation.

Product approval committee

The Product Approval Committee (herein referred to as “the committee”) is responsible for approving any new deposit product or product variant included within the scope of this policy. Such approvals must align with the policy’s provisions and applicable regulatory requirements. The committee shall ensure that products are assessed for their suitability and appropriateness for the targeted customer segments before approval.

5. Types of deposit accounts

The bank may offer the following types of deposit products through various channels, including physical branches and digital platforms such as mobile applications, websites, and other online modes:

5.1 Demand deposit

Demand deposits refer to deposits held by the bank that can be withdrawn by the depositor at any time upon request. These are categorized into two types:

5.1.1 Savings account

A savings account is a type of interest-bearing demand deposit account, as communicated through the bank’s product page or mobile application. These accounts are subject to specific restrictions imposed by the bank regarding the number and amount of withdrawals permitted within a given period.

5.1.2 Current account

A current account is a non-interest-bearing demand deposit account that allows unlimited withdrawals, subject to the available balance or a pre-agreed limit. It also encompasses other deposit accounts that do not qualify as savings deposits or term deposits.

5.2 Term deposit

A term deposit refers to an interest-bearing deposit accepted by the bank for a fixed duration/period. This category also includes various deposit types such as recurring deposits, cumulative deposits, annuity deposits, reinvestment deposits, and cash certificates.

Within these categories, specific accounts can be tailored to meet the unique needs of account holders. As per Reserve Bank of India directives, interest shall be calculated at quarterly intervals and paid at the rate decided by the bank depending upon the period of deposits. However, in the case of a monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at a discounted value.

The following are the illustrative types of term deposits:

5.2.1 Traditional fixed deposits

Traditional fixed deposits are deposits held for a specified tenure at a contracted interest rate. The interest is paid at regular intervals, as per the agreed frequency. Deposits can be made for a duration set by the Reserve Bank of India (RBI), ranging from 7 days to 10 years.

5.2.2 Cumulative term deposit

Cumulative fixed deposits are held for a specified tenure at a fixed interest rate. The interest is compounded quarterly, and the accumulated amount, including the principal and interest, is paid at maturity. Interest is calculated on a quarterly compounding basis. For cumulative deposits, the interest is reinvested and paid out along with the principal at maturity. No interest payments are made during the tenure of the deposit. The entire sum is disbursed only upon maturity.

5.2.3 Deposit scheme for senior citizens

The bank offers a special deposit product for senior citizens, providing an additional interest rate on such deposits. These deposits can be either traditional fixed deposits or cumulative fixed deposits, catering specifically to the needs of senior citizens.

5.2.4 Recurring deposit account

A recurring deposit is a type of term deposit where the depositor is required to deposit a fixed sum of money at regular intervals for a predetermined period. The deposits accumulate interest at the rate applicable to term deposits on a quarterly basis, and the principal along with accrued interest is paid out at maturity, including the interest for any intervening Sundays, holidays, or non-business days. Interest on cumulative deposits is deemed as reinvested. No interest outflow is allowed under this scheme till maturity.

5.2.5 Non-callable fixed deposits

The Bank offers a Non-Callable Fixed Deposit product wherein premature withdrawal of the deposit is not permitted under any circumstances, including for partial withdrawal or closure prior to maturity.

This deposit variant is designed to provide customers with a higher interest rate compared to traditional callable fixed deposits. The applicable interest rate is determined periodically by the Bank's Asset and Liability Committee (ALCO), in line with the Bank's asset-liability management framework.

5.2.6 Bulk deposit

A bulk deposit is defined as a single term deposit as per the threshold prescribed by the Reserve Bank of India (RBI) guidelines. The bank may offer a differential interest rate exclusively for such bulk deposits.

5.2.7 New products approval

New products introduced under the categories defined in this document will be subject to approval by the Product Approval Committee (PAC) and will be launched in compliance with applicable RBI guidelines and internal policies.

5.2.7.1 Systematic deposit plan (SDP)

A systematic deposit plan (SDP) allows customers to invest a fixed amount of money at regular intervals, into a fixed deposit account. Each deposit made under the SDP will be treated as a separate fixed deposit, with its interest rate applicable at the time the deposit is made.

6. Opening and operation of deposit accounts

6.1 Facilities for all deposit accounts

- The bank will provide its customers with comprehensive information about the various types of deposit products available, clearly outlining the key features of each product. All product materials, brochures, and literature, including terms and conditions and service charges/fees, will be transparent, clear, and not misleading.
- In compliance with the "Know Your Customer" (KYC) guidelines issued by RBI and the bank's KYC/AML policy, the bank will conduct necessary due diligence before opening any deposit account.
- The account opening process will involve a thorough verification of the applicant's identity and address, as well as the collection of relevant details, such as occupation and source of income.
- To ensure effective risk management, the bank will categorize customers based on their risk profiles and establish procedures for ongoing transaction monitoring.
- Interest rates will be uniform across all branches and/or through any other modes, ensuring that all customers receive the same rate for deposits of equivalent amounts, opened on the same date.

- Customers will be informed in advance of the expected timeframe for account opening. If any delays occur due to higher-level approval requirements, branch staff will promptly notify the customer and provide an explanation for the delay.
- Once an account is opened, the bank will communicate the terms and conditions for account operation, along with a schedule of applicable charges and fees for various services. Customers are encouraged to reach out to branch staff or a bank representative for any further questions or clarifications.

The bank reserves the right to refuse account opening if the applicant fails to provide the necessary identity or address information. The decision to approve or decline an account application rests solely with the bank, based on its established terms and conditions and in compliance with applicable regulatory norms.

6.1.1 Minor accounts

A minor may open a savings, fixed, or recurring deposit account through their natural or legally appointed guardian, irrespective of age.

Minors aged 10 years or above may also be permitted to independently open and operate a savings bank account, subject their preference and ability to manage the account. The Bank may, at its discretion, define specific operational guidelines for such accounts, including transaction limits, in accordance with applicable regulatory guidelines. The Bank's KYC policy shall also outline the minimum documentation requirements for opening and operating accounts for minors.

The Bank shall not provide overdraft or loan facilities to minors. All minor accounts shall be maintained in credit and shall not be overdrawn under any circumstances.

Upon the minor attaining the age of majority (i.e., 18 years), the following procedure shall apply:

- If the account was independently operated by the minor, the Bank may require re-verification of KYC documents and confirmation of account balance.
- If the account was opened and operated by a guardian, the now-major account holder must submit a request to operate the account in their individual capacity. This will require:
 - Submission of updated KYC documents
 - Specimen signature and a recent photograph
 - Confirmation of the account balance
 - New operating instructions, if applicable

Any cheques issued by the guardian before the minor attained majority but presented after the minor reaches majority shall require confirmation and authorization from the now-major account holder.

6.1.2 Accounts for persons with disabilities/illiterate persons/visually impaired person

The bank may, at its discretion, open deposit accounts for individuals with disabilities, illiterate persons (excluding current accounts), and visually impaired individuals. Such accounts may be opened provided the account holder affixes their thumb impression in the presence of a witness known to both the depositor and the bank.

Cheque book facilities shall generally not be provided for savings accounts opened in the name of illiterate persons.

For withdrawal of deposit amounts and/or interest, the account holder must place their thumb impression or mark in the presence of an authorized officer of the bank, who will verify the identity of the individual. The bank shall ensure that the account holder is made aware of the importance of proper care and safekeeping of the passbook and other account-related documents. In the case of illiterate persons, the bank official shall explain the terms and conditions of the account in a clear and understandable manner.

The bank shall provide all banking services to visually impaired individuals without discrimination and shall offer all necessary assistance to facilitate access to these services. Bank officials shall explain the terms and conditions in a manner suitable for visually impaired customers.

Account operations shall be permitted in accordance with the Code of Commitment to Customers and the bank's Customer Service Policy.

6.1.3 Operation of joint accounts

The bank allows deposit accounts to be opened either individually or jointly with another eligible person. Joint accounts can be held by more than one individual and may be operated either singly or jointly, as specified by all account holders. Any changes to the operating instructions of a joint account can only be made with the consent of all account holders.

The joint account holders may choose from the following operating mandates:

- i. **Either or survivor:** In the case of a joint account held by two individuals (e.g., A & B), the final balance, along with any applicable interest, will be paid to the surviving account holder upon the death of one of the account holders.
- ii. **Anyone or survivor(s):** For a joint account held by more than two individuals (e.g., A, B, and C), the final balance, including any applicable interest, will be paid to the surviving account holders upon the death of any two account holders.
- iii. **Former or survivor:** In this arrangement, the first-named account holder has sole authority to operate the account and full rights over the balance. The final balance, along with any applicable interest, will be paid to the surviving account holder only after the death of the first-named account holder or vice versa.

iv. **Latter or Survivor:** In this arrangement, the secondary account holder can operate the account. After their death, the primary account holder takes over the operations.

The above mandates will apply and become effective only upon or after the maturity date of the term deposit. Any changes to these mandates may be made only with the consent of all account holders.

6.1.4 Addition / deletion of holders

At the request of all joint account holders, the bank may permit the addition or removal of a joint account holder's name or allow an individual depositor to add another person as a joint account holder.

In the case of fixed deposits, the bank will allow the joint deposit amount to be split, provided that neither the deposit term nor the total amount is altered.

6.1.5 Mandate / power of attorney holder

The bank will register a mandate or power of attorney provided by the customer, authorizing another individual to operate the account on their behalf, upon the depositor's specific request. This will be done subject to thorough due diligence of the person authorized to manage the account.

6.1.6 Additional interest rate on domestic deposits

The bank may at its discretion offer an additional interest of one per cent (1%) per annum, over and above the prevailing rate of interest on savings or a term deposit to bank's staff/employees subject to:

- Additional interest rate is applicable till the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of a term deposit account.
- In case of employees taken over pursuant to the scheme of amalgamation, the additional interest is allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate which could have been allowed if such employees were originally employed by the bank.
- In the case of persons taken on deputation for a fixed tenure or on a contract of a fixed tenure, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.
- The bank shall give additional rates to their retired senior citizen staff/employees by virtue of their being retired members of the bank.
- The bank may, at its discretion and subject to approval from the Asset Liability Committee (ALCO), formulate term deposit schemes specifically for resident Indian senior citizens, offering a higher and fixed rate of interest compared to regular deposits of any amount. However, term deposits held in the name of a Hindu Undivided Family (HUF) or in the name of the Karta of an HUF — even if the Karta is a resident Indian senior citizen — will not be eligible for the higher rate of interest applicable to senior citizen deposits.

6.2 Facilities for demand deposit

The bank shall open savings and/or current accounts for eligible individuals in accordance with applicable regulatory requirements, as outlined in the product documentation for these accounts.

6.2.1 Minimum balance / service charges

With regard to BSBDA, the bank will not require the maintenance of any minimum balance. For all other account types, the bank may specify a minimum balance requirement on a monthly, quarterly, or annual basis, which will be communicated to the customer in advance through the Schedule of Charges.

In the event that the minimum balance is not maintained, the bank will impose penal charges, which will be clearly communicated to the customer via SMS, email, or letter. A one-month advance notice will be provided prior to the imposition of such charges. If the customer fails to restore the minimum balance within the one-month notice period, the bank will recover the penal charges after notifying the customer. However, no penal charges will be applied if the account is deemed inoperative.

The penal charges will be directly proportional to the shortfall in the minimum balance, calculated as a fixed percentage based on the difference between the actual balance maintained and the minimum balance requirement at the time of account opening.

Details of other applicable charges for services provided by the bank are outlined in the Schedule of Charges, which forms part of the account's terms and conditions. These charges will be explained by bank staff during the account opening process and will also be made available to the customer. Additionally, the Schedule of Charges will be published on the bank's website for reference.

6.2.2 Passbook / account statements

The bank offers its savings account holders (individuals) the option to receive either a passbook or a monthly statement of account, free of charge. These documents will include the branch's full address, customer helpline details, as well as the MICR and IFSC codes.

If the branch retains the passbook for updating, the staff will issue a token to the depositor, which will indicate both the date of receipt and the date when the passbook will be available for collection. Passbooks will only be returned upon presentation of the corresponding token. For security, passbooks left at the branch will be kept under lock and key overnight by the designated responsible official.

For current accounts, the bank will send statements in a staggered manner to ensure efficient processing.

Savings and current account holders will receive periodic statements of account in accordance with the terms and conditions applicable to their accounts. Alternatively, account holders may request a passbook instead of receiving a statement. However, in cases where passbooks have not been issued, the statements of accounts will be shared free of cost digitally to the depositors.

The home branch of the deposit accounts may be transferred to any other branch of the bank at the depositor's request.

6.2.3 Stop payment facility

The bank will accept 'stop payment' instructions from account holders for cheques issued by them, provided the request is made within the prescribed timeframe. Applicable charges, as outlined in the Schedule of Charges, will be levied for such services.

In the event of a cheque being lost in transit, during clearing, or while at the branch, the bank staff will promptly notify the account holder. This will allow the customer to issue stop payment instructions for the affected cheques, and no charges will be applied for stop payment requests arising from such circumstances.

6.2.4 Interest rates and calculation of interest

The interest rates on deposits will be set with the prior approval of the ALCO.

The bank will pay interest on savings accounts and term deposits at rates determined by the bank, in accordance with the general guidelines set by the Reserve Bank of India (RBI).

The applicable interest rates for deposits will be disclosed in advance through a published schedule, which will be made available on the bank's website. The bank will also maintain a bulk deposit interest rate card within its core banking system.

Interest rates for deposits will be clearly displayed at the bank's branch premises and on its website. Any changes to deposit schemes or related services will be communicated promptly to deposit account holders.

The bank will determine the interest rate on savings accounts based on the daily product method. Interest will be credited regularly, irrespective of the account's operational status. Interest on savings account balances will be paid quarterly or at an earlier date, subject to ALCO approval. However, the customer shall have the option to select either a daily or quarterly interest payout, and the interest will be paid accordingly by the bank based on the selected payout method.

For interest calculations based on the actual number of days the funds remain with the bank, the denominator used will be 365 days, or 366 days in the case of a leap year.

If a term deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured term deposit, whichever is lower.

Interest on savings accounts, including those frozen by enforcement authorities, will continue to be credited regularly.

6.2.5 Nomination facility for deposit accounts

The bank will actively promote the nomination facility by including relevant messages on application forms, cheque books, passbooks, and other customer-facing modes like mobile application etc. In addition, the bank will conduct periodic awareness campaigns to encourage the use of this facility.

Nomination will be recommended for all deposit accounts opened. The bank will ensure that nominations are made only in favour of individuals; nominations in favour of associations, trusts, or societies will not be permitted.

In accordance with Section 45ZA of the Banking Regulation Act, 1949 (as amended from time to time), and as per applicable guidelines issued by the Reserve Bank of India (RBI), depositors are permitted to make nominations for their deposit accounts. Nominations may be structured to take effect either simultaneously or successively. In the case of simultaneous nominations, the depositor must indicate the percentage share for each nominee, ensuring the entire deposit amount is covered. For successive nominations, the nomination shall take effect in the order of priority specified by the depositor. In the case of joint deposit accounts, the nomination must be made jointly by all account holders. The nominee's right to the deposit arises only upon the death of all account holders.

The bank will ensure that the account opening form includes fields for nomination details. While the bank will generally encourage customers to make a nomination, in case the person opening an account declines to fill in nomination, the bank official shall explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the bank official shall ask the customer to give a specific letter to the effect that he/she does not want to make a nomination. In case the person opening the account declines to give such a letter, the bank shall record the fact on the account opening form and proceed with opening of the account if otherwise found eligible. The detailed procedure is outlined in the bank's Customer Service Policy.

The bank will have a robust system in place for acknowledging the receipt of nomination, cancellation, or variation forms. This acknowledgment will be provided to all customers, whether or not it is explicitly requested.

If the customer agrees, the nominee's name will be included in the passbook, statement of accounts, or fixed deposit receipts (FDRs).

6.2.6 Insurance cover for deposits

The bank will inform customers that all their deposits with the bank are covered under the insurance scheme provided by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC), subject to a maximum coverage limit of ₹5 lakhs. The bank will clearly communicate that this limit of ₹5 lakh applies to the total of both the principal and accrued interest on deposits held by the customer in the same capacity and right across all branches of the bank.

The insurance coverage will be applicable as per the guidelines issued by the Reserve Bank of India (RBI) and the Deposit Insurance and Credit Guarantee Corporation (DICGC), and certain categories of depositors may be excluded in accordance with these guidelines.

6.3 Facilities for term deposit

6.3.1 Interest payment on term deposits

The bank shall calculate interest at quarterly intervals on term deposits and pay at the rate decided by the bank depending upon the period of deposits. In case of time deposits with monthly interest payouts, the bank shall calculate the interest for the quarter and pay the interest monthly at discounted value.

The rate of interest on deposits will be prominently displayed in the branch premises and also on the bank's website. The bank shall compute interest based on the actual number of days in a year. In case the deposit is spread over a leap and a non-leap year, the interest is calculated based on the number of days i.e., 366 days in a leap year and 365 days in a non-leap year.

Payment of interest on term deposit maturing on Sunday/holiday/non-business working day:

The bank shall pay interest at the originally contracted rate on the original principal deposit amount for the Sunday/holiday/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.

6.3.2 Tax deduction

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 shall give an acknowledgment at the time of receipt of Form 15G/15H submitted by customers for non-deduction of tax. The bank shall put in place systems that will enable it to provide Form 16A to customers, pertaining to Tax Deducted at Source (TDS) as per time-frame prescribed under the Income Tax Rules. The bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS, can submit declaration in the prescribed format at the beginning of every financial year.

The bank shall deduct TDS at the applicable rates as per the Income Tax Act, 1961.

6.3.3 Premature withdrawal of term deposits

At the time of opening a deposit, the bank will inform the customer about the option of premature withdrawal (if available for the specific deposit type) and the applicable penal charges for such withdrawal. This information will also be made publicly accessible through the bank's website and displayed on notice boards at branches.

In the case of premature withdrawal, the bank will pay interest at the rate applicable on the date the term deposit was created, based on the actual duration for which the deposit was held, rather than at the contracted rate. Additionally, the bank may impose a penalty charge, as communicated to the customer at the time of term deposit creation, for any premature withdrawal.

The bank will include a clause in the term deposit account opening form stating that, in the event of the depositor's death, premature termination of the term deposit will be permitted. The conditions under which such a withdrawal can be made will be outlined in the account opening form, and no penalty will be applied in this case.

At its discretion, the bank may allow the premature withdrawal of a term deposit before the agreed-upon maturity date, upon request from the depositor. Such withdrawals will be subject to the applicable penalty for premature withdrawal.

A term deposit must remain active for a minimum tenure of 7 days from the date of the depositor's request to qualify for interest. Premature withdrawals before this minimum period will result in the forfeiture of any interest.

The bank shall permit the premature closure of a joint deposit only if all deposit holders provide their signed consent for such closure. In the case of term deposits with operating instructions such as "Either or Survivor," "Former or Survivor," or "Anyone or Survivor," if one of the joint holders passes away and no relevant mandate exists, the premature closure of the deposit will be allowed only if the legal heirs of the deceased agree to such closure. However, where a relevant mandate is on record, premature closure of the deposit will be permitted in favour of the surviving account holders.

6.3.4 Premature renewal of term deposits

If a depositor wishes to renew an existing term deposit before its maturity, the Bank may permit premature closure of the original deposit and allow the creation of a new term deposit, subject to the following conditions:

- The **renewal term must be longer than the remaining tenure** of the original deposit.
- The **interest rate applicable to the renewed deposit** shall be the rate prevailing on the **date of renewal**, as per the Bank's published interest rates for the selected tenure.
- For the **prematurely closed deposit**, the **interest payable shall be computed at the rate applicable to the actual period** the deposit remained with the Bank, not the originally contracted rate.
- The Bank may, at its discretion, **levy a penalty on interest rate** for the premature closure of the existing deposit, as per the penalty rates in force at the time of closure.

6.3.5 Renewal of overdue term deposits

When a term deposit is renewed on maturity, the bank shall apply the interest rate as applicable on the date of maturity on the maturity amount.

If the request for renewal is received within 14 days from the date of maturity, the bank shall renew such overdue deposits with effect from the date of maturity at the interest rate applicable as on the due date.

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.

If a term deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured term deposit, whichever is lower.

6.3.6 Intimation before maturity date

Term deposit holders may provide specific instructions to the bank regarding the disposal of their deposits at the time of account opening. If no such instructions are provided, the bank will notify depositors of the impending maturity of their term deposit 15 days prior to the maturity date, using the depositor's registered contact details via post, courier, email, or SMS.

Upon maturity, when the bank receives a request from the depositor for renewal, the depositor will be advised to specify the term for the renewed deposit. If the depositor fails to indicate a preference for the renewal term, the bank may renew the deposit for a term equal to the original term.

7. Prohibitions

The bank shall not:

- i. Pay any remuneration, fees, commission, brokerage, or incentives in any form or manner to any individual, firm, company, association, institution, or any other entity, except for:
 - Commission paid to agents employed to collect door-to-door deposits under a special scheme
 - Commission paid to Direct Selling Agents (DSAs) or Direct Marketing Agents (DMAs) as part of outsourcing arrangements
 - Remuneration paid to Business Facilitators or Business Correspondents
- ii. Offer prizes, lotteries, free trips (domestic or international), or any other initiative involving an element of chance to mobilize deposits. However, the bank may, at its discretion, provide inexpensive gifts (valued at no more than ₹250, as prescribed by the Indian Banks' Association (IBA) under the Ground Rules and Code of Ethics) to depositors at the time of deposit acceptance.
- iii. Launch deposit mobilization schemes involving prizes, lotteries, free trips, or similar incentives, including online remittance schemes.
- iv. Engage in unethical practices for raising funds through agents or third parties to meet the credit needs of existing or prospective borrowers, or grant loans to intermediaries based on deposit mobilization.
- v. Issue advertisements or promotional materials soliciting deposits from the public that emphasize only the compounded yield on term deposits, without clearly indicating the actual rate of simple interest applicable for the specific deposit period.
- vi. Accept interest-free deposits other than those in current accounts or pay compensation indirectly.

vii. Accept deposits from or at the instance of private financiers or unincorporated bodies under any arrangement that involves issuing deposit receipts in favour of clients of private financiers, or granting authority through power of attorney, nomination, or other means, for clients to receive deposits upon maturity.

viii. Open savings accounts in the name of Government departments, bodies, or organizations that are dependent on budgetary allocations for their functions (e.g., Municipal Corporations, Panchayat Samitis, State Housing Boards, Water and Sewerage Boards, Societies, and other such entities), or in the name of political parties, trading or business concerns (whether proprietary, partnership, company, or association), or entities other than individuals, Karta of HUF, and organizations/agencies listed in Schedule-I of the RBI Regulations.

ix. Create any fund for charitable purposes in consultation with depositors.

8. Dormant / unclaimed deposits / inoperative accounts

Inoperative Accounts

A **savings or current account** shall be classified as **inoperative** if there are no **customer-initiated transactions** for a continuous period of **two years**. Only transactions initiated by the customer—such as withdrawals, deposits, or fund transfers—will be considered for this purpose. **Bank-initiated entries** (e.g., interest credits or service charges) shall be excluded. However, **standing instructions or auto-renewals** set up by the customer will be treated as valid customer-initiated transactions.

Each account shall be reviewed **annually** to determine its activity status. The inoperative classification is **account-specific** and does not impact the status of other accounts held by the same customer.

The Bank shall proactively **notify customers** whose accounts are approaching inoperative status, encouraging them to perform at least one transaction. If no customer-initiated transaction is recorded within the subsequent year, the account shall be marked as inoperative.

If such notices are returned undelivered, the Bank will initiate efforts to **locate the customer** or their **legal heirs** in the event of death. These efforts may include contacting introducers, employers, or any other persons whose details are available in the Bank's records.

If an account becomes inoperative due to **change of address**, the Bank will assist the customer in **transferring the account** to a branch near their new location.

To **reactivate** an inoperative account, customers must submit a written request along with **valid KYC documents**. The Bank will carry out **due diligence** based on the customer's risk profile, including verification of identity and signature. **No charges** shall be levied for account reactivation.

The Bank will continue to credit **interest on savings accounts** during the inoperative period. Balances in inoperative accounts shall be subject to **periodic audits** by internal and statutory auditors.

Treatment of Unclaimed Deposits

An account shall be classified as an **unclaimed deposit** if it remains inoperative for a period of **ten years or more**. For **term deposits**, the ten-year period is calculated from the **maturity date**.

In compliance with **Section 26 of the Banking Regulation Act, 1949**, the Bank shall submit an annual return to the **Reserve Bank of India (RBI)** listing such accounts **within the prescribed timeline**.

Additionally, the Bank shall publish on its **official website** a list of unclaimed deposit accounts containing only the **names and addresses** of account holders, in accordance with RBI guidelines.

Claiming Unclaimed Deposits

Customers, or their legal heirs in the event of death, may approach the Bank at any time to claim the balance in an unclaimed deposit account. A claim request must be submitted in writing along with valid KYC documents and, where applicable, proof of legal heirship or succession. The Bank will process such claims after conducting due diligence, including verification of identity, signature, and relationship with the account holder, if applicable. To facilitate the process, the Bank will provide guidance to customers and their nominees/heirs through its branches, contact centre, and website. The claim form and documentation requirements shall be made readily accessible. No charges will be levied for processing such claims.

9. Closure of account

In the absence of specific instructions from the term deposit account holder at the time of opening a term deposit account regarding the closure or renewal of the deposit upon maturity, the bank shall retain the proceeds of the term deposit. Interest will be paid at the applicable savings bank rate or the contracted rate of interest on the matured term deposit, whichever is lower.

The bank shall close accounts either upon receipt of written instructions from the customer or, where necessary, at the bank's discretion, in accordance with the Code of Commitment to Customers, the Customer Service Policy, and the bank's KYC/AML Policy.

For current or savings accounts, the bank shall process closure requests within fifteen (15) working days of receiving the customer's instructions, provided that the customer has completed all required formalities and submitted the necessary documentation.

10. Secrecy of customer's accounts

The bank is committed to maintaining the complete confidentiality of customer information and shall not disclose any details or particulars of a customer's account to third parties. The bank will not share such information for cross-selling purposes. However, in certain exceptional circumstances, the bank may disclose customer information under the following conditions:

- Where disclosure is required by law;
- Where there is a public duty to disclose;

- Where the bank's interests necessitate disclosure; and
- Where the disclosure is made with the express or implied consent of the customer.

The bank will collect necessary information from the customer to verify their identity. Any additional information requested by the bank will be on a voluntary basis, and the bank official will provide a clear explanation to the customer regarding the necessity of such information.

11. Settlement of dues

11.1 Deceased depositors

Accounts with survivor/nominee clause

In the case of deposit accounts where the depositor has utilized the nomination facility and made a valid nomination, the bank shall pay the balance in the deposit account to the survivor(s) and the nominee of the deceased account holder jointly. However, if the joint account holders have provided a mandate for the disposal of the balance in the account under specific conditions, such as "either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor", the payment of the balance in the deposit account to the survivor(s)/nominee of the deceased account holder will be considered a valid discharge of the bank's liability, subject to the following conditions:

- i. The bank shall exercise due diligence in establishing the identity of the survivor(s)/nominee and verifying the death of the account holder, using appropriate documentary evidence.
- ii. The bank shall not require the production of a succession certificate, letter of administration, probate, or any bond of indemnity or surety from the survivor(s)/nominee, regardless of the amount in the deceased account holder's account.
- iii. The bank shall confirm that there is no legal order from a competent court restraining the bank from making the payment from the account of the deceased.
- iv. The bank shall inform the survivor(s)/nominee that the payment is being made to them as a trustee for the legal heirs of the deceased depositor. The bank will clarify that such payment shall not affect the rights or claims any other person may have against the survivor(s)/nominee.

Accounts without the survivor/nominee clause

In cases where the deceased depositor has not made a nomination, or for accounts other than those designated as "either or survivor" (such as single or jointly operated accounts), the bank, in accordance with its risk management policies, shall establish a minimum threshold limit for the balance in the account of the deceased depositor. Claims within this threshold may be settled without requiring any documentation other than a letter of indemnity.

The bank shall release the balance of the deceased depositor's account to the legal heirs, up to a limit of ₹50,000, without the need for a letter of indemnity or any additional documentation.

Treatment of flows in the name of the deceased depositor

The bank, upon receiving authorization from the survivor(s)/nominee of a deceased account holder, may open an account styled as "Estate of Shri _____, the Deceased." This account will

allow any incoming funds in the name of the deceased account holder to be credited, provided that no withdrawals are made from the account.

Alternatively, if authorized by the survivor(s)/nominee, the bank may return the incoming funds to the remitter with the remark "Account holder deceased." The bank will inform the survivor(s)/nominee accordingly. The survivor(s)/nominee/legal heir(s) may then approach the remitter to arrange for payment via a negotiable instrument or an ECS transfer in favour of the appropriate beneficiary.

Payment of interest in term deposit in case of death of depositor

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; as per the applicable rate as per the bank's policy in this regard.

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 prevailing on the date of maturity from the date of maturity till the date of payment.

In case of balances lying 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.

Time limit for settlement claims

The bank shall settle the claims in respect of deceased depositors and release payments to survivor(s)/nominee(s) 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 and suitable identification of the claim(s), to the bank's satisfaction.

The bank shall provide the claim forms on its website to facilitate timely settlement of deceased claims.

Reporting

The bank will report to the Customer Service Committee of the Board, at quarterly intervals, the details of the number of claims received pertaining to deceased depositors' accounts and those pending beyond the stipulated period, giving reasons therefor.

11.2 Missing persons

The bank shall settle claims up to ₹50,000 in respect of missing persons (missing for 7 years or more) by the survivors/nominees, without insisting on production of any documentation other than:

- FIR and the non-traceable report issued by police authorities, and

- Letter of indemnity.

For claims exceeding ₹50,000 in respect of missing persons (missing for 7 years or more), the bank shall seek legal opinion and settle such claims in accordance with the procedures outlined in paragraph 11.1 of this policy, subject to the provision of sufficient evidence/documentation regarding the missing person, as deemed appropriate by the bank.

12. Redressal of complaints and grievances

If a customer is dissatisfied or has any complaints regarding the products or services offered by the bank, the designated authority of the bank shall be responsible for addressing and resolving such complaints or grievances raised by depositors.

The bank shall prominently display the names and contact details of the nodal officers responsible for grievance redressal both in the branch premises and/or on the bank's mobile application and website. Bank officials will assist customers by providing all necessary information regarding the procedure for lodging a complaint. The customer's grievance will be handled in accordance with the bank's Customer Grievance Redressal Policy.

In the event that the depositor does not receive a response from the bank within 30 days of lodging the complaint, or if the depositor remains unsatisfied with the bank's response, they have the right to approach the Banking Ombudsman appointed by the Reserve Bank of India.

13. Policy review and updates

The policy shall be reviewed by the Customer Service Committee of the Board and subsequently by the Board of Directors as and when required or at least annually for incorporating regulatory updates and changes, if any.

14. Regulatory references

- Banking Regulation Act, 1949
- Master Direction – Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 3, 2016, updated as on June 07, 2024
- RBI Master Circular on Customer Service in Banks dated July 1, 2015
- Inoperative accounts/unclaimed deposits in banks – Revised instructions dated January 1, 2024
- Operating guidelines for Small Finance Banks dated October 6, 2016
- IBA Model Deposit Policy
- IBA Model Customer Rights Policy
- IBA Code of Banking Practice