



Ujjivan Small Finance Bank

Comprehensive Deposit Policy

PREAMBLE

Ujjivan Small Finance Bank (hereinafter referred to as “the Bank”), in furtherance of the objectives for which it is set up, shall inter alia undertake basic Banking activities of acceptance of deposits other than lending activities to the underserved section of the society.

One of the important functions of the Small Finance Bank is to accept deposits from the underserved sections of the society for the purpose of lending. In fact, such depositors are the major stakeholders of our Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI.

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and 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 deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time. While adopting this policy the Bank re-iterates its commitments to the individual customers as outlined in the Code of Bank’s Commitment to Customers and Customer Service Policy.

1. TYPES OF DEPOSIT ACCOUNTS

We offer the following types of Deposit Account:

- (a) *Demand Deposit*: Demand Deposit means a deposit received by the Bank which is withdrawable on demand. We offer two types of demand deposits - interest bearing Savings Account and non-interest bearing Current Account.
- (b) *Term/Time Deposit*: Time deposit means an interest bearing deposit received by the Bank for a fixed period. We offer Fixed deposit (traditional and cumulative) and Recurring deposit for retail individuals and senior citizens. The Bank shall pay interest monthly/quarterly/half-yearly/annually/at maturity to the depositor.
- (c) *Minor Accounts*: The Bank shall allow minors to open/operate accounts jointly with parent/guardians till the minor becomes major. The Bank shall not grant overdraft/loan to such minors.
- (d) *Accounts for persons with disabilities/illiterate persons/visually impaired person*

The Bank shall facilitate opening of accounts *for persons with disabilities/illiterate persons/visually impaired person* in line with regulatory guidelines.
- (e) *Under-Guardian accounts for Disabled (adult) persons with autism, cerebral palsy, mental retardation and multiple disabilities*:
The Bank shall facilitate opening of accounts *for Disabled (adult) persons with autism, cerebral palsy, mental retardation and multiple disabilities* in line with regulatory guidelines.

2. OPENING AND OPERATION OF DEPOSIT ACCOUNTS

Facilities for all Deposit accounts

The Bank shall provide its customers details of various types of Bank accounts that can be opened and their key features.

- i. The Bank shall open accounts providing basic banking services to unbanked / disadvantaged sections of the society with relaxed customer acceptance norms as per regulatory guidelines as elaborated in the KYC/AML policy of the Bank.

- ii. The Bank shall undertake due diligence process, while opening a deposit account which involves identification of the person, verification of address, satisfying about his occupation and source of income. The Bank shall obtain fresh photographs from the customer proposing to open the account.
- iii. The Bank shall communicate to the customer the timeframe within which the account shall be opened. In case, if the account opening requires clearance at higher level, the Branch staff shall communicate the reasons for delay in opening of account.
- iv. The Bank shall provide the prospective depositor with account opening forms and other material such as brochures indicating service charges, Code of Commitment to Customers.
- v. The Bank shall communicate to the prospective depositor all details regarding terms and conditions for operation of the accounts and schedule of charges and fees for various services provided while opening the account or from time to time as the case may be. The applicants can reach out to the branch or a Bank executive for any queries or clarification that they may have in relation to account opening.
- vi. The Bank staff shall have the right to decline the opening of account if the account holder is not able or willing to provide necessary information regarding his address or identity.
- vii. The Bank reserves the right, at its sole discretion, to open the bank account upon receipt of an application, and at such terms, as the Bank may prescribe from time to time.

Operation of Joint Accounts

The Bank shall allow the deposit accounts to be opened by the account holder singly or jointly with any other eligible person. Joint accounts can be opened by more than one individual and can be operated either singly or jointly, as specified by all the account holders. The operating rules in a joint account can be modified only with the consent of all account holders.

The joint account holders can give any of the following mandates for operations of the account:

Either or Survivor: This is applicable for accounts with 2 holders. The account can be operated by any one of the account holders during the lifetime of the account holders and the survivor in case of death of any of the accountholders.

Anyone or Survivors: This is applicable for accounts with more than 2 account holders. The account can be operated by any one of the account holders during the lifetime of all the account holders and the survivors in the case of the death of any of the accountholders.

Former or Survivor: This is applicable for accounts with more than 2 account holders. The account can be operated by the first holder of the account and the survivors in the case of death of any of the accountholders.

Joint signatories: This is applicable for accounts with 2 or more account holders. The account shall be operated by all the account holders during the lifetime of all the account holders.

Addition / Deletion of Account Holders

The Bank may at the request of all the joint account holders allow addition or deletion of name/s of joint account holder/s or allow an individual depositor to add the name of another person as a joint account holder.

Mandate/ Power of Attorney holder

The Bank shall register mandate/ power of attorney given by the customer authorizing another person to operate the account on his/her behalf at the specific request of the depositor subject to adequate due diligence of the person being authorized to operate the account.

Dormant/ Unclaimed Deposits/ Inoperative Accounts

A savings as well as current account, which are not operated for a period of two years, would be treated as a dormant account. The depositor can make a request to the Bank in person to activate the account for operating it. A standardized Customer Request Form for activating a dormant account is available at the branches. The customer is expected to submit the same citing the reasons for not operating the account along with the documents for proof of identity and address.

The Bank shall conduct an annual review of accounts in which there are no customer induced transactions including credits or debits other than levy of service charges of credit of interest, for the last one year. The Bank shall send letters to the customers advising them to transact in the account, failing which the account would be classified as inoperative if there are no transactions for the succeeding one year. If the letters are returned undelivered, they may immediately be put on enquiry to find out the whereabouts of customers or their legal heirs in case they are deceased.

In case the account has turned inoperative due to shift of address of the customer, the branch officials shall assist the customer in transferring the account to any branch which is within the proximity of the customer. The branch officials shall try to contact any other persons related to the customer such as introducer, employer or any other persons whose contact details are available with the Bank.

The Bank shall not levy any charges for activation of the accounts. The Bank shall credit the interest on savings bank accounts on regular basis whether the account is operative or not.

A standardized Customer Request Form for activating a dormant account is available at the branches. The customer is expected to submit the same citing the reasons for not operating the account along with the documents for proof of identity and address. The Bank shall ensure that the branch officials do not inconvenience the customers whose accounts are inoperative, in any form.

Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc.

The Bank shall ensure that the amounts lying in dormant accounts ledger are properly audited by the internal auditors/ statutory auditors of the Bank.

Unclaimed deposit accounts mean accounts, which have not been operated upon the last ten years. In the case of money deposited for a fixed period, the said term of ten years would be reckoned from the date of the expiry of such fixed deposits.

The Bank shall display the list of unclaimed deposits/inoperative accounts which are inactive / inoperative for ten years or more on its website. The list so displayed on the websites shall contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts.

Closure of Account

At the time of placing their deposits customers can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. The Bank shall retain the proceeds of the fixed deposit in a separate account on which savings bank rate of interest shall be paid to the depositor.

The Bank shall close the accounts either based on written instruction from the customer or suomoto by the Bank, where necessary, in line with the Code of Commitment of Customers, Customer Service Policy and the KYC/AML Policy of the Bank.

The Bank shall close the current/savings account upon customer's request within 3 working days of receiving instructions, subject to the customer completing all formalities and submitting all required documents.

3. FACILITIES FOR DEMAND DEPOSIT

The Bank shall open savings and current accounts for eligible persons in line with the applicable regulatory requirements, which shall be elaborated in the Product note on savings accounts and current accounts.

3.1 Minimum Balance / Service charges

In respect to the BSBDA accounts, the Bank shall not stipulate any minimum balance to be maintained. In accounts other than BSBDA, the Bank shall stipulate the minimum balance to be maintained on a monthly/ quarterly/ annual basis, which shall be communicated upfront to the customer by way of the Schedule of Charges.

The Bank shall levy penal charges in the event of non-maintenance of minimum balance, which shall be notified to the customer clearly by SMS / email / letter, etc. If the customer does not restore the minimum balance within 1 month from the date of notice of the shortfall, the Bank shall recover the penal charges after due intimation to the customer. However, if the account is inoperative, the Bank shall not charge penal charges for minimum balance.

Information on other charges, where applicable, for services rendered by the Bank are provided in the Schedule of Charges that are included as part of terms and conditions governing operation of such accounts, which shall be explained by the Bank staff and also given to the customer at the time of account opening.

3.2 Passbook / Account Statements

The Bank shall offer pass book facility for all savings account holders or monthly statement of account to regular savings accounts and minor accounts.

The Bank shall regularly update the passbooks with brief, informative and intelligible entries. In case of customers who have opted for the monthly statement of accounts, the Bank shall provide the statements with informative and intelligible entries.

In case if the branch retains the passbook for updating, the Bank staff shall accept the pass books against acknowledgement which indicates the date of receipt and the date by when the passbooks can be collected after due updating. The Bank staff shall return such passbooks only against the acknowledgment. The Bank shall keep the passbooks in the custody of the named responsible official, under lock and key overnight for passbooks remaining at the branch.

In case of re-issue of passbook due to damage or misplaced by the customer, the bank shall issue a duplicate passbook as per the channels specified by the customer and charges would be levied as specified in the Schedule of charges.

In case of Account statement (physical) request by the Customer, the bank shall levy charges as specified in the Schedule of Charges.

3.3 Stop Payment Facility

The Bank will accept stop payment instruction from the account holders in respect of cheques issued by them within the specified timeframe as per the channels specified by the Bank from time to time. Charges, as specified in the Schedule of Charges, will be applied. In case of loss of the cheques in transit or clearing or at the branch, the Bank staff shall immediately inform the customer so that he/ she can place the stop payment instructions in respect of such cheques. Such stop payment of instruction shall not be subject to any charges.

3.4 Interest Rates and Calculation of Interest

The Bank shall pay interest on savings account at the rates as decided by the Bank within the general guidelines issued by the RBI from time to time.

Interest on domestic rupee savings deposits shall be calculated on a daily product basis 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 Bank shall display the rate of interest on deposits in the branch premises/website. The Bank shall communicate upfront to the deposit account holder of any changes, if any, with regard to the deposit schemes and other related services.

The Bank shall determine the rate of interest on savings account on a daily product basis. The interest should be credited on regular basis whether the account is operative or not. The Bank shall pay the customer interest on his savings balance on quarterly basis.

For the purpose of interest calculation for actual number of days (in case interest is calculated for incomplete month), the denominator is taken as 365 days and 366 days in case if it is a leap year.

Interest on overdue fixed deposits remaining unclaimed shall be calculated on savings bank interest rate till the date of payment to the depositor.

3.5 Nomination Facility for Deposit Accounts

The Bank shall recommend nomination in respect of deposit accounts opened by individuals or sole proprietary concerns. The Bank shall ensure that the nomination is made only in favour of individuals and no association, trust or society shall be permissible as a nominee. The Bank staff shall communicate to the customer that there cannot be more than 1 nominee per deposit account. The Bank shall give the customers the receipt of the duly completed form of nomination, cancellation and/ or variation of the nomination, irrespective of whether the same is demanded by the customers. The Bank shall indicate the name of the Nominee in the Pass Books/ Statement of Accounts / FDRs, in case the customer agrees for the same, in addition to the legend "Nomination Registered".

3.6 Insurance Cover for Deposits

The Bank shall inform the customers that all bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to a maximum of Rs 1 lakh.

However, deposits held by banks, Central and State governments (including quasi government bodies, local autonomous bodies, Government Corporation) and foreign government are not covered under the scheme.

4. FACILITIES FOR TERM DEPOSIT

4.1 Interest Payment on Term Deposits

The Bank shall calculate interest at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of time deposits with monthly interest pay-outs, 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. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed as mentioned in the Code of Commitment to Customers/ Customer Service Policy.

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 & 365 days in a non-leap year.

The Bank shall round off transactions including payment of interest on deposits to the nearest rupee i.e., fractions of fifty paise and above shall be rounded off to the next higher rupee and fractions of less than fifty paise shall be ignored.

4.1.1 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 expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

4.1.2 Payment of interest on accounts frozen by banks

The Bank shall adhere to the following procedure in case of Term Deposit Accounts of customers frozen by the orders of the enforcement authorities:

(i) A request letter shall be obtained from the customer on maturity, which shall also include the term, for which the deposit is to be renewed. In case the depositor does not exercise his option of

choosing the term for renewal, the Bank shall renew the same for a term equal to the original term.

(ii) Renewal of deposit should be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. The Bank shall also mention the rate of interest at which the deposit is renewed in the advice to the depositor.

5. 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 15-G/15-H submitted by customers for non-deduction of tax.

The Bank shall deduct TDS at the applicable rates as per the Income Tax Act, 1961. The Bank shall not refund, any tax already deducted on interest in any case. The Bank shall also advise customers to claim tax refund from IT dept., in case TDS has been deducted because of non-submission of form 15G/15H.

6. PREMATURE WITHDRAWAL OF TERM DEPOSITS

At the time of opening of the deposit, the Bank shall inform the customer of the premature withdrawal option, if available for the deposit being opened and the penal charges in respect of such withdrawal. The Bank shall also publicize this information by way of its website and the notice board at branches.

The Bank has the option to disallow premature withdrawal of large fixed deposits (fixed deposits over Rs. 15 lakh) held by account holders including individuals and HUFs provided it was made known to the customer at the time of opening of the account. The Bank shall ensure that all fixed deposits under Rs. 15 lakh have the premature withdrawal option.

The Bank at its discretion shall allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit on request from the depositor/s. Such premature withdrawal shall be subject to the penalty applicable on premature withdrawal.

The term deposit must run for a minimum tenor of 7 days from the date of depositor request in order to earn any interest. Premature withdrawals before this minimum tenor will result in zero interest payment to the client.

7. PREMATURE RENEWAL OF TERM DEPOSITS

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank shall permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the

deposit for the period it has remained with the Bank will be paid at the rate applicable to the period for which the deposit remained with the Bank and not at the contracted rate.

8. 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, the interest for the overdue period will be paid at the savings bank rate till the date of the request for renewal. The interest rate as applicable on the date of the request for renewal shall be applied in respect of renewal of such term deposits.

If a Term Deposit matures and the proceeds remain unpaid, the amount left unclaimed would attract savings bank Rate of Interest.

9. ADVANCE AGAINST TERM DEPOSITS

Intimation before Maturity Date

The term deposit holders may give specific instructions to the Bank with respect to the disposal of the deposits at the time of account opening. If such mandate is not available, then the Bank will intimate depositors of term deposits by post, courier, email or SMS at the registered contact details of the depositor 15 days prior to the date of maturity of the deposit.

The Bank may offer advances against term deposits to depositor/s, provided such term deposits receipts duly discharged by the depositor/s are available with the Bank along with the necessary security documents. The Bank shall charge such advances without reference to the marginal cost of lending rate if the advance is given against the term deposits and the deposit stands in the name of either singly or jointly:

- the borrower, either singly or jointly;
- one of the partners of a partnership firm and the advance is made to the said firm;
- the proprietor of a proprietary concern and the advance is made to such a concern;
- a ward whose guardian is competent to borrow on behalf of the ward and where the advance is made to the guardian of the ward in such a capacity.

10. SECRECY OF CUSTOMER'S ACCOUNTS

The bank shall not disclose details/particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

The Bank shall obtain necessary information from the customer in order to ascertain the identity of the customer. Any additional information sought by the Bank shall only be on a voluntary basis and the Bank official shall explain to the customer the reasons on why such information is necessary/ required.

11. SETTLEMENT OF DUES

11.1 Deceased depositors

Accounts with survivor/nominee clause

If the depositor has registered valid nomination with the Bank, the balance outstanding in the account of the deceased depositor will be transferred to the account of/ paid to the nominee after the Bank satisfies about the identity of the nominee, etc.

The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

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.

The Bank shall confirm that there is no order from the competent court restraining the Bank from making the payment from the account of the deceased. The Bank shall inform the survivor(s)/ nominee that he/ she would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor and that such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee.

Accounts without the survivor/ nominee clause

In case where the deceased depositor had not made any nomination or for the accounts other than those styled as "Either or Survivor" (such as single or jointly operated accounts) the Bank shall keeping in view their risk management systems, fix a minimum threshold limit, for the balance in the account of the deceased depositors, up to which claims in respect of the deceased depositors could be settled without insisting on production of any documentation other than a letter of indemnity. The Bank shall release the balances of the deceased depositor to their legal heirs up to Rs. 25,000 without any letter of indemnity or any other documentation.

Premature Termination of term deposit accounts

The Bank shall permit premature closure of a joint deposit only if all the deposit holders sign a request to that effect. In the case of Term deposits with operating instructions Either or Survivor, Former or Survivor, Later or Survivor and Anyone or Survivor, in the event of death of one of the joint holders and in the absence of relevant mandate, premature closure of such deposit will be allowed only if the legal heirs of the deceased agree for such premature closure. In cases where relevant mandate is available with the Bank, premature closure of such deposits shall be allowed in the favour of survivors.

Treatment of flows in the name of the deceased depositor

The Bank, if authorized by the survivor(s)/ nominee of a deceased account holder, shall open an account styled as 'Estate of Shri _____, the Deceased' where all the pipeline flows in the name of the deceased account holder could be allowed to be credited, provided no withdrawals are made.

Alternatively, the Bank, if authorized by the survivor(s)/ nominee, shall return the pipeline flows to the remitter with the remark "Account holder deceased" and shall intimate the survivor(s) / nominee accordingly.

Payment of interest in case of death of depositor

In the case of balances lying in current account standing in the name of a deceased individual depositor/sole proprietorship concern, interest should be paid 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.

The Bank shall pay interest on term deposits in the name of the deceased depositor/s at the contracted rate till the date of maturity in the event of death of the depositor takes place before the date of maturity of deposit and amount of the deposit is claimed by survivor/ nominee after the date of maturity. 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 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.

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 Bank's website to facilitate timely settlement of deceased claims.

11.2 Missing Persons

The Bank shall settle the claims up to Rs.5 lakh by survivors/ nominees in respect of persons missing for 7 years or more from date of FIR on production of fir copy, non-traceable report and letter of indemnity. In respect of the claims above Rs. 5 lakh, the Bank shall obtain legal opinion and settle such claims as detailed in para 11.1 of this policy subject to production of evidence/ documentation of the missing person as deemed adequate by the Bank.

12. Redressal of Complaints and Grievances

If the customer is unhappy or has any complaint regarding the products/ services offered to him/ her, the designated authority of the Bank shall handle customer complaint/ grievances raised by depositors.

The Bank shall display the names of the Regional Nodal Officers (Regional Manager – Service Quality) for redressal of complaints / grievances in the branch premises and internal set up for redressal of complaints shall be displayed on the Bank's website. The branch officials shall provide all required information regarding procedure for lodging the complaint. The customer's grievance shall be handled in the manner as elaborated in the Customer's Grievance Redressal Policy of the Bank.

Policy Revision

This policy is subject to revision based on the extant RBI guideline from time to time.