

IDBI BANK LTD.

Deposit Policy

1. Introduction

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

1.2 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.

1.3 While adopting this policy, the bank reiterates its commitment to individual customers outlined in “Code of Banks Commitment to Customers” issued by Banking Codes and Standards Board of India and Bankers' Fair Practice Code of Indian Banks' Association. 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.

2 **Types of Deposit Accounts**

2.1 While various deposit products offered by the Bank are assigned different names, the deposit products can be categorized broadly into the following types.

(i) "Demand deposits" means a deposit received by the Bank which can be withdrawn on demand by the depositor.

(ii) “Savings deposit” means a form of demand deposit designated as “Savings Account”, “Savings Bank Account”, “Savings Deposit Account” etc which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period. Currently the bank does not restrict the number of withdrawals and amounts of withdrawals during any specified period. The bank will give the notice to the depositor, if such restrictions are introduced in future.

(iii) "Term deposit" means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits such as Recurring / Short Deposits / Fixed Deposits /Monthly Income / Quarterly Income/Sweep-in deposits (held in units) or any other form of Fixed deposits.

(iv) "Notice Deposit" means term deposit for specific period but withdrawable on giving at least one complete banking day's notice.

(v) "Current Account" means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and also includes other deposit accounts which are neither Savings Deposit nor Term Deposit.

3 Account Opening and Operation of Deposit Accounts

3.1 The Bank, before opening any deposit account, will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and or other norms or procedures adopted by the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

3.2 The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and / or for record. It is expected of the Bank official opening the account to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.

3.3 For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. 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 cheques books, additional statement of accounts, duplicate passbook, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account. Any changes in the schedule of charges or the terms and conditions will be communicated to the customers 30 days in advance.

3.4 Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time).

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts / Limited Liability Partnerships (LLPs) etc.

Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, etc.

3.5 The due diligence process, while opening a deposit account will involve satisfying about the identity of the person and verification of address. Obtaining introduction of the prospective depositor from a person acceptable to the Bank and obtaining recent photograph of the person/s opening / operating the account are part of the due diligence process.

3.6 In addition to the due diligence requirements under KYC norms, the Bank is required by law to obtain Permanent Account Number (PAN) or General Index

Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.

3.7 Deposit accounts can be opened by an individual in his own name (status: known as account in single name) or by more than one individual in their own names (status: known as Joint Account). A minor can also open Savings Bank Account jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account)

3.8 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 (Jointly by all/ Either or Survivor/ Anyone or Survivor/ Latter or Survivor / Former or Survivor). Operating instructions of this nature are obtained from the customer at the time of account opening or at a later date with due consent of all the account holders. The natural guardian only can operate the Savings Bank Account opened by minor jointly with natural guardian.

3.9 The joint account holders can give any of the following mandates for the disposal of balance in the above 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 death of anyone 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 the survivor on death of any two account holders.

(iii) Latter or Survivor: Second named account holder can alone operate and has full right over the monies. The survivor steps in only on the death of the latter.

(iv) Former or Survivor: First named account holder can alone operate and has full rights over the monies. The survivor steps in only on the death of the former.

The above mandates will be applicable to or become operational only on or after the date of maturity of term deposits. This mandate can be modified by the consent of all the account holders.

3.10 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.

3.11 The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity. In absence of such mandate, the Bank will auto renew the Fixed deposit for the same tenure as that of the original term deposit. In case, the customer wishes to make changes in the tenure or wants a premature proceeds of the term deposit, the same is allowed at the written request of the customer from prospective date.

3.12 Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also.

Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the

account. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.

3.13 A statement of account will be provided by the Bank to Savings Bank as well as Current Account holders periodically as per the terms and conditions of opening of the account.

4 Interest Payments

4.1 Interest shall be paid on saving account at the rate specified by Reserve Bank of India directive from time to time at quarterly rests on each calendar quarter. However, the Bank within the general guidelines issued by the Reserve Bank of India from time to time, decides term deposit interest rates.

4.2 In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The Bank in accordance with the formulae and conventions advised by Indian Banks' Association calculates the interest on term deposits.

4.3 The deposit rates are generally displayed in the banks branches. The interest rates are also displayed on the banks official website. The bank also endeavors to publish interest rate leaflets from time to time.

4.4 The Bank has statutory obligation to deduct tax at source if the total interest accrued/ payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at

the beginning of every financial year. The said declaration is required to be submitted by the depositor for each of the deposit placed with the bank to avail the said exemption.

5 Minors' Accounts

5.1 The minor can open Savings Bank Account and the natural guardian can operate the same. The account can also be opened jointly with the natural guardian.

5.2 On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian, fresh specimen signature and the photograph of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes. Cheques issued by the guardian prior to the date of minor attaining majority but presented after the minor attains majority would require confirmation from the minor.

6 Account Of Illiterate / Blind Person

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 will explain the need for proper care and safe keeping of the statement of account etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate / blind person.

7 Addition or Deletion of the Name/s of Joint Account Holders

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

8 Customer Information

The bank ensures to maintain the secrecy of the customer's personal information. The information is used, if necessary, only internally or for creating awareness (telephonic/written) of the new products/services to the customers.

9 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 may also disclose the customer information, as per the prevailing practice, amongst banks to exchange credit information and credit opinion on the standing (general position) of the customers / borrowers. The bank follows the guidelines framed by IBA in this regard.

10 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. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. The Bank shall make

depositors aware of the applicable rate along with the deposit rate. The bank at its discretion can disallow premature withdrawal of large fixed deposits held by account holders other than individuals and HUFs and such policies are prior informed to the customers.

11 Premature Renewal of Term Deposit

The premature renewal of term deposit is allowed by premature closure of the deposit after payment of the interest (net of penal interest, if any) at the applicable rate for the number of days for which the deposit remained with the bank and then issuing a fresh fixed deposit at the applicable rate and for the agreed tenor.

12 Renewal Of Overdue Term Deposits

When a term deposit is renewed on maturity, on the renewed deposit interest rate for the period specified by the depositor as applicable on the date of maturity would be applied. If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In the absence of any customer instructions, the bank follows the practice of auto renewal of deposits on the date of maturity. The rate of interest on this renewed deposit will be as per the rate of interest applicable on that day.

13 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, subject to the guidelines issued by the Reserve Bank Of India from time to time. 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, is to be furnished by the depositor - applicant.

14 Settlement of Dues In Deceased Deposit Account

14.1 If the depositor has registered 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 itself about the identity of the nominee, etc.

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

14.3 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.

14.4 In the absence of nomination and when there are no disputes among the claimants, the Bank may 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, without insisting on legal documents, up to the limit approved by the bank's board and bank's internal guidelines. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

15 Interest Payable on Term Deposit in Deceased Account

15.1 In the event of death of the depositor before the date of maturity of deposit and amount of the deposit being 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 rate applicable on Term Deposits.

15.2 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.

16 Insurance Cover for Deposits

16.1 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 insurance coverage is upto a maximum of Rs 1 lac deposit held by the customer in the same capacity and right in all branches of a bank. Deposits in the name of banks, central and state governments (including quasi government bodies, local autonomous bodies, government corporation) and foreign government are not covered under the scheme. The details of the insurance cover in force will be made available to the depositor.

17 Stop Payment Facility

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

18 Dormant Accounts

Accounts which are not operated for a period of two years will be transferred to a separate dormant / inoperative account status in the interest of the depositor as well as the Bank. The depositor will be informed of charges, if any, which the Bank will levy on dormant / inoperative accounts. The depositor can request the Bank to activate the account for operating it.

19 Suo Motu Closure of Saving and Current Account

Under normal circumstances, Bank will not close the account which is running satisfactorily. However, in exceptional circumstances, which are not 'normal' including improper conduct of the account, the Bank reserves the right to close any account after giving a clear notice for 30 (thirty) days enabling customer to make alternate banking arrangement including arrangements for cheque(s) already issued by the customer. The term improper conduct of account means, among others:

- Issuing of cheque on the account without keeping sufficient balance in the account.
- Non compliance of KYC procedure in respect of old accounts.
- Fraud/Malfeasance or Fraudulent intention exhibited by the customer.
- No operation in the account for a period exceeding five years.
- Suspicious transactions/ engagement in money laundering activity under the scope of PMLA Act etc.

20 Change in minimum balance

We will inform our customers of any change in minimum balance to be maintained 30 days in advance. During this notice period, we will not charge for non maintenance of higher minimum balance prescribed.

21 Safe Deposit Lockers

This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, up to two nominees can be appointed. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines similar to those for deposit accounts. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardship to common persons, the bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

22 Redressal of complaints and grievances

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach authority(ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding

procedure for lodging the complaint. In case the depositor does not get response from the Bank within 60 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. The bank also has a complaint redressal Cell at the corporate office and the customer can send their complaints through emails to icare@idbibank.com.

23 Collection of local /outstation cheques

23.1 To meet the urgent requirement of the customer maintaining satisfactory account for a period, which is not less than six month, the bank may consider giving advances upto Rs. 15000/- against the cheque sent for collection, at its sole discretion, and on interest applicable to unsecured facilities, as applicable from time to time.

23.2 Time Frame for collection of local /outstation cheques and interest payment for delayed collection will be as follows.

The bank collects cheques through its own branch network wherever possible and the collection time is in the range of 8-10 working days from the date of deposit of cheque depending on distance and transit time. On all other cases, the collection time is 10-14 working days, except for remote areas where the transit time is long. The bank makes every effort for faster collection of cheques. However, in case of any delay in collection of cheques, attributable to the bank, the interest at savings bank rate may be paid to the depositor for the period of the delay. In cases where the delay is on the instance of other banks, no interest will be paid. The bank will provide necessary information to the customer in such cases.

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