



Deposit Policy

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1 Introduction

1.1 Definition

One of the important functions of the bank is to accept deposits from the public for the purpose of lending. In fact, depositors are a major stakeholder of the Bank. In the interest of the bank depositors, the Bank has formulated this Deposits Policy with guidelines on interest rates on deposits and other aspects regarding conduct of deposit accounts.

1.2 Purpose and Scope

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 regards to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, methods of disposal of deposits of deceased depositors etc. for the benefit of customers while instilling the requirement of adherence to regulatory guidelines. It is expected that this document will impart greater transparency in dealing with individual customers and create awareness of their rights and benefits. The ultimate objective of this policy is that the customer will get services they are rightfully entitled to receive without demand.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in the Fair Practices Code and BCSBI's code of "Banks Commitment to Customer" have been adopted by the bank. 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.

"The policy applies to all the Accounts irrespective of channels through where they have been opened i.e., digital channels or the physical channels".

2 General Guidelines

The bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI's Anti-Money laundering rules and regulations and/or any other norms or procedures as per extant regulatory guidelines from time to time. If the customer's KYC has already been obtained for any other product, fresh KYC for deposit account need not be

sought, provided existing KYC documents are available with the bank and still valid and has not expired.

1. The account opening forms and other KYC documents would be provided by the prospective depositor to the bank. The Bank official receiving the duly filled in account opening form/s will explain the procedural formalities and provide necessary clarification sought by the prospective depositor before opening the account. Bank will have to procure KYC documents based on the information (like address, identity proof and status) provided by the applicant depositor in the account opening form.
2. The due diligence process, while opening a deposit account will involve satisfying the Bank about the identity of the person, verification of address, his/her residential status (Non-resident or a resident individual) satisfying about his occupation and source of income, etc. apart from verifying his/ her identity on platforms like World check if required. This process shall be governed by the KYC/AML/ CFT policy of the bank.
3. The bank is committed to provide basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit Accounts (BSBDA) or any other nomenclature used by regulator from time to time the and accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.
4. The bank is also committed to providing dedicated / priority services to senior citizens, people who are differently abled including visually impaired persons to facilitate ease of banking services to them.
5. All new accounts opened would contain a leaflet detailing various types of Services & Charges being levied by the bank for any of the services availed. An updated service & fees leaflet is also made available to all customers at the branch for reference at any point of time. Any change in service & fees will be communicated one month in advance to all customers before effecting the change.

3 Types of Deposits

While various deposit products offered by the bank are assigned different names, the deposit products can be categorized broadly into the following types:

- **“Demand Deposit”**: A deposit received by the Bank which is withdraw-able on demand.
 - **“Savings Account”**: A form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period.
 - **“Current Account”**: A form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit. Generally, this account does not attract any interest.
 - **“Term Deposit”**: A deposit received by the Bank for a fixed period which can be withdrawn only after the expiry of the fixed period and includes deposits such as recurring/fixed deposits etc. However, there may be cases of premature withdrawals of various deposits discussed in Sections 5 of this policy document. The minimum period is 7 days and Maximum period is 10 years

“Bulk Deposit” shall mean: Single Rupee term deposits of Rupees Three crore and above.

4 Types of Demand Deposit Accounts

4.1 Savings Account

4.1.1 Small Accounts

An individual who desires to open a "small account" as defined in the regulatory guidelines will be allowed to open such an account on production of a self-attested photograph and affixation of signature or thumb print, as the case may be, on the form for opening the account. As per the said notification "Small account" means a savings account in a banking company where

- the aggregate of all credits in a financial year does not exceed rupees one lakh,
- the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand, and;
- the balance at any point of time does not exceed rupees fifty thousand.
- the account will be permitted subject to the conditions stipulated in the notification.

4.1.2 Basic Savings Bank Deposit Account

The Basic Savings Bank Deposit Account will have the following features: The 'Basic Savings Bank Deposit Account' shall be considered a normal banking service available to all.

1. This account shall not have the requirement of any minimum balance.
2. The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATM's receipt/ credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments.
3. While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals.
4. The above facilities will be provided without any charges. Further, no charge will be levied for non-operation / activation of in-operative 'Basic Savings Bank Deposit Account'.
5. Additional value-added services beyond the stipulated basic minimum services will be subject to charges as applicable to normal accounts
6. The 'Basic Savings Bank Deposit Account' would be subject to RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time. If such an account is opened on the basis of simplified KYC norms, the account would additionally be treated as a 'Small Account' and would be subject to conditions stipulated for such accounts.
7. Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any other existing savings bank deposit account in the bank, he / she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'.

4.1.3 Regular Savings Accounts

In addition to small accounts and basic savings accounts, bank shall offer regular savings accounts with multiple variants that may have different requirements for minimum balances, schedule of charges and other facilities. These shall be governed by the retail banking product department and information shall be made available to the customers on banks website, branches and other sourcing channels.

Savings Accounts – Legal Entities

Savings Bank Accounts can be opened for eligible person/persons and certain organizations / agencies (as advised by Reserve Bank of India from time to time) and Bank shall not open a savings deposit account in the name of Government departments / bodies depending upon

budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF, and organizations / agencies listed in Schedule – I.

Schedule I

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

4.1.4 Deposits of Non-Resident Indians

The bank also accepts INR Deposits from Non-resident Indians and persons of Indian Origin, subject to the provisions of the relevant FEMA regulations in force.

In the case of Non-resident External (NRE) accounts, all the joint account holders shall be non-resident Indians (NRIs) or Persons of Indian Origin (PIO). However, NRE accounts are also permitted to be opened by NRIs/PIOs jointly with a resident close relative on "former or survivor" basis subject to the condition that the close relative shall only be eligible to operate the account as a "Power of Attorney" holder in accordance with the extant instructions during the lifetime of the NRI/PIO account holder. In the case of Non-resident Ordinary (NRO) account, the bank permits a joint account with resident Indians; however, the first account holder must be an NRI. As per the Foreign Exchange Management (Deposit) Regulations, 2016, an NRO account may be held jointly with residents on "former or

survivor" basis. In case of "former or survivor" basis, the "former" alone can operate the account. In the event the "former" expires, the "survivor" will be able to operate the account.

Existing customers holding resident status who have now become non-resident can also apply for the opening of NRE accounts with remittances in foreign exchange from abroad. Their existing resident account and term deposits will then get converted into NRO account.

4.1.5 Foreign Currency Savings Account (Resident)

The bank may allow returned NRIs/PIOs, who have become a Resident Individual, to open and maintain Resident Foreign Currency (RFC) Savings account in India out of foreign exchange received as pension, superannuation benefits, conversion of assets, etc. This account is governed by RBI regulation RBI-2015-16/309 A.P. (DIR Series) Circular No. 44/2015-16 [(1)/10(R)] dated February 04, 2016, along with Point No. 3.2 of RBI Master Direction 14 (Deposits & Accounts) 2016.

4.1.6 Resident Foreign Currency (Domestic) Account

The bank may allow resident individuals to open an RFC (Domestic) Account to retain foreign exchange acquired by them in the form of currency notes, banknotes and travelers cheques from overseas sources. This account shall be governed by Point No. 3.3 of RBI Master Direction 14 (Deposits & Accounts) 2016.

4.1.7 Minors' Accounts

A savings /fixed / recurring bank deposit account can be opened by a minor of any age through his/her natural or legally appointed guardian.

Minors above the age of 10 years may be allowed to open and operate savings bank accounts independently, if they so desire. The bank, however, shall fix limits in terms of age and amount up to which minors will be allowed to operate the deposit accounts independently. the bank shall define specific minimum documentation required for opening of accounts by minors.

On attaining majority, the erstwhile minor shall confirm the balance in his/her account and if the account is operated by the natural guardian / legal guardian, fresh operating instructions specimen signature of erstwhile minor shall be obtained and kept on record for all operational purposes.

KYC norms and due diligence of minor should be ensured while opening and operating these accounts.

4.1.8 Accounts of Transgender persons

In case of a person claiming to be transgender and needs to open account or to do any banking transactions, the person will be recognized as Third Gender and the details shall be accepted in other

applicable forms. The salutation of such person will be 'Mx'. All transgender customers to be treated equally to other male/ female customers without any discrimination.

4.1.9 Account of persons with autism, cerebral palsy, mental retardation and multiple disabilities.

Saving bank and term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed by the District Court under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities under Disabilities Act, 1999. Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

4.1.10 Accounts by Sick/ Old/ Incapacitated Persons

The bank extends the facilities offered to pension account holders to the non-pension account holders also who are sick / old / incapacitated and are not willing to open and operate joint accounts.

4.1.11 Account of a person who cannot sign due to loss of both hands

The bank must follow the guidelines of the IBA on the question of opening of a bank account of a person who has lost both his hands and could not sign the cheque / withdrawal form. IBA's opinion is as under:

- In terms of the General Clauses Act, the term "Sign" with its grammatical variations and cognate expressions, shall with reference to a person who is unable to write his name, include "mark" with its grammatical variations and cognate expressions. There must be physical contact between the person who is to sign, and the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of a mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.

4.2 Current Account

Current Account can be opened by individuals/partnership firms/Private and Public Limited Companies/Hindu Undivided Family (HUFs)/Specified Associates/Societies/ Trusts etc. In addition to the above, bank shall offer EEFC (Exchange Earners Foreign Currency) accounts to companies to hold their foreign exchange earnings.

4.2.1 Exchange Earners Foreign Currency (EEFC)

Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account

A person resident in India may open an EEFC account with an AD in India as per the conditions stipulated in Schedule I to FEMA 10(R) along with the AP (Dir) Circular No. 44/2015-16 [(1)/10(R)] dated 4th February, 2016. The bank shall allow all individuals/ companies, etc. who are resident in India to open EEFC accounts. It is a facility provided to the foreign exchange earners, including exporters, to credit 100 per cent of their foreign exchange earnings to the account, so that the account holders do not have to convert foreign exchange into Rupees and vice versa, thereby minimizing the transaction costs. This is a non-interest-bearing current account where the bank shall not pay any interest. Operations and controls in the EEFC account are guided by the Annexure of RBI's A.P. (DIR Series) Circular No. 44/2015-16 [(1)/10(R)] dated 4th February, 2016 and RBI/FED/ 2015-16/9 FED Master Direction No. 14/2015-16.

4.2.2 Diamond Dollar Account

The bank may under the directions of RBI allow firms and companies who comply with the eligibility criteria for Foreign Trade Policy of Government of India to open, hold and maintain Diamond Dollar Account subject to the terms stated in Schedule II of Notification No. FEMA 10 R/ 2015-RB of Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015 and permissible transactions as per Pt. No. 3.4 or RBI Master Direction 14/2015-16 of January 01, 2016.

5 Term Deposit Account

5.1 Resident & Non-Individual Entities:

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

- Term Deposits can also be opened as a recurring deposit with pre-defined frequency of multiple deposit instalments for a period and interest rate as applicable for term deposits.
- The term deposit account holders at the time of placing their deposits or on or before the date of maturity can give instructions with regard to closure of deposit account/ renewal of deposit for further period upon the maturity of the deposit. In case of renewal, the renewed deposit will carry the rate of interest applicable at the time of renewal for the tenure for which the deposit is renewed

- The depositor may seek payment of the proceeds of a single or multiple term deposit in cash if the aggregate amount of the deposit together with interest is less than INR Twenty thousand only subject to submission of a declaration format of, which is available with the bank. This limit of INR 20,000 is subject to change without prior notice to the customers. The bank holds the discretion of payment of proceeds of term deposit/s in cash in the light of any recent update about the customer around KYC or AML monitoring.
- In absence of any instructions deposits will be treated as an auto renewal deposit and shall be renewed for a similar period as of the matured deposit and the rate of interest will be that of prevailing rate as per the date of auto renewal for the tenure of the deposit. The customer shall be notified of the terms and conditions of renewal, including interest rates at renewal of deposit.
- The term deposit can be offered monthly and cumulative for both residents and non-residents.

5.2 Non -Resident External

In the case of NRE (Non-resident External) accounts, term deposits are accepted for a minimum period of 1 year, as per RBI directive, and for a maximum period of up to 10 years, subject to the Bank's policy as amended from time to time.

5.3 Foreign Currency Non- Resident Account (FCNR(B))

The bank accepts foreign currency denominated deposits from NRIs/PIOs.

- Deposits are accepted in select currencies from individuals to be opened singly or jointly by two or more individuals. NRIs/PIOs may also open deposit accounts with the bank in designated foreign currencies under Foreign Currency (Non-resident) Account (Banks) (FCNR(B) Scheme, vide Schedule 2 of the Notification No. FEMA.5/2000-RB dated 3rd May 2000 as amended from time to time. FCNR (B) deposits are accepted for a minimum period of 1 year and for a maximum period of 5 years, as per RBI directive.
- In case of FCNR deposits for amount above USD 200,000 (or USD equivalent in case of other currencies), differential rate can be offered as to be approved by bank's ALCO.
- In view of the LIBOR transition, RBI guideline stipulates that FBIL(Financial Benchmarks India Pvt. Ltd.) will publish ARR till such time a widely accepted benchmark is established. FCNR (B) Deposit will be capped at the prescribed regulatory spread over ARR, published by FBIL. ALCO is authorised to decide the spread over FBIL published ARR within the regulatory cap, for various tenors, which is as under, at present:
 -

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

On discontinuation of publishing ARR by FBIL, ALCO will decide the ARR, for various currencies, which will be adopted for computing FCNR (B) interest, in addition to applicable spread for various tenors, within the regulatory prescriptions.

5.4 Resident Foreign Currency Accounts

If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under:

- if the NRE deposit has not run for a minimum period of one year, interest shall be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.
- In all other cases, interest shall be paid at the contracted rate.

SBM Bank (India) shall not levy any penalty in below cases,

- For premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.
- in the case of premature conversion of balances held in FCNR (B) deposits into RFC Accounts by Non-Resident Indians on their return to India.

In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.

5.4.1 Payment of interest on FCNR (B) deposits of NRIs on return to India

- The FCNR (B) deposits on maturity shall be converted into Resident Rupee Deposit Account or RFC Account (if eligible) at the option of the account holder.
- The rate of interest on the new deposit (Rupee account or RFC Account) shall be the relevant rate applicable for such a deposit account.

5.4.2 Conversion of FCNR (B) Accounts of Returning Indians into RFC Accounts/Resident Rupee Accounts- Payment of interest

SBM Bank (India) Ltd. shall pay interest at the time of conversion of FCNR(B) Account into RFC/Resident Rupee Account even if the deposit has not completed the minimum maturity period. Provided that the rate of interest shall not exceed the rate payable on savings bank deposits held under RFC Account Scheme.

5.5 Bulk Deposits

Bulk Deposits": it means, Single Rupee term deposits of Rupees Thirty Million (Rs. Three crore) & above. The rates shall be displayed/ published from time to time. These rates will be uniform across all the bank branches and for all customers & that there will be no discrimination in the matter of interest paid on deposits, between one deposit and another of similar amount, accepted on the same date for similar tenure at any of its branches.

- The minimum tenor of the bulk deposit offered would be seven days.

- The rates shall not be subject to negotiation between the depositors and the bank.
- The interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance as stated in "point no. a".
- Bulk deposits are generally not permissible for any premature withdrawal as stated in the deposit receipt from time to time. However, in exceptional cases, the premature withdrawal would be as approval from Treasury Head (Liquidity point of view) / Chief Dealer and Business Head and CFO.

5.6 Floating Rate deposits for Rupee Deposits and FCNR deposits.

The bank will offer Floating Rate deposits for Rupee Deposits and FCNR deposits, wherein the Deposits interest rates will be linked to external benchmark rates. This will be offered to Resident Indian and NRIs. Floating rate term deposit, with rate anchored to widely accepted benchmark, is an attractive proposition. Proposed floating rates are provided below. The tenor and interest rate reset frequency will be as per the extant RBI regulations.

- Domestic Floating rate Term Deposit offered to NRE, NRO and Resident Indian- Floating rate: RBI Fixed Repo Rate + bps as decided by ALCO
- FCNR(B) Floating Rate Term Deposit- Floating Rate: Rate arrived basis FBIL (Financial Benchmarks India Pvt. Ltd.) month end ARR + ALCO approved spread applicable for the next month

5.7 Tax Saver Fixed Deposits.

Bank will offer Tax Saver Fixed deposits to its Resident Indian, HUF and NRO clients. Under this product, Clients get to benefit from interest earnings from the Fixed deposit and tax deduction up to ₹1,50,000 under Section 80C in a financial year.

5.8 Renewal of Overdue Term Deposits

In case of overdue term deposit, if request for renewal is received within 14 days from 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. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at Savings Bank rate or at a rate to be decided by the bank from time to time.

6 Frozen Accounts by enforcement authorities

The bank will follow the procedure detailed below in the case of Term Deposit Accounts frozen by the enforcement authorities:

1. A request letter for renewal may be obtained from the customer on maturity. While obtaining the request letter from the depositor for renewal, the bank will advise him to indicate 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 may renew the same for a term equal to the original term and at prevailing rates.
2. No new receipt is required to be issued. However, a suitable note may be made regarding renewal in the deposit ledger.
3. Renewal of deposit may be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed shall also be mentioned. No new receipt is required to be issued. However, a suitable note may be made regarding renewal in the deposit ledger.
4. If the overdue period does not exceed 14 days from the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, banks may pay interest for the overdue period as per the policy adopted by them and keep it in a separate interest free sub-account which should be released when the original fixed deposit is released.
5. Further, with regard to the savings bank accounts frozen by the Enforcement authorities, bank may continue to credit the interest to the account on a regular basis.

7 Inoperative & Unclaimed Accounts

A. Inoperative Accounts: The Banks shall undertake review in respect of savings and current accounts, where there are no customer induced transactions for more than a year. Bank shall treat account as “Inactive” wherever there are no customer induced transactions for a period of 12 months, there would be no restrictions in operation of accounts in such scenario. However, if there are no customer induced transactions for a period of 24 months the status shall be changed to “Inoperative”, in such cases the Bank shall allow debit transaction in Inoperative accounts only if there is customer induced activation request along-with KYC. Customer induced transaction are the transactions in account which are in the nature of both financial and non-financial as specified below:

a. financial transaction initiated by or done at the behest of the account holder by the bank/ third party (such as ATM/ Cash withdrawal/deposit, RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions /Internet Banking Transactions , Debit Card Transactions , Transfer of funds from / to the linked CBDC(e-Rupee) account, Cheque Clearing, Remittance of funds by way of demand drafts, Cash withdrawal by third party through cheque./ Standing Instructions issued by the customer/NACH Debit / Credits/ National Electronic Toll Collection (NETC) debit /Term Deposit Interest / proceeds/Dividend on shares/Interest on Debentures or any other investment proceeds/Direct Benefit Transfer (DBT) credits/Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.

or;

b. non-financial transaction, (such as an enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application.)

or;

c. KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.

The banks shall inform the account/deposit holders (both Inactive and Inoperative) in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts, as the case may be. The Bank shall continue paying interest in inoperative accounts and shall not levy any penalty for non-maintenance of minimum balances and shall also not levy any charges for activation of account. The bank shall provide facility for activation of customer accounts through Email / Letters and Physical request at any SBM Bank India branches and shall activate accounts within three days subject to fulfilment of requirements as laid down by Bank from time to time.

B. Unclaimed Accounts: In pursuance of Section 26A of the Banking Regulation Act, 1949 Reserve Bank has established a Fund called the Depositor Education and Awareness Fund (DEAF). As per provisions of this Section of the BR Act, 1949 any amount lying to the credit of any account with bank which has not been operated for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years shall be credited to the DEA Fund of RBI, within a period of three months from the expiry of the said period of ten years. The depositor would be entitled to claim from the bank her deposit or any other unclaimed amount or may operate his/ her account after expiry of ten years, even after such amount has been transferred to the DEAF. In such cases, the bank will follow the procedure as has been prescribed by RBI to retrieve such funds and may settle the same suitably based on the claim. the bank shall make an annual review of accounts in which there are no operations (i.e., no credit or debit other than crediting of periodic interest or debiting of service charges) for more than one year. The banks shall inform the account/deposit holders (both Inactive and Inoperative) in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts, as the case may be. All the accounts where there are customer induced transactions as below shall be excluded from considering as “Inoperative Account” :

financial transaction initiated by or done at the behest of the account holder by the bank/ third party (such as ATM/ Cash withdrawal/deposit, RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions /Internet Banking Transactions , Debit Card Transactions , Transfer of funds from / to the linked CBDC(e-Rupee) account, Cheque Clearing, Remittance of funds by way of demand drafts, Cash withdrawal by third party through cheque./ Standing Instructions issued by the customer/NACH Debit / Credits/ National Electronic Toll Collection (NETC) debit /Term Deposit Interest / proceeds/Dividend on shares/Interest on Debentures or any

other investment proceeds/Direct Benefit Transfer (DBT) credits/Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.

or;

non-financial transaction, (such as an enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application.)

Interest on savings bank accounts should be credited on regular basis whether the account is operative or not. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest.

Banks shall host the details of unclaimed deposits {only name, address (without pin code) and Unclaimed Deposit Reference Number (UDRN)}, which have been transferred to DEA Fund of RBI on their respective websites, which shall be updated regularly, at least on a monthly basis. To mitigate risk / fraud, Bank shall monitor transactions immediately upon activation as per internal rule set and applicable from time to time. Customer data pertaining to the inoperative account shall be prevented as per internal Information security policy of the Bank from time to time.

For Claiming the amounts transferred to DEA Fund of RBI, customers can approach SBM Bank Branch, fill the Claim form with KYC documents as per constitution of Entity. The customer may use the Claim form available on SBM Bank India Ltd Website. Branch shall then follow the process of KYC verification and raise request for claiming of the funds from RBI. For Detailed process, SOP of DEAF shall be followed by Branches.

8 Nomination

Nomination facility is available on all deposit accounts opened by individuals. Nomination is also available to an account opened by a sole proprietor. Nomination can be made in favour of one individual only. In case of Nomination made in favour of a minor, a major individual is being appointed during the nomination period. While making nomination, cancellation or any change thereof, it is required to be witnessed by an independent third party only in case of illiterates and blind customers and at the specific request of the depositor.

A depositor's nomination having been registered with the bank, will reflect as 'Registered' on the Pass-book or statement of account. The name, however, may also reflect on the passbook, at the option of the depositor.

The 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 as a trustee of legal heirs. the bank shall inform their depositors on the advantages of nomination facility while opening a deposit account.

9 Minimum Balance

For Deposit products like Savings Account and Current Account, the bank may stipulate certain minimum balances to be maintained as part of terms and conditions governing operations of such accounts.

- i. In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the the bank shall notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.
- ii. In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder
- iii. The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account. A suitable slab structure for recovery of charges may be finalized.
- iv. It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- v. It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

10 Operation of Accounts

10.1 General guideline

SBM shall allow account holders to operate their accounts by a single individual/ joint account holder. The mode of operation should be defined at the time of account opening. Further, at the request of the depositor, the bank can also register mandate / power of attorney given by the account holder authorizing another person to operate the account on his behalf.

10.2 Detail guidelines on operation by Joint holders

An account can be opened singly or jointly by more than one individual. The mandate for operating such account can be modified with the consent of all account holders. A Savings Account can also be

opened by a minor, jointly with his/her natural guardian / guardian. This account will be operated by such guardian till such time that minor becomes major.

The account held jointly may have the following mandates for operation and disposal:

- **Either or Survivor:** If the account is held by two individuals under this mandate, the account will be operated by Either of the two holders or the Survivor and the final balance along with interest, if applicable, will be paid to survivor on death of anyone of the account holders
- **Anyone Single or Survivor/s:** If the account is held by more than two individuals, the account may be operated under the said mandate and the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders.
- **Former or Survivor:** This is a special mandate for operating certain accounts and cannot be mandated by the account holder. RFC/NRE Accounts have been mandated to be operated under this mode where a resident close relative (as defined U/S 2(77) of Company's Act 2013) can operate the account only in absence of the NRI/PIO first holder and the final balance along with interest, will be eligible to be paid to the survivor on the date of maturity upon death of the former. This resident close relative, however, can operate this account as Power of Attorney holder during the lifetime of the account holder. Also, resident individuals are permitted to include resident relative(s) as joint holder(s) in their Resident Foreign Currency account on 'former or survivor' basis. However, such resident Indian relative, being joint account holder, shall not be eligible to operate the account during the lifetime of the resident account holder.
- **Later or Survivor:** If the account is in the name of two individuals, the final balance along with interest, will be paid to the later on date of maturity and to the survivor on death of anyone of the account holders.

If a joint holder in the deposit account prefers premature withdrawal of deposits in accordance with the mandate "Either or Survivor" or "Anyone or Survivor", the bank may allow premature withdrawal of term deposits to the surviving depositor without seeking concurrence of legal heirs of the deceased deposit holder, provided all the depositors had jointly given the mandate at the time of opening the account or at any time during the tenure of the deposit.

the bank, at the request of all the joint account holders, may 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.

11 Operations

11.1 Payment of Interest

11.1.1 Interest Payments on saving account and term deposit

1. Interest on saving as well as term deposit accounts will be paid at rates decided by the bank within the general guidelines issued by the Reserve Bank of India from time to time. Currently the interest is applied to the customer on monthly basis.

2. The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed. A uniform interest rate on savings bank deposits up to Rupees one lakh or any other slabs as decided from time to time at bank's discretion, irrespective of the amount in the account within this limit will be offered. While calculating interest on such deposits, the uniform rate set by the bank on end-of-day balance per slab will be applied. For any end-of-day savings bank balance exceeding Rupees one lakh or any other slabs, the bank may provide differential rates of interest at its discretion subject to the condition that there will be no discrimination in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.

3. 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. The interest on term deposits is calculated by the bank in accordance with the formulae and conventions advised by Indian Banks' Association. The convention on payment of interest on deposits adopted by the bank is "365 days a year" irrespective of whether the year is a leap year or not. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the bank in accordance with the formulae and conventions advised by Indian Banks' Association. The convention on payment of interest on deposits adopted by the bank is "365 days a year" irrespective of whether the year is a leap year or not.

4. Differential rates of interest for the deposits of the same maturity will be applicable to single term deposits of Rs. 3 crores and above. For deposits below Rs 3 crores, the same rate will apply for deposits of the same maturity. Rupee term deposits will include domestic term deposits as well as term deposits under NRO and NRE accounts. The bank shall disclose in advance the schedule of interest rates payable on deposits including deposits on which differential interest is applicable. Interest paid by bank shall be as per the schedule and not be subject to negotiation between the depositor and the bank.

5. Payment of additional interest is subject to the following conditions, namely:

- The additional interest is payable only so long as 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 the 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.
- The benefits of additional interest are available to the bank's staff members and retired staff members, including employees on full time contract basis (e.g. MD&CEO, CRO etc.), who have an account singly or jointly with family member(s), who are second holders.
- Banks shall, at its discretion, give its resident Indian retired staffs, who are senior citizens, the benefit of additional interest rates as admissible to senior citizens over and above the additional interest payable to them by virtue of their being retired members of the bank's' staff.
- Preferential rates to related parties outside the terms of contract (employment) must be reported to the Corporate Governance and Conduct Review Committee.

11.1.2 Interest Payable on Term Deposits in Deceased Account

- i. In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the bank shall pay simple interest at the applicable rate obtaining on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity as per the bank's policy in this regard.
- ii. However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment.

11.2 Issuance of Statement of Accounts / Passbook

A statement of account will be provided by the bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account. the bank shall offer passbook facility to all its savings bank account holders (individuals) on request and in case the bank offers the facility of sending statement of account and the customer chooses to get statement

of account, the banks must issue monthly statement (email or physical) of accounts as per extant RBI guidelines. The cost of providing such Passbook or Statements will not be charged to the customer.

Full address, telephone number, MICR code (required for giving ECS mandate) and IFSC code (required for NEFT / RTGS transactions) of the Branch should be mentioned on all passbooks / statements of account of the account holders. Also, the entries in passbooks / statement of accounts should be brief and intelligible

Brief about(issuance, noting in register, duplicate issuance , loss of passbook) to be provided.

As per the guidelines of the RBI and extant policy of the Bank, statements of account are sent to Savings and current account holders at monthly intervals or more frequently as per the features of respective savings bank scheme / product. If a customer does not receive the statement and approaches the account maintaining branch for a copy, the branch should supply him/her with a duplicate statement by taking a printout from the system, free of charge. Needless to add that such statements should be issued only after verifying the bona fides of the person making the request and should be supported by written letter / email from a registered email id / standardized customer request form, after duly verifying the signatures.

11.3 Account Closures

11.3.1 Customer Induced

Savings/ Current Account Closure will be closed on customers request subject to clearance of pending charges provided the accounts are not lien marked or frozen by enforcement authorities. Accounts opened in the name of customer can be closed on the behest of the customer and/or by Bank in case operations in such account is found to be unsatisfactory. Customer can place request for account closure through various channels such as Branch, Email and Phone Banking. Customer should mandatorily provide written request while placing such request for closure of account to the Bank.

Closure of Accounts at the Request of the Customer

The process for closure of all types of deposit account (opened through any channel) may be carried out across all the Bank branches for accounts opened. The request for closure can be made by customer at branch and through other channels (such as email, customer care, phone banking, etc.).

The Bank has Account Closure Form designed for the closure of Current as well as Savings Accounts. Customer induced closure shall only be done basis application received from customer. The signatures on the form/letter submitted by customer should be verified with the specimen on record. It should be ensured that the signatories to the letter are as follows:

- a) Authorised signatories in case of companies as well as TASC along with a copy of board resolution to this effect.
- b) All partners in case of partnership firms.
- c) All account holders in other cases (except where instructions are Former or Survivor, in which case the former alone can sign).

Reason for closure

Cheque books destroy, Debit card destroy

Unrecoverable dues, charges recovery pending

11.3.2 Bank induced

The bank may initiate auto closure of Savings and Current accounts by giving 30 days advance notice to the customer in case of any of the following events:

- Customer using the savings accounts for the purpose of business transactions
- The account activity and transactions value are not commensurate with the customer profile as per risk categorization norms of the bank
- Inoperative/ inactive accounts, zero balance, low balance accounts
- Any other reasons may be decided by the bank.

Undesirable accounts in which customers do not mend the irregular manner of conducting the accounts, despite the Bank's request, and un-remunerative accounts can be closed after giving reasonable notice to such account holders. Examples of undesirable features are:

- i. Maintaining balance far below the minimum prescribed for deposit accounts.
- ii. Frequent dishonor of cheques.
- iii. Rash / fraudulent transactions route through Bank account which may expose the Bank to unnecessary risks.
- iv. Non-operative accounts with minimal balance.
- v. Deceased claim settlement/Insolvency/strike off companies/Partnership dissolved/Court order, etc.
- vi. ReKYC due and not updated
- vii. Customers are uncourteous, unprofessional, abusive, etc.

The reasons for the decision for closure should be ascertained for all accounts. If it is due to any deficiency in service rendered by the branch/ Bank, corrective steps should be taken under advice to the Central Office – Enterprise Operations.

Account of a customer where any dues are payable by him / her in his / her individual capacity or as a guarantor for other customer/s cannot be closed unless such dues are cleared by customer and/or may be waived off as per Delegation of Power (DOP) only in exceptional scenario (when all attempts to recover dues has failed). The branch should refer to the Unique Customer Identification Code (UCIC) of the customer in the system and verify this aspect.

It should also be ensured that all the cheques issued / used by the account holder are presented / paid. If any cheques are outstanding, the closure of the account should be deferred till their presentation / payment or if the customer so desires, instructions may be obtained to return / stop payment of the outstanding cheques. In the case of accounts with cheque book facility, all unused cheques should be collected along with Cheque Requisition Slip and should be destroyed under the supervision of two branch officials. A suitable remark to this effect giving the serial numbers of cheques etc. should be made on the letter of request for closure by the concerned officials under their signature. Cheque leaves should be deleted / destroyed in the system. If all unused cheques are not returned, the reasons should be ascertained and a suitable declaration mentioning the particulars and reasons for their non-submission obtained with undertaking that non-submitted cheque shall be physically destroyed by customer and not issued for payment.

Debit Card or any other cards issued to the account holder and linked to the account to be closed should be called back and hot listed. Up-to-date dues, if any, should be settled. If need be, the closure of the account should be deferred till all the transactions that may be in pipeline / under processing are accounted for and settled and actual hot listing / deletion from the system of these cards takes place. Even in cases where accounts are closed due to unrecoverable debit balances, a letter should be sent to the customer for surrendering unused cheque leaves / debit card and all effort made to recover them. The letter must be filed properly for audit purposes.

Appropriate service charges (including a/c closure charges, if any) should be debited to the account. Up-to-date interest, as the case may be debited/ credited. If the customer has hired a safe deposit locker, lodged articles in safe custody or has obtained any credit facility / advance from the Bank, approval of the officials of the relative department should be obtained.

In the case of accounts with debit balance, the amount should be recovered from the customer and balance should be made 'nil'. Branches should prepare a DD/PO for the amount to be refunded to

the customer or transfer the proceeds electronically to the account of the customer specified by the customer. An Account Closure Advice addressed to the customer along with the DD/PO/particulars of electronic transfer should be handed over to the customer and an acknowledgement obtained on the office copy. Account Closure Advice along with DD/PO/particulars of electronic transfer can also be mailed to the customer. The branch should keep the proof of dispatch and a copy of Account Closure Advice on record for future reference. Small balances in the savings account can be paid by encashing the Pay Order across the counter after proper identification of the customer.

An up-to-date statement of account / Passbook should be provided to the customer with the remark 'Account closed on __'.

11.4 Terms/ Recurring Account Closure

11.4.1 Premature Withdrawal of Term/ recurring Deposit

The bank on request from the depositor, currently will allow withdrawal of all term deposits (except non-callable term deposits) of individuals (held singly or jointly) of Rs.2. 00 crore and below before completion of the period of the deposit agreed upon at the time of placing the deposit subject to levy of penal charges as applicable. For deposits above Rs.2.00 crore, the bank may provide an option to the customer at the point of customer interface itself to choose between deposit with or without premature withdrawal facility, with differential rates of interest as published from time to time the bank shall declare their penal interest rates policy for premature withdrawal of term deposit and shall make depositors aware of the applicable rate along with the deposit rate. The premature deposit closure penalty is 1% PA, and if the FCNR runs for a period of 1 year and above, we will be paying run period of interest prevalent at the time of opening of deposit. Penal rate of interest can be changed by ALCO and present the same to board for ratification. For Bulk deposits (other than non-callable deposits) approval shall be as follows:

Sr. no	Particulars	Approver
1	Pre-Closure	Business Head, Treasury Head (Liquidity point of view), Chief Financial Officer (CFO).
2	Waiver of Penal Interest	Business Head & Chief Financial Officer (CFO)

Note: Waiver of any penal charges shall be taken into consideration after taking approval from the delegated authority

11.4.2 Premature Renewal of Term/ Recurring Deposit

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank will permit the renewal at the applicable rate on the date of renewal, provided 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 on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. Further, the bank may levy penalty for pre-mature closure of an existing deposit at such rates as may be decided by the bank from time to time. The premature deposit closure penalty is 1% PA, and if the FCNR runs for a period of 1 year & above, we will be paying run period of interest prevalent at the time of opening of deposit. Penal rate of interest can be changed by ALCO and present the same to board for ratification.

11.4.3 Premature Termination of Term/ Recurring Deposit

In the case of term deposits, wherein premature termination is generally not permitted, the bank is required to incorporate a clause in the account opening form itself to the effect that in the event of death of the depositor, premature closure of term deposits would be allowed to nominee. Such premature withdrawal would not attract any penal charge.

11.4.4 Repayment of Term/ Fixed/ Recurring Deposit

- i. When a term/ fixed deposit accounts are opened with operating instructions 'Either or Survivor', the signatures of both the depositors need not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors may have to be obtained, in case the deposit is to be paid before its maturity. If the operating instruction is 'Either or Survivor' and one of the depositors expires before the maturity, no pre-payment of the fixed/term deposit may be allowed without the concurrence of the legal heirs of the deceased joint holder.
- ii. In case the mandate is 'Former or Survivor', the 'Former' alone can operate/withdraw the matured amount of the fixed/term deposit, when both the depositors are alive. However, the signature of both the depositors may have to be obtained, in case the deposit is to be paid before its date. If the former expires before the maturity of the fixed/term deposit, the 'Survivor' can withdraw the deposit on maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.
- iii. When a fixed deposit account is opened in the joint names of two depositors on 'Either or Survivor' basis and the said joint depositors already have a savings bank account in their names

jointly on 'Either or Survivor' instructions, on maturity of the fixed deposit, proceeds of the matured fixed deposit can be credited to the joint savings bank account already opened in the bank. There is no need for opening a separate savings bank account in the name of the first depositor for crediting the proceeds of the fixed deposit.

12 Advances against Deposits

the bank at request of the depositor/s may consider a loan or an / overdraft facility against term deposits duly discharged by the depositor/s upon execution of necessary security documents. The bank may also consider loan against deposit standing in the name of minor. However, a suitable declaration needs to be obtained from the executor of the document (Natural or Court appointed guardian) that the loan so taken is for the benefit of the minor.

13 Settlement of Claims in Respect of Deceased/ Missing Persons

Death of Individual Account Holder/Proprietor

The settlement of claims in respect of missing persons would be governed by the provision of Evidence Act, 1872. Sections 107 and 108 of the Act deals with presumption of continuance and presumption of death and the same can be raised only after date of his/her being reported missing. The nominee/legal heirs have to raise the claim an express subscriber before a competent court. Bank after due verification, may settle the claim based on court's order.

Please refer the settlement of claims for Deceased Depositors Account / Missing person deemed assumed dead policy

14 Tax Deducted at Source

Tax is deducted at source at prevailing rate when interest on term deposit held by the depositor paid or payable by the Bank for the financial year exceeds the threshold limit as defined by Income Tax Act, 1961 and amended from time to time. Valid PAN is required to be submitted for all customers whose tax needs to be deducted. In the absence of a valid PAN, tax will be deducted at the prevailing rate or 20% whichever is higher. the bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted.

As per the new provisions under income tax laws, interest on recurring deposits is subject to tax deduction at source w.e.f. June 1, 2015.

For exemption from tax deduction at source, Customers will have to submit Form 15G/H for fixed/recurring deposits including renewed fixed deposits. The benefit of Form 15G/H shall be granted only on furnishing of valid PAN.

15 Safeguarding Customer Interests

15.1 Customer Information

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

15.2 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 and where interest of the Bank requires disclosure.

15.3 Exchange of Soiled/ Mutilated Notes

the bank accepts mutilated / soiled notes from customers / non-customers for exchange. Process of acceptance of such notes has been defined as per RBI's note refund rules and circulated to all the branches for adherence. All branches of the Bank offer the facility of exchange of soiled notes, exchange of mutilated and cut notes, exchange of coins including which are not in circulation currently. The process of exchange would be as per RBI's Note Refund Rules.

15.4 Insurance Cover for Deposits

All bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to certain limits and conditions. The details of the insurance cover in force, will be made available to the depositor.

15.5 Redressal of Complaints and Grievances

Depositors having any complaint / grievance with regard to services rendered by the bank has a right to approach authority (ies) designated by the bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed on notice boards at the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get a response from the bank within 30 days

from the 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 customer can also refer to the Complaint Handling / Customer Grievance Redressal Policy for details available at bank's website www.sbmbank.co.in.

16 Limited Liability of a Customer

1. Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (i) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- (ii) Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within **three working days** of receiving the communication from the bank regarding the unauthorised transaction.

2. Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- (ii) In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of **four to seven working days** after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

Table 1

Maximum Liability of a Customer

Type of Account	Maximum liability(₹)
- BSBD Accounts	5,000

-All other SB accounts -Current/ Cash Credit/ Overdraft Accounts of MSMEs -Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs. 25 lacs -Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs. 25 lakh	10,000
- All other Current/ Cash Credit/ Overdraft Accounts	25,000

Further, if the delay in reporting is beyond **seven working days**, the customer liability shall be determined as per the bank's Board approved policy. Banks shall provide the details of their policy in regard to customers' liability formulated in pursuance of these directions at the time of opening the accounts. Banks shall also display their approved policy in public domain for wider dissemination. The existing customers must also be individually informed about the bank's policy.

3. Overall liability of the customer in third party breaches, as detailed in paragraph above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

Table 2

Summary of Customer's Liability

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	As per bank's Board approved policy

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

17 New Addition of Schemes

The bank may at this own discretion introduce new scheme as and when required.

18 Policy Reviews

This Deposits Policy will be reviewed at least once a year or more frequently, if required, by the Board.

19 Policy Amendment Authority

The bank will have to put up to the Board any changes or amendments in the policy for their approval. However, regulatory guidelines will take precedence over the provisions of this policy and the policy will be suitably amended during subsequent review so as to avoid any conflict between the regulatory guidelines and the policy.

20 List of Acronyms

BCSBI	The Banking Codes and Standards Board of India
NRO Account	Non-Resident Ordinary Rupee Account
NRE Account	Non-Resident (External) Rupee Account
TDS	Tax Deducted at Source
NOC	No Objection Certificate
UIDAI	Unique Identification Authority of India
CFO	Chief Financial Officer
COO	Chief Operating Officer
PAC	Product Approval Committee
EEFC	Exchange Earners Foreign Currency
the bank	SBM Bank (India) Ltd.
TASC	Trusts, Associations, Societies, Clubs

21 Regulatory Reference

The documents that have been referred to while working on the policy:

- Master Circular on Customer Service in Banks - RBI/2015-16/59 DBR No. Leg.BC. 21/09.07.006/2015-16
- FED Master Direction No.14/2015-16 January 1, 2016 (Updated as on January 9, 2020*) on Deposits and Accounts
- Master Direction DBR.AML.BC. No.81/14.01.001/2015-16 dated February 25, 2016
(Updated as on January 09, 2020) on Know Your Customer (KYC) Direction 2016.
- Notification No. FEMA 10 (R)/ 2015-RB Foreign Exchange Management (Foreign Currency accounts by a person resident in India) Regulations, 2015 dated 21st Jan,2016
- RBI regulation RBI-2015-16/309 A.P. (DIR Series) Circular No. 44/2015-16 [(1)/10(R)] dated 04th Feb,2016
- RBI/2017-18/15 DBR.No. Leg.BC.78/09.07.005/2017-18- Customer Protection – Limiting Liability of Customers in Unauthorized Electronic Banking Transactions dated July 6,2017
- Supreme Court of India judgement appeal no. 3966 of 2010.Amitabha Dasgupta appellant versus United Bank of India & ORS respondents dated February 19, 2021
- RBI Master Direction – RBI/2021-2022/123- DOR.SOG (SPE). REC.No 67/13.03.00/2021-22 ‘Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits’ date November 11, 2021
- RBI Master Direction – RBI/2022-2023/117- DOR.SOG(SPE). REC.No 68/13.03.00/2022-23 – Master Direction of Interest Rate on Deposits dated June 07th, 2024