

THE KADUTHURUTHY URBAN COOPAERTIVE BANK LTD NO K 399

DEPOSIT POLICY

(Res No 12 Dated 28-02-2020)

1. Preamble

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stake holders of the Banking system. The Reserve Bank of India is empowered to issue directives/ advices on interest rates on deposits and other aspects regarding conduct of the deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, Banks are now free to formulate deposit policy within the broad guidelines issued by RBI.

This Policy document on deposits outlines the guiding principles in respect of formulation of various deposit products 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 bank and public, conduct and operations of various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc, for the benefit of the 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. While adopting this policy, the bank reiterates its commitments to individual customers outlined in code of Banks Commitment to Customer 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.

2. KNOW YOUR CUSTOMER(KYC) GUIDELINES:

Know Your Customer (KYC) is the platform on which banking system operates to avoid the pitfalls of operational, legal and reputation risks and consequential losses by strictly adhering to the various procedures laid down for opening and conduct of accounts. The Branches shall follow appropriate Know Your Customer policies, procedures and internal control mechanism designed to:

- i) Establish and document the true identity and address of the customers who maintain/establish relationships, open accounts or conduct business transactions.
- ii) Obtain background information on existing and /or new customers.
- iii) Safeguard the Bank from the risks of doing business with any individual or entity whose identity cannot be determined.
- iv) Protect the Bank from the risks of having business relationships with any individual or entity who refuses to provide information, or who has provided information that contains significant inconsistencies which cannot be resolved after due examination.

3. Identification through documents provided by the customers.

The Bank shall establish customers' identity (true names, residential and mailing address) with the help of certain official documents as may be provided by the customer concerned in original such as :

- i) Electoral Card/ Voter Identity Card.
- ii) Passport,
- iii) Driving License
- iv) Identity Card issued by an institute/Income Tax Authority
- v) Aadhar card issued by the Unique Identification Authority of India
- vi) Copy of the electricity bill or telephone bill showing residential address

- vii) Any document or communication issued by an authority of Central Government, State Government or Local Bodies showing residential address.

The Bank will not rely upon Ration Card as a document to establish one's identity. Photograph of the customer and any one of the documents for identity proof along with any one of address proof documents will be obtained for opening accounts of individuals. Apart from adhering to extant guidelines on identification as applicable to the proprietor, Bank should call for and verify as a proof of name, address and activity of the proprietorship concern and obtain any two of the following documents for opening account of proprietorship concern.

- i) Registration certificate, certificate/license issued by Municipality under Shop & Establishment Act,
- ii) Sales & Income Tax Return, CST/VAT certificate.
- iii) Registration certificate issued by sale tax/Service Tax/Professional Tax Authority.
- iv) Certificate of practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Indian Medical Council, Food & Drug Control Authority, Institute of Company Secretaries of India etc.

4. Types of Deposit Accounts.

While various deposit products offered by the Bank are assigned different names. The deposit products can be categorized broadly into the following types. The definition of major deposit schemes is as under :-

- i) "Savings deposits" means 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;
- ii) "Term Deposits" 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/ Cash Certificates/ Fixed Deposits with monthly/quarterly interest etc.
- iv) "Current Account" means a form of demand deposit, attracting no interest, wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount, attracting payment of no interest and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit.

5. Account Opening and Operation of Deposit Accounts

A) The Bank before opening any deposit account will carry out due diligence as required under “Know Your Customer” (KYC) guidelines issued by the RBI Anti-Money laundering rules and regulations and or such other norms or procedures as per Customer Acceptance norms of the Bank under Bank’s KYC policy. 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.

B) The Bank is committed to providing basic banking services to disadvantaged section of the society. Banking services will be offered to them through no-frill accounts and the accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.

C) The account opening forms and other materials would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and the 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 clarification sought by the prospective depositor when he approaches for opening a deposit account.

D) The regulatory guidelines require banks to categorise customers based on risk perception and prepare profiles of customers for the purpose of transactions monitoring. Inability or unwillingness of a prospective customer to provide necessary information/ details could result in the Bank not opening an account.

E) Inability of an existing customer to furnish details required by the Bank to fulfil statutory obligations could also result in closure of the account after due notice(s) is provided to the customer or may freeze transactions until the required documents are presented.

F) 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 cheque books, additional statement of accounts, duplicate passbook, folio charges etc. All such details, regarding terms and conditions for operation

of the account and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

G) Savings Bank accounts can be opened for eligible person/persons and certain organisations/agencies (as advised by Reserve Bank of India from time to time).

H) Current Accounts can be opened by individuals/ partnership firms/ Private and Public Limited Companies/ HUFs/ Specified Associates/ Societies/Trusts, Department of Authority created by Government (Central or State) Limited Liability Partnership etc.

I) Term Deposit accounts can be opened by individuals/ partnership firms/Private & Public limited Companies/HUFs/Specified Associates/Societies/Trusts/Departments of Authority created by Government (Central or State)/Limited Liability Partnership etc.

j) The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. 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 due diligence process.

k) In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account number (PAN) or alternatively declaration in Form No.60 or 61 as specified under the Income Tax Act/Rules.

L) 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). Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (status: known as Minor's account). Minors above the age of 10 will also be allowed to open and operate savings bank account independently. However, no overdrafts will be granted to these minors. SB accounts can also be opened by a minor represented by guardian or jointly with a major, where minor is represented by natural guardians. Minors above the age of 10 will also be allowed to open and operate SB accounts subject to restrictions on transactions and no cheque book will be provided to such accounts.

M) Operation of joint account: The joint account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for opening the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with

natural guardian/ guardian can be operated by such guardian only. 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 & C, the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders.

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.

N) 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.

O) 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 seek instructions from the depositor/s as to the disposal of the deposit by sending intimation before 15 days of the maturity date of term deposit.

P) 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. Nomination so made can be cancelled or changed by the account holders/s at 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.

Q) Bank recommends that all depositors avail nomination facility. The nominee, in the event of the death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantage of the nomination facility while opening a deposit account.

R) Generally, Bank will invariably issue Passbook to all Savings Bank Account holders, and Current Deposit holders.

If the customer so desires with a request letter to the base branch, any deposit account of the customer will be transferred freely from one branch to another branch of the bank without any cost on the same day of receiving the request. In core banking solution, each customer has unique account number and it remains unchanged on transfer of the account from one branch to another branch of the Bank.

6. Interest Payments

i) Interest rate on Term Deposits as well as Savings Bank deposit are decided by the Bank through Asset-Liability Committee (ALCO) mechanism within the general guidelines issued by the RBI and Registrar of Cooperative societies from time to time.

ii) 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 schemes, the interest shall be calculated for the quarter and paid monthly at discounted value.

iii) Interest is calculated on a daily basis on the daily closing balance in SB account at the rate in force in accordance with Bank's policy. The accrued interest is paid to the customer's account on a half yearly basis, twice in a year.

iv) 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. The Bank has statutory obligation to deduct tax at source if the total interest paid/ payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank 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 prescribed format

(15H & 15G) at the beginning of every financial year

7. Minors' Accounts.

i) The minor can open Savings Bank Account and the same can be operated by the natural guardians or by minor himself/herself, if he/she is above the age of 10 years. The account can be opened jointly.

ii) On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian/guardian, fresh specimen signature of erstwhile minor duly verified

by the natural guardian would be obtained and kept on record for all operational purposes.

8. Account of illiterate/Visually challenged person.

The Bank may at its discretion open deposit accounts other than Current Accounts of an illiterate person/visually challenged person also. 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 passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate/visually challenged person.

9. 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.

10. 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 should be strictly with the consent of the account holder.

11. Secrecy of customer's accounts

The Bank will not disclose details/particulars of the customer's account to a third party or person 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.

12. 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 agreed upon at the time of placing the deposit. The Bank has declared their penal interest rates policy for premature withdrawal of term deposit and will review the same from time to time. The Bank will make depositors aware of the applicable rate along with the deposit rate. If Term Deposit is closed prematurely within 15 days from the date of deposit: No interest will be paid. If closed prematurely beyond 15 days

and withdrawn the deposit: 1% penalty will be levied on the rate of interest applicable for the period the deposit remained with the Bank.

13. Premature renewal of Term 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 contractual rate, subject to the following conditions.

- a. If prematurely withdrawn for reinvesting the deposit for a period longer than the residual period of the original deposit, interest will be paid at the rate applicable on the date of original deposit for the period for which the deposit remained with the Bank, without applying any penalty of 1%.
- b. If the term deposit is renewed by premature withdrawal for a period shorter than the remaining period of the deposit, penalty will be charge @ 1%.

14. Renewal of overdue Term Deposits.

When a term deposit is renewed on maturity, on renewed deposit interest rate for the period specified by the depositor as applicable on the date of maturity would be applied. If the request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. ***In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time. If an overdue term deposit receipt is presented for encashment, simple interest for the overdue period at Savings Bank rate will be paid by the Bank.***

15. Advances against deposits.

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

16. Settlement of dues in deceased deposit account.

i) 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 about the identity of the nominee, etc.

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

iii) In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as "either or survivor, former/ latter or survivor, anyone of survivors or survivor; etc, the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.

iv) In the absence of the nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of the 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. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities.

17. Interest payable on term deposit in deceased account

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 Bank's policy in this regard. However, in the case of death of the depositor after the date of maturity of the deposit, the Bank shall pay interest at Savings deposit rate obtaining on the date of maturity from the date of maturity till the date of payment.

18. 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 insurance cover in force, will be made available to the depositor.

19. Stop payment facility.

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them, if such request is received from the drawer prior to presentment of such cheques at the Bank. Charges, as specified, will be recovered from the depositor account holder.

20. 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. The account will be activated free of charge.

21. DEAF Account

Accounts which are not operated for a period of ten years will be transferred to DEAF Account.

22. SMS Alert.

The SMS Alert Services have been started for customers. The following SMS based alert services are presently available.

1. Debit/credit transaction alert
2. Stop cheque payment alert

23. Closure/freezing of the Account

The Bank reserves the right to close or freeze the accounts of the depositor, after due notice to the customers for reasons which may include, but not limited to, the following:

1. In case any of the documents furnished towards identity and address proof are found to be fake/forges/defective,
2. The Account opening cheque is returned unpaid for financial reasons/signature not matching.
3. In case fraudulent/forged/ fake cheques/ bank drafts or any such instruments are attempted to be cleared/cleared through the accounts.
4. In case of frequent return of inward/outward cheques in the account
5. Any false /misleading information given or suppression of any material fact.
6. Detection of the name of the account holder in prohibitory list.
7. Unsatisfactory conduct of the account in terms of volume/type of transactions, no maintenance of minimum balance etc. Non intimation of change in communication address leading to customer's whereabouts being unknown

24. Closure of the account requested by the customer.

When the customer desires to close the account, a written request under the recorded signature of the customer, addressed to the base branch should be sent by the customer accompanied with the Passbook (if issued) and all unused cheque leaves. The debit card/ATM card issued in the account also should be surrendered. In case of partnership firm and joint account, the letter of request should be signed by all the partners and all the account holders, respectively. In case of limited companies, a board resolution authorizing closure of the account is required. If the customer so desires, the Passbook (if issued) with amply branded as "Account Closed" may be retained by the customer. The balance standing to the credit of such account with interest will be paid to the customer, subject to the provisions of Income Tax Act.

25. Redressal of complaints and grievances.

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach Authorities 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 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.