

AU Small Finance Bank Limited Deposit Policy

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1. Introduction

One of the main functions of the Bank, under the Banking Regulation Act, 1949, is to accept deposits from the public for the purpose of lending. This makes depositors a significant set of stakeholders in the Banking System.

2. Guiding Principles

- 1.1 This Policy conforms to the directives issued by Reserve Bank of India in its Master Circular and those outlined in Bankers' Fair Practice Code of Indian Banks' Association. It thereby provides a broad framework under which the rights of depositors are recognized.
- 1.2 The Deposit Policy outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of deposit accounts. It makes individual customer dealings more transparent, while empowering the customers with greater awareness of their rights. The ultimate objective is to ensure that customers are able to avail all services they are rightfully entitled to.

3. Types of Deposit Accounts

- 3.1 "Demand deposits" means a deposit received by the Bank in INR or FCY which is withdrawable on demand;
- 3.2 "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.
- 3.3 "Term deposit" means a deposit received by the Bank in INR or FCY for a fixed period withdrawable only after the expiry of the fixed period and include deposits such as Recurring/Double Benefit Deposits/ Short Deposits/Fixed Deposits/Monthly Income Certificate /Quarterly Income Certificate etc.
- 3.4 Notice Deposit means term deposit for specific period but withdrawable on giving at least one complete banking days' notice;
- 3.5 "Current Account" means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit.

4. Account Opening and Operation of Deposit Accounts

4.1 Account Opening

- 4.1.1 The Bank shall provide prospective customers the details of all the types of deposit accounts that can be opened, highlighting the key features. 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) and Small Savings accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.
- 4.1.2 The account opening forms provided to the customer will contain details of the information to be provided and the documents necessary to complete verification. The Bank shall guide the prospective customer through the entire account opening process.
- 4.1.3 As a part of the due diligence process, the Bank will verify the identity of the person, their address. The Bank will open the account only on the production of all relevant documents and a recent photograph.
- 4.1.4 Prior to opening an account, the Bank shall complete all KYC/ AML related due diligence, as prescribed by guidelines issued by Reserve Bank of India, Ministry of Finance, or any other competent government authority and as per other policies of the Bank (including the KYC/ AML Policy).
- 4.1.5 In addition to the due diligence requirements, under KYC norms, the bank is bound by law to obtain Officially valid document as specified by RBI from time to time and, Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act, 1961 / Rules and PMLA Rules amended vide notification dated 1st June 2017 and subsequent amendments (and thereafter subject to the final judgment of the Hon'ble Supreme Court).
- 4.1.6 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 the customer and the final decision of the Bank will be conveyed at the earliest to him.
- 4.1.7 Savings bank accounts can be opened by eligible person(s) and certain organizations/agencies (as advised by Reserve Bank of India from time to time).

Scheduled commercial banks 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- 1

1. Primary Co-operative Credit Society which is being financed by the bank.
 2. Khadi and Village Industries Boards.
 3. Agriculture Produce Market Committees.
 4. 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.
 5. 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'.
 6. 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.
 7. Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / 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.
 8. Development of Women and Children in Rural Areas (DWCRA).
 9. Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.
 10. Farmers' Clubs – Vikas Volunteer Vahini – VVV.
- 4.1.8 Current accounts can be opened by individuals, sole proprietorships, partnerships, societies/associations, HUFs, public or private limited companies, trusts etc.
- 4.1.9 Term Deposits are available for Resident individuals, Non-Resident individuals, Sole Proprietor, partnership firms, Private and Public Limited Companies, HUFs, Specified Associates, Association of Persons, Societies, Clubs, Trusts, Institutions, Government and local bodies, Limited Liability Partnership, Banks, Self Help Group, Financial Institutions etc.
- 4.1.10 Before opening of any Current account(s), Bank will verify the exposure (fund and non-fund based) for the customer in line with the regulatory requirements on Opening of Current Account – Need for Discipline, as guided by the regulators from time to time.

The Bank shall verify the credit exposure details with Central Repository of Information

on Large Credits (CRILC) database maintained by the Reserve Bank of India to ascertain the credit facilities that the customer enjoys from any other bank. Bank may also use other sources like credit bureaus to ascertain credit facilities that the customer enjoys from banking system.

Banks shall monitor all current accounts and CC / ODs regularly, at least on a half-yearly basis, specifically with respect to the exposure of the banking system to the borrower. If there is a change in exposure of banks or aggregate exposure of the banking system to the borrower which warrants implementation of new banking arrangements, such changes shall be implemented within a period of three months from the date of such monitoring.

- 4.1.11 The bank shall offer choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Video Banking, Internet banking, mobile banking including SMS banking facility and phone banking. Wherever such electronic facilities are offered as a part of the basic account/product, bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.

4.2 Operation of Deposit Account

4.2.1 Minimum Balance and Account Operation Charges in Current Accounts and Savings Accounts

For current accounts and savings accounts, the Bank stipulates certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. If the customer fails to maintain the stipulated minimum balance, the Bank may levy a charge. The Bank shall make these details known to the customer at the time of account opening.

For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may have specific charges related to cheque book issuance, additional statement of account, duplicate passbook, folio charges etc. The whole schedule of charges, along with the terms and conditions that govern the account will be made known to the customer at the time of opening the account.

Levy of charges for non-maintenance of minimum balance in savings bank account shall be subject to the following additional guidelines:

- (i) In the event of a default in maintenance of minimum balance/average minimum balance as agreed, 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) Penal charges shall be levied in accordance with the schedule of charges as displayed on the website/ branches.

(iii) The penal charges shall be directly proportionate to the extent of shortfall observed. In other words, the charges shall 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 or any subsequent communication to the customer thereafter.

4.2.2 The balance in the savings account shall not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

4.2.3 Premature Withdrawal of Term Deposit

All term deposits of individuals (held singly or jointly) of 1 crore and below will have premature withdrawal facility. For term deposits above 1 crore, banks will offer deposits without the option of premature withdrawal as well. However, for such term deposits bank shall ensure that at the customer interface point the customers are, in fact, given the option to choose between term deposits either with or without premature withdrawal facility.

The Bank, on request of the customer, will allow withdrawal of term deposit before completion of the period of the deposit, as per terms agreed upon at the time of placing the deposit.

The Bank may levy a penal interest charge in case of such premature withdrawal and the Bank will ensure that the customer is made aware of these charges at the time of placing the deposit.

Premature withdrawal of Tax saver FD is not permitted. The lock in period for such a "Tax saving Fixed Deposit" is 5 years. The customer cannot break this Fixed Deposit before 5 years tenure is over. As per the Term deposit scheme, 2006, issued by the Central Government of India, the above Fixed Deposit scheme will not have Premature withdrawal, Loan against Fixed Deposit and Auto-renewal facility.

4.2.4 Premature Renewal of Term Deposit

If a depositor having an existing Term Deposit applies for re-investment / renewal into another scheme of Term Deposit, the existing deposit would be closed prematurely, provided the deposit is renewed for a period longer than the balance period of the original deposit, after charging penalty as per the existing penalty rates. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period for

which the deposit remained with the bank and not at the contracted rate.

The interest rate prevailing on date of re-investment / renewal of Term Deposit will be applicable for the new Term Deposit.

4.2.5 Auto Renewal of Term Deposits

All Term Deposits shall be placed under auto renewal mode, for the original period of the deposit, unless contrary instructions for closure are provided by the depositors any time prior to the date of maturity and as per the mode of operation of the account.

For traditional fixed deposit, the principal deposit amount shall be renewed, while for cumulative fixed deposit the entire maturity proceeds shall be renewed.

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 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.

4.2.6 Mandate for Operation of Account

The customer may provide the Bank a mandate/power of attorney authorizing another person to operate the account on his behalf and request the Bank to register it.

4.2.7 Closure/ Renewal of Deposit

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 an intimation before 15 days of the maturity date of term deposit. Alternatively, the bank may renew the deposit as per the original terms at the prevailing interest rates and send the advice to the depositor.

4.2.8 Debit card

Banks shall issue Debit cards to customers having Saving Bank / Current Accounts. Banks may charge on debit card transactions as per predefined schedule of charges of bank. Bank shall have a board approved policy for debit card issuance and shall issue debit card to customers in accordance to the policy.

4.2.9 Mobile and Internet banking
Banks shall formulate the easy registration process (where mobile number is either registered with the bank or is not available). Bank shall have a board approved policy for mobile and internet banking facility and shall provide service to customers in accordance with the policy. Use of mobile banking services for cross border inward and outward transfers is strictly prohibited.

4.3 Joint Account Holders

4.3.1 A deposit account opened by more than one individual in their own names is known as a joint account. A joint account can be operated by single individual or by more than one individual jointly. A savings account opened by minor jointly with natural guardian / legal guardian, can be operated by the natural guardian / legal guardian only till the minor attains majority i.e., 18 years of age in case there is a natural guardian and 21 years of age in case there is a legal guardian.

4.3.2 The mandate for operating the joint account can be modified with the consent of all account holders.

4.3.3 For the disposal of balance in a joint account, the account holders can give either of these mandates:

- Either or Survivor: The signatures of both the depositors will not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors will be obtained, in case the deposit is to be paid before maturity. If one of the depositors expires before the maturity, no pre-payment of the fixed/term deposit will be allowed without the concurrence of the legal heirs of the deceased joint holder. This, however, would not stand in the way of making payment to the survivor on maturity.
- 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 will be obtained, in case the deposit is to be paid before maturity. 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 are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.
- Anyone or Survivor(s): If the account is held by more than two individuals, the account can be operated by any of them and the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders
- Later or Survivor: If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the latter i.e. B on

date of maturity and to the survivor on death of anyone of the account holders.

- If the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor', 'Former or Survivor' or 'Later or Survivor', bank may allow premature withdrawal of term deposits to the surviving depositor/s without seeking concurrence of legal heirs of the deceased deposit holder, provided all the depositors have given a specific joint mandate for the said purpose at the time of opening the account or any time subsequently during the tenure of the deposit. 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.
- If the mandate in favor of surviving joint depositor is NOT available in the term deposit form at the time of placement of the fixed deposit or anytime subsequently during the term/tenure of the deposit, then the premature withdrawal may be allowed on production of indemnity by legal heirs as per the deceased claim policy of the bank.
- Non-resident Account can be held jointly with resident relative as joint holder on 'former or survivor' basis. However, such resident Indian relative joint account holder cannot operate the account during the lifetime of the resident account holder.
- The above mandates are applicable during the tenure of the deposit and on and after the maturity of the deposit
- The Bank shall allow addition or deletion of name/s of joint account holder/s, with the consent of all joint account holders

4.4 Nomination

- 4.4.1 All deposit accounts have a nomination facility, allowing the individual customers as well as sole proprietors to make the nomination in favor of one individual only. This nomination may be modified or cancelled by the account holder(s), however it needs to be witnessed by a third party in case the form carries the thumb impression of an illiterate account holder. In case of cancellation or variation of nomination, the Bank will acknowledge in writing the receipt of the duly filled nomination form.
- 4.4.2 Bank recommends that all depositors avail nomination facility. In the event of death of the account holder(s), the nominee receives the balance outstanding in the account as a trustee of legal heirs. The customer shall be informed of the advantages of the nomination facility while opening a deposit account.
- 4.4.3 Nominations can be made in favor of minors i.e. those who have not attained 18 years of

age in case they have a natural guardian or 21 years of age for those who have a legal guardian. However, the name of the guardian should also be submitted along with the request for nomination.

- 4.4.4 Self-nomination of the customer himself or appointment of the customer as guardian to the minor nominee shall not be permissible.

4.5 Minor's Account

- 4.5.1 A minor over 10 years of age can open & operate a savings account independently with the Bank. In case the minor is less than 10 years of age only the guardian can operate the account.
- 4.5.2 Upon attaining majority, the account holder (erstwhile minor) will confirm the balance in their account and will need to submit specimen signature, identification documents and their latest photograph to be kept by the Bank as record for operational purposes. The documents will need to be verified by the natural guardian / legal guardian. On attaining the majority, the customer may be given an option to close his existing account as a minor and open a fresh account as major.
- 4.5.3 On attaining majority on the same day account should be inoperative (debit freeze) till the time customer converts the minor account to major with required KYC documents. Thus, banks should initiate the prior communication to Minor accounts that would attain to majority.

4.6 Account of Illiterate or Blind Person

- 4.6.1 The Bank, may at its discretion, allow an illiterate person to open a savings and term deposit account, if the applicant is accompanied by 1 witness who is known to both the depositor and the bank. The Bank will not permit an illiterate person to open a current account.
- 4.6.2 The Bank shall take certain special precautions to protect the blind/ illiterate customer from being cheated by others and shall make the additional efforts to ensure security and transparency. Hence, the Bank will explain to them the rules of business, the obvious risks involved and the precautions that they need to take in operating their account, before opening the account.
- 4.6.3 In such situations, normally the Bank shall not issue a cheque book to illiterate customers and require such customer to visit the branch at the time of withdrawal or

repayment of deposit amount/ interest and affix their thumb impression or sign in the presence of the authorized officer and witnesses who should verify the identity of the person.

- 4.64 Any joint account where one of the holder is a literate customer and another one is a illiterate customer shall be treated as a literate account and all facilities available to a normal customer shall be available to all such accounts. MOP for such account shall be such that the literate customers signs the cheques/ mandates. An account where both the holders are illiterate, shall be treated as illiterate account and MOP of such account shall be "Jointly". Such accounts should not be facilitated with cheque book, ATM/Debit Card, Internet Banking and Phone Banking facility. Note: Addition of mandate holder is not permitted in illiterate accounts. However, if customer insists then the ATM/Debit card should be issued to customer.
- 4.65 Bank shall provide all the banking facilities such as cheque book facility including third party cheques, ATM facility, Net banking facility etc. to the visually challenged without any discrimination.
- 4.66 Account of persons with autism, cerebral palsy, mental retardation & multiple disabilities : Savings 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.
- 4.7 Transfer of Account
- A deposit account may be transferred to any other branch of the Bank at the request of the Depositor.
- 4.8 Account Statement
- 4.81 The Bank will provide a statement of account to savings account as well as current account holders periodically, as per the terms and conditions mentioned at the time of opening the account, as amended from time to time.
- 4.82 The Bank shall need to ensure that the customer is briefed on charges associated with request for duplicate account statement, if any.
- 4.83 For deposit accounts, the bank shall send statements of account to customers via digital modes such as email, Bitly SMS, or any other user-friendly methods, or provide physical statements on a half-yearly basis to those customers whom the Bank is unable to send

the statements through any of the digital modes and have not opted for a passbook.

4.9 Interest Payment

4.9.1 Within the ambit of regulations, the Bank can decide the savings bank rate of interest as per the decision of the Asset Liability Committee of the Bank. However, term deposit interest rates will be decided by the Bank within the general guidelines issued by Reserve Bank of India and Indian Banks Association from time to time. No interest is paid on deposits in current account.

4.9.2 Interest on savings bank accounts shall be calculated as per the method specified by the Reserve Bank of India from time to time.

4.9.3 As per Reserve Bank of India directives, the Bank will calculate the interest on term deposits quarterly, with the period of deposit governing the applicable rate.

In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The Bank calculates the interest on term deposits in accordance with the formulae and conventions advised by Indian Banks' Association.

4.9.4 In the event 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.

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.

4.9.5 The Reserve Bank of India has permitted Banks to formulate fixed deposit schemes specifically meant for senior citizens offering higher rate of interest as compared to normal deposits of any size.

4.9.6 Interest on overdue term deposits shall be paid at the savings bank rate of interest from maturity date as per Reserve Bank of India guidelines.

4.9.7 The rate of interest on deposits will be prominently displayed in the branch premises. The Bank shall communicate any changes with regard to deposit schemes to the customer and prominently display such changes.

4.9.8 The Bank has a legal obligation to deduct tax at source if the total interest paid / payable on 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. In case the customer is entitled to exemption from TDS, they need to submit a declaration in the prescribed Bank format at the beginning of each financial year.

4.10 Debit Card Hot listing

4.10.1 The Bank will accept ATM card / Debit card hot-listing instructions from customers through phone banking channel - 24 hours a day and from branch channel during customer hours.

Phone banking numbers will be made available to customers whenever a debit card is issued, and all branches shall display marketing material (leaflets, handouts etc.) with contact numbers and details of the procedure required to be followed.

4.11 Stop Payment Facility

4.11.1 The Bank will accept stop payment instructions from customers in respect of cheques issued by them, through Bank approved channels. However, if the Bank incurs any charges while stopping the transaction, it may recover the charges from the customer.

4.12 Dormant / Inoperative Accounts

4.12.1 The Bank will an annual review in respect of accounts, where there are no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the banks should review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed.

4.12.2 The Bank shall inform the account/deposit holders 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/deposits in the last one year, as the case may be.

4.12.3 The alert messages shall invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

4.12.4 In case the account holder is not carrying out transaction and the account is - inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorization to enable the bank to transfer the balance from the existing bank account.

4.12.5 If the letters are returned undelivered or no response is received through registered email, the bank shall immediately undertake an enquiry to find out the whereabouts of

account holder or his/her nominee/legal heirs in case the account holder is deceased.

- 4.12.6 A savings/ current account shall be treated as inoperative if there are no 'customer induced transactions' in the account for a period of over two years.

"Customer induced transaction- The transactions in account which are in the nature of:
a) a financial transaction initiated by or done at the behest of the account holder by the bank/
third party or;

An Illustrative list is as below:

Financial Transactions

- i. ATM/ Cash withdrawal/deposit
- ii. RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- iii. Internet Banking Transactions
- iv. Debit Card Transactions
- v. Transfer of funds from / to the linked CBDC(e-Rupee) account
- vi. Cheque Clearing
- vii. Remittance of funds by way of demand drafts
- viii. Cash withdrawal by third party through cheque
- ix. Standing Instructions issued by the customer
- x. NACH Debit / Credits
- xi. Term Deposit Interest / proceeds
- xii. Dividend on shares/Interest on Debentures or any other investment proceeds
- xiii. Direct Benefit Transfer (DBT) credits
- xiv. Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- xv. National Electronic Toll Collection (NETC) debits

b) a non-financial transaction, 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.

- 4.12.7 In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the banks shall contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. The banks shall also contact the nominee, if registered, for tracing the customer.

- 4.12.8 For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.

4.12.9 There may be instances where the customer has given a mandate for crediting the interest on Fixed Deposit account and/or crediting dividend on shares to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on Fixed Deposit account and/or dividend on shares is credited to the Savings Bank accounts as per the mandate of the customer, the same will be treated as a customer induced transaction. As such, the account will be treated as operative account as long as the interest on Fixed Deposit account and/or dividend on shares is credited to the Savings Bank account. The Savings Bank account will be treated as inoperative account only after two years from the date of the last credit entry of the interest on Fixed Deposit account and/or dividend on shares, whichever is later, provided there is no other customer induced transaction.

4.12.10 Operation in such accounts will be allowed after due diligence as per risk category of the customer.

4.12.11 The Bank shall automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed.

The Bank shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine.

4.12.12 There will be no charge for activation of inoperative account.

The Bank is not permitted to levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.

4.12.13 Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not.

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

4.12.14 The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

4.13 Deceased Customer

4.13.1 Accounts with survivor/nominee clause

In case of deposit accounts where the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the survivorship clause ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder represents a valid discharge of the bank's liability provided:

(a) The Bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of death of the account holder, through appropriate documentary evidence;

(b) There is no order from the competent court restraining the Bank from making the payment from the account of the deceased; and

(c) it has been made clear to the survivor(s) / nominee that he would be receiving the payment from the Bank as a trustee of the legal heirs of the deceased depositor, i.e. such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.

In case of payment made to the survivor(s) / nominee in such case while making payment to the survivor(s) / nominee of the deceased depositor, the Bank should desist from insisting on production of succession certificate, letter of administration or probate, etc. or obtain any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.

4.13.2 Accounts without the survivor / nominee clause

The Bank is required to adopt a simplified procedure for repayment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person in case where the deceased depositor has not made any nomination or for the accounts other than those styled as "either or survivor" (such as single or jointly operated accounts).

The Bank may fix a minimum threshold limit keeping in view their risk management systems, for the balance in the account of the deceased depositors, up to which claims in respect of the deceased depositors could be settled without insisting on production of any documentation other than a letter of indemnity.

4.13.3 Term deposits of deceased customers

The bank shall not allow autorenewal facility on term deposits for deceased customers (primary capacity) once matured

4.13.4 Settlement of deceased claims

The Bank shall incorporate a clause in the account opening form that premature of term deposits (without penalty) would be allowed in case of death of a customer in accordance with the mandate provided by the customer.

The Bank shall provide claim forms for settlement of claims of the deceased accounts, to any person in accordance with applicable law when required. The Bank shall transfer the payment of the balances in the deceased's account holder's account which have the nominee registered. The Bank shall obtain appropriate agreement from the nominee with regard to the treatment of pipeline flows in the name of the deceased account holder.

In this regard, the Bank may consider adopting either of the following two approaches:

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

or

The Bank could be authorized by the survivor(s) / nominee to return the pipeline flows to the remitter with the remark "Account holder deceased" and to intimate the survivor(s) / nominee accordingly.

The survivor(s) / nominee / legal heir(s) could then approach the remitter to effect payment through a negotiable instrument or through ECS transfer in the name of the appropriate beneficiary.

The Bank shall settle the claims in respect of deceased depositors and release payments to nominee within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claim. In the case of accounts without survivor/ nominee clause the claim should be settled within 1 month from the date on which the requisite documents have been submitted.

4.135 Interest payable on the deposit account of deceased depositor

In the case of balances lying in current account standing in the name of a deceased individual depositor/sole proprietorship concern, interest should be paid from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

In case of a term deposit standing in the name/s of

- (i) a deceased individual depositor, or
- (ii) two or more joint depositors, where one of the depositors has died, bank shall

make payment of interest on matured deposits in the event of death of the depositor.

Payment of interest in case of term deposit accounts of deceased depositor(s):

In case of a term deposit of deceased depositors, interest shall be paid in the manner indicated below:

- If date of payment of claim is date of maturity of the deposit, the maturity proceeds will be paid at the contracted rate.
- In case of premature withdrawal i.e., in the event of the payment of deposit being claimed before the maturity date - interest will be paid on at applicable rate with reference to the period for which the deposit has remained with the Bank up to date of payment without charging penalty
- For claims after the date of maturity and no auto renewal instructions exist.
 - If the date of death of the customer is prior to the maturity date, the Bank shall pay interest at the contracted rate till date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity.
 - If the date of death of the customer is after the maturity date of the deposit, bank shall pay interest at the savings deposit rate obtaining on the date of maturity on the maturity amount from date of maturity till date of payment.
- Premature withdrawal will not attract any penal charge.
- In case of an NRE deposit, when the claimants are residents, the deposit on maturity should be treated as a domestic rupee deposit and interest should be paid for the subsequent period at a rate applicable to a domestic deposit of similar maturity till such time the claim is settled.

Note: Nominee cannot place a request for change of existing maturity instruction of a term deposit.

4.13.6 Settlement of claims in respect of missing persons

The Bank shall adopt a simplified procedure for repayment to legal heir(s) of the depositor where the deceased depositor had not made any nomination. The details of settlement of deceased depositor claims and claims in respect of missing persons have been elaborated in the Policy for settlement of claims for deceased customers.

4.14 Safe Deposit Lockers

4.14.1 This facility is offered through some branches of the Bank. Wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service.

4.14.2 Safe deposit lockers can be allocated to individuals (singly or jointly) (not applicable to minors), HUFs, firms, limited companies, associates, societies, trusts etc.

- 4.14.3 The locker units shall be leased out to the customers on obtaining of necessary KYC documents from them. Hence, the relationship between the Bank and the customer in respect of a locker shall be that of a lessor and a lessee.
- 4.14.4 The Bank shall ensure utmost secrecy of the safe deposit lockers hired by the customer and shall not divulge any information about hiring of lockers, mode of operation, etc. to anyone, except when the disclosure is required to be made with the clear consent of the customer(s) or in compliance of the orders of a competent authority having statutory powers.
- 4.14.5 Allotment of lockers shall be strictly on first-come-first-serve basis where the prospective customer shall be required to submit an application, copies of self-attested KYC documents together with a locker agreement (shall be provided by the Bank) duly stamped and signed by the customer.

In cases where branches fail to allot lockers due to their unavailability, the branches shall maintain a waitlist and shall ensure transparency while allotting the same in future.

- 4.14.6 The Bank, at the time of allotment, may obtain a fixed deposit to cover 3 years' rent and any other related charges.

4.14.7 Nomination Facilities

4.14.7.1 If the sole locker hirer nominates a person, the Bank will give such nominee access of the locker and liberty to remove the contents of the locker in the event of the death of the sole locker hirer. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates person(s), in the event of death of any of the locker hirers, the Bank will give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s). In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given over to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause, the Bank will follow the mandate in the event of the death of one or more of the locker-hirers.

4.14.7.2 A minor can be a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the Bank in such cases is to ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles on behalf of the minor.

4.14.8 Access to safe deposit lockers without survivor / nomination clause

In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, the Bank will adopt a customer-friendly procedure drawn up in consultation with its legal advisers for giving access to legal heir(s) / legal representative of the deceased locker hirer.

4.14.9 The Bank will prepare an inventory before returning permitting removal of the contents of a safe deposit locker. The inventory shall be in the Forms set out in the Reserve Bank of India circulars issued on the topic from time to time.

4.15 Missing Persons

Settlement of claims in respect of missing persons would be governed by the provisions of Section 107 / 108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of the Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of the person being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the customer under Section 107/108 of the Indian Evidence Act before a competent court. If the court presumes that the customer is dead, then the claim in respect of a missing person can be settled on the basis of the same. However, keeping in view the imperative need to avoid inconvenience and undue hardship to the common person, the Bank will accept claims for settlement up-to a value of ₹ 2 lacs, without insisting on production of any documentation other than (i) FIR (missing report) and the non-traceable report issued by police authorities and (ii) letter of indemnity.

The Bank will settle the claims of a missing person after considering the legal opinion and taking into account the facts and circumstances of each case.

5. Protecting Customer Interests / Customer Privacy and Confidentiality

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

5.2 Customer Consent

5.2.1 The Bank is not permitted to disclose any particulars of the customer's account to a third party without the expressed or implied consent from the customer.

5.2.2 However, there are exceptions, e.g., case where disclosure of information is mandated by law, where there is a public duty to disclose or circumstances where it is in the

interest of the Bank to disclose. The Bank may also share the customer information, as per the prevailing practice, amongst banks to exchange credit information and credit opinion on the standing of the customers/ borrowers.

5.3 Insurance Cover for Deposits

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

Bank while offering deposit products linked to insurance benefits will give choice to the customer for availing the insurance benefit and will explicitly specify the insurance cost if the depositor opts for insurance cover.

6. Other Information

6.1 Suo Moto Closure of Savings & Current Account

6.1.1 The regulatory guidelines require the Bank to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a customer to provide necessary information to the Bank for fulfilling its statutory obligations could result in the Bank closing the account, after providing due notice to the customer.

6.1.2 Up-to-date interest, if any, shall be credited to the customer's account at the applicable rates. Penal interest, if any, shall be collected in case of pre - mature closure of term deposits. The amount lying in the account net of all recoverable charges and out-of-pocket expenses, shall be sent by means of a DD to the registered address of the customer.

6.2 Redressal of Complaints & Grievances

6.2.1 Customers having any complaint / grievance with regard to services rendered by the Bank have the right to approach authorities designated by the Bank for handling customer complaint / grievances.

6.2.2 The details of the internal process for redressal of complaints / grievances shall be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint and escalation.

6.2.3 In case the customers do not get a response from the Bank within 30 days from date of complaint or they are not satisfied with the response received from the Bank, they have the right to approach Banking Ombudsman appointed by Reserve Bank of India.

6.2.4 The Bank will display the list of unclaimed deposits / inoperative accounts which are inactive / inoperative for ten years or more its website. The list so displayed on the website will contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts will also be indicated. However, the account number, its type and the name of the branch shall not be disclosed on the Bank's website.

The Bank will also give information on the process of claiming the unclaimed deposit/activating the inoperative account and the necessary forms and documents for claiming the same.

6.3 The Depositor Education & Awareness Fund Scheme, 2014 (DEAF)

6.3.1 Reserve Bank of India has established the Depositor Education and Awareness Fund for the promotion of the customers' interest. Under the provisions of this fund, credit amount in any account of the Bank which has not been operated for a period of ten years or any deposit remaining unclaimed for more than ten years shall be credited to the Fund, within a period of three months from the expiry of the said period of ten years.

6.3.2 However, the customer is entitled to claim this amount from the Bank or operate their account after the expiry of ten years, even after such amount has been transferred to the Fund. The Bank would be liable to pay the amount to the claimant and claim refund of such amount from the Fund.

7. Advance Against Deposits

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

8. Accounts of Transgender Person

- In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as "Third Gender" and the details shall be accepted in the AOFs/ or other applicable forms as such.
- The salutation of such person shall be "Mx"
- All transgender customers shall be treated equally to other male/ female customers without any discrimination.

9. Glossary

Term	Description
Bank	The Bank refers to the AU Small Finance Bank
RBI	Used as an acronym for “Reserve Bank of India”
KYC	Used as an acronym for “Know Your Customer”
AML	Used as an acronym for “Anti Money Laundering”
Debit Card Hot listing	It refers to the process that comes into effect, if a debit card is lost or stolen. The first step is to inform the Bank to cancel the card and initiate issuance of a replacement card
Minor	A minor is defined as an individual who is less than 18 years of age
Fund	The Fund refers to The Depositor Education and Awareness Fund