

IDFC Bank

Comprehensive Deposit Policy

Comprehensive Deposit Policy	
A. Background	<p>IDFC Limited has received an in-principle approval from RBI on April 9, 2014 for establishing a new bank in the private sector.</p> <p>As per extant guidelines of RBI, Banks should formulate a transparent and comprehensive policy setting out the rights of the depositors in general and small depositors in particular. The policy would also be required to cover all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels. Policy should also be explicit in regard to secrecy and confidentiality of the customers. Providing other facilities by "tying-up" with placement of deposits is clearly a restrictive practice.</p> <p>IDFC Bank is launching in October, 2015. The bank will have various lines of businesses (LOB) e.g. Consumer Banking, Corporate Banking, Rural Banking etc. The bank will offer various products and services under these LOBs. In order to cover the rights of the depositors in general and small depositors in particular, Bank has formulated a Comprehensive Deposit Policy.</p>
B. Brief description of the Policy	<p>The policy framework lays down requirements related to aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels.</p>
C. Regulatory Requirements	<p>As per the Reserve Bank of India, Master Circular No. DBR No. Leg. BC. 21/09.07.006/2015-16, dated July 1, 2015 on Customer Service in Banks, Comprehensive Deposit Policy to be formulated as duly approved by the board.</p>
D. Risk type	<p>The policy intends to manage/mitigate Legal & Reputational Risk, Compliance and Operational Risk.</p>
E. Impact Assessment	<p>The policy stipulates the requirements related to operations of deposits, account opening, interest payments etc. The policy clearly articulates and captures the rights of the various customers segments such as minors, senior citizens etc.</p>
F. Risk Management & Controls	<p>The respective business units of Consumer/Bharat Banking and other Groups of the Bank will liaise with the Governance, Compliance, Information Security, Risk, Operations and other departments of the Bank for Monitoring the manner in which the policy is implemented at the ground level.</p>

	<p>The detailed policy guidelines framed based on the standard IBA Policy template is provided as Annexure A with this note.</p>
G. Delegation of Power	<p>The Board shall be on an annual basis updated on the review of comprehensive deposit policy of the preceding year and the final comprehensive deposit policy of the ensuing year.</p>
Responsibility Matrix	<p>The business units of Wholesale/Consumer/Bharat Banking of The Bank will be responsible in implementing the policy requirements at their respective business unit level. .</p>
Review	<p>The Policy shall be reviewed at least on an annual basis or at earlier intervals, if there any regulatory changes necessitating such interim reviews.</p>

Annexure A

Comprehensive Deposit Policy

IDFC Bank Limited

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

This policy document on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account. The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights.

The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

While adopting this policy, the Bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code of Indian Banks' Association. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time.

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. Definition of major deposits schemes are as under: -

- i) "**Demand Deposits**" means a deposit received by the Bank which is withdrawable on demand;

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

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 RBI Anti-Money Laundering rules and regulations and or such other norms or procedures adopted by the Bank/as per the Customer Acceptance Policy of the Bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to the customer and the final decision of the Bank will be conveyed at the earliest to the customer.
- B. The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and or for record, it is expected of the Bank official opening the account, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.
- C. For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained or certain average monthly/ quarterly balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account may attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheques books, additional statement of

accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

- D. Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time). Savings Bank Account can be opened for HUF in case it is not formed for carrying out any business.

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

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

- E. 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.
- F. In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.
- G. The Bank is committed to providing basic banking services to unbanked / disadvantaged sections of the society. Banking services would be offered to them through the financial inclusion initiatives and accounts opened with relaxed customer acceptance norms as per regulatory guidelines.
- H. 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 saving bank account independently.

- I. 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 operating 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 natural guardian only.

- J. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts :
 - i. Either or Survivor : If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to survivor on death of anyone of the account holders.
 - ii. Anyone or Survivor/s : If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders.

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.

- K. 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.

- L. 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 any written instructions about the disposal of the term deposit, the Bank reserves the right at its discretion to renew the deposit along with accrued interest thereon at prevailing rates of interest for a similar tenor of the deposit which has matured.

- M. 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. Alternatively, the Bank may issue a Pass Book to these account holders. In case an account holder wishes for a monthly statement where the conditions of the operation of the Account do not provide for one, the same will be provided by the Bank with or without a charge – charges if any will be disclosed at the time of opening the account.

N. Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietor concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also.

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

O. An account holder may request for multiple cheque books to issue post-dated cheques to meet personal finance requirements; the Bank may issue multiple cheque books at its discretion depending on the conduct / history of the account. Charges for the same maybe levied as per the General Schedule of Charges of the Bank.

P. The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

Q. Changes if any, with regard to the deposit schemes and other related services shall also be communicated upfront

R. Any changes in charges will be made available to all depositors in advance with one month's notice through the Bank's web-site and / or through mail. However in case of changes due to regulatory requirements the Bank may not be given one month's notice.

S. To enable account holders to deposit cheques / instruments, the Bank will provide cheque drop box facility at its Branches, ATM centers and other locations it may deem fit. This facility will be provided as a matter of customer convenience and the Bank will not curtail the depositor's right to obtaining an acknowledgement by depositing instruments at the Branch counter.

Interest Payments

- i. Interest shall be paid on saving account at the rate specified by Reserve Bank of India directive from time to time. However, term deposit interest rates are decided by the Bank within the general guidelines issued by the Reserve Bank of India 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 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.
- iii. The rate of interest on deposits will be prominently displayed in the branch and on the bank website. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated similarly.
- iv. 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 at the time of opening of deposit account in the prescribed format and at the beginning of each financial year

Minor's Accounts

- i. The minor can open Savings Bank Account and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 10 years. The account can also 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. On attaining majority, the customer may be given an option to close his existing account as a minor and open a fresh account as major.

Account of Senior Citizens

With a view to protect the interests of senior citizen account holders (over 60 years); any change in the mode of operation will be confirmed by the Bank in writing within a month.

Account of Illiterate / Blind Person

The Bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/ repayment of deposit amount and/or interest, the account holder should affix his / her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate / blind person.

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.

Customer Information

The customer information collected may be used for cross selling of services or products by the Bank, their subsidiaries and affiliates with the consent of the account holder which will be obtained at the time of account opening.

Secrecy of Customers Accounts

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

Premature Withdrawal of Term Deposits

The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit as may

be applicable at the time of contracting the deposits. The Bank shall make depositors aware of the applicable penal rate along with the deposit interest rate.

Premature Renewal of Term Deposits

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank 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 to the period for which the deposit remained with the bank and not at the contracted rate.

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. In the absence of any maturity instructions or renewal instructions, all term deposits are automatically renewed for a period equal to that of the original deposit at the rates prevailing at the time of renewal.

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. No advances will be permitted against Tax Saver Deposits.

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 nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the bank's board. This is to ensure that the common depositors are not put hardship on account of delays in completing legal formalities.

Interest Payable on Term Deposit 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 bank, the bank shall pay interest at savings deposit rate from the date of maturity till the date of payment.

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.

The DICGC insures all deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits

- Deposits of foreign Governments
- Deposits of Central/State Governments
- Inter-bank deposits
- Deposits of the State Land Development Banks with the State co-operative bank
- Any amount due on account of and deposit received outside India
- Any amount, which has been specifically exempted by the corporation with the previous approval of Reserve Bank of India

Each depositor in a bank is insured up to a maximum of Rs.1, 00,000 (Rupees One Lakh) for both principal and interest amount held by him in the same right and same capacity.

The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover and a maximum amount up to Rupees one lakh is paid. For example, if an individual had an account with a principal amount of Rs.95, 000 plus accrued interest of Rs.4, 000, the total amount insured by the DICGC would be Rs.99, 000. If, however, the principal amount in that account was Rs. One lakh, the accrued interest would not be insured, not because it was interest but because that was the amount over the insurance limit.

Stop Payment Facility

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

Dormant Accounts

Savings / Current Accounts which are not operated for a period of 2 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 intimated 3 months in advance of categorizing the account as dormant. 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.

Unclaimed Deposits / Inoperative accounts in Banks:

- Inoperative Accounts - Savings as well as Current Account will be treated as inoperative/dormant if there are no transactions in the account for over a period of two years
- Unclaimed deposit accounts means accounts, which have not been operated upon for ten years (in the case of money deposited for a fixed period the said term of ten years shall be reckoned from the date of the expiry of such fixed period)
- In an effort to play a more pro-active role in finding the whereabouts of the account holders of unclaimed deposits/inoperative accounts, the list of such accounts which are inoperative for ten years or more will be displayed on our Bank's website.

Basic Savings Bank Deposit Account (BSBDA)

- The Bank offers the 'Basic Savings Bank Deposit Account', which has been considered as a normal banking service available to all

- This account shall not have the requirement of any minimum balance
- The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments, as decided by the Bank from time to time
- The 'Basic Savings Bank Deposit Account' would be subject to Bank's laid down guidelines on KYC for opening of accounts issued from time to time
- If such 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 system restrictions on the account balance, credit summation and withdrawals/transfers
- 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 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'

Safe Deposit Lockers

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

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 in the branch and on its website. The bank 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 one month 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.

Policy Revision

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