

POLICY ON DEPOSITORS RIGHTS

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. The Bank's website will display the Banks various deposit schemes and this website will be updated 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 categorised broadly into the following types:-

- I) "**Demand deposits**" means a deposit received by the bank which is withdrawable on demand,
 - a) "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 specific period.
 - b) "Basic Savings Bank Deposit Account" means a demand deposit account opened for greater financial inclusion. Such accounts, opened on the basis of simplified KYC norms are additionally treated as a 'Small Account' (No frill Account) subject to conditions stipulated by RBI.
 - c) "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.

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 Deposits/Term Deposits / Special Term Deposits etc.

WITHDRAWALS

Withdrawals in account can be by way of Cheques, Withdrawal forms, through the use of ATM's, by means of electronic transfer through Internet, by use of biometric cards, by giving Standing Instructions to the Bank or through any other means which may come into usage after giving due notice on the Bank's web-site.

DEPOSITS

Deposits in account can be made by way of cash, cheques, electronic transfers, as through any other means which may come into usage after giving due notice on the Bank's web-site

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 and or such other norms or procedures adopted by the Bank. The simplified KYC norms has included job card issued by NREGA duly signed by an officer of the State Government or the letters issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.

It is further advised that where a bank has relied exclusively on any of these two documents, viz. NREGA job card or Aadhaar letter, as complete KYC document for opening of an account (ref. Annex-II to the Guidelines on 'Know Your Customer' Norms the bank account so opened will also be subjected to all conditions and limitations prescribed for small account.

While we have authorised Branch Managers to take a decision with regard to opening an account, 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 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 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 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. However, amount in withdrawal form and cheque for cash withdrawal should be in round rupees.

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. 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 recent photograph of the person/(s) opening / operating the account is 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 alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules.

G) 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). Mothers as guardians will be only for operation of the account on behalf of minors. Minors above the age of 10 will also be allowed to open and operate Savings Bank account independently. Deposits in the account of minors/minors with Natural Guardian will have restrictions as per Govt./RBI guidelines.

H) 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 / guardian only.

I) 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 any one 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 any one of the joint account holders or to the survivor(s) on death of any one/two account holders.
- iii. **Former 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 A on death of B. Similarly in case of death of A it will be paid to B.
- iv. **Latter 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 B on death of A. Similarly, in case of death of A it will be paid to B.

The above mandate for opening joint accounts/disposal of balances become operational from the date deposit account is opened. This mandate can be modified by the consent of all the account holders. In case of joint accounts, the premature withdrawal of Term Deposits will depend on the mandate given by the depositors jointly at the time of opening the Term Deposit or at any time subsequently during the term/ tenure of deposit as per mandate, without seeking the concurrence of the legal heirs of the deceased joint deposit holder. In the event of the death of the depositor, premature termination of the term deposits would be allowed.

J) 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.

K) 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 from the date of maturity. If no mandate is received till the date of maturity, the amount will be reinvested for the same period i.e. the period of original deposit, at the rate of interest prevalent on the date of maturity.

L) Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/(s) any time. In case of depositors putting his/her thumb impressions on the prescribed Forms for making nomination, cancellation or change thereof, it is required to be attested by two witnesses. Nomination can be made in favour of a minor also. Printing of name of Nominee is available in the Passbook/Term Deposit advices/statement of accounts, if a customer opts for this. Nomination facility is available for joint deposit accounts with operating instructions as 'E' or 'S' also. In the case of joint accounts, the nominee's right arises only after the death of all the depositors. Bank recommends that all depositors avail nomination facility. If they do not want to give nomination, they will give in writing that they do not want nomination in the account. 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.

M) A statement of account will be provided by the Bank to Savings Bank as well as Current Account depositors periodically as per terms and conditions of opening of the account. Alternatively, the Bank may issue a Pass Book to Savings Bank account holders. The Bank under the financial inclusion initiative has introduced Smart Card which stores the details of the account.

N) The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor. After the accounts are transferred, the account holder has to provide local address proof at the transferee branch.

Interest Payments

i) Interest shall be paid on Savings Bank/Term Deposit accounts of residents Indians at the rate decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. Interest on SB accounts are paid on daily product basis. Interest rate on Non Resident (External) Accounts Scheme and Ordinary Non-Residents Deposit under savings account are currently regulated by RBI (Except NRE Deposits with maturity of 3 years and above for which the Bank has the freedom to offer interest rates without any ceiling).

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 payment, the interest shall be calculated for the quarter and paid 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. Interest on term deposits are also paid on calendar quarter basis at the request of depositors for the accounts opened under this scheme.

iii) 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. These will also be displayed in the Bank's website.

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 in the prescribed format at the beginning of every financial year. The declaration filed in Form 15G and 15H u/s 197A shall not be valid unless the person filing the declaration furnishes his PAN in such declaration. In case of failure to do the same, tax is deducted at the rate mentioned in the relevant provisions of the IT Act or at the rate in force or at the rate of 20%, whichever is higher.

MINORS' ACCOUNTS

i) A 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 and can sign uniformly.

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.

ACCOUNTS OF ILLITERATE PERSON

An illiterate person may open an Ordinary Savings Bank account in his sole name or jointly with other person(s). The Bank may at its discretion open deposit accounts other than Current Accounts of illiterate person. 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 person.

ACCOUNTS OF PHYSICALLY IMPAIRED PERSON

A physically impaired person may open an ordinary Savings Bank account in his sole name or jointly with other person(s). The Bank may at its discretion open deposit accounts other than Current Accounts. 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. Guardianship certificate issued either by the District Court under Mental Health Act, 1987 or by the Local Level committees under the National Trust for the welfare of persons with Autism, Cerebral Palsy, Mental retardation and Multiple Disabilities Act, 1999 is required for the purpose of opening / operating accounts.

ACCOUNTS OF VISUALLY IMPAIRED PERSON

A visually impaired person may open an ordinary Savings Bank account in his sole name or jointly with other person(s). The Bank may at its discretion open deposit accounts other than Current Accounts of visually impaired 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. All banking facilities such as cheque book, ATM facility, INB, lockers, retail loans etc. are offered to visually challenged persons without any discrimination.

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. However, the name of one of the original account holder must be retained after addition/deletion of name/(s).

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.

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 DEPOSIT

The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit. The Bank shall make depositors aware of the applicable rate along with the deposit rate. In case of joint accounts premature withdrawal of Term Deposit will depend on the mandate given by the depositors jointly at the time of opening the Term Deposit or any time subsequently during the term/ tenure of deposit as per mandate, without seeking the concurrence of the legal heirs of the deceased joint deposit holder. In the event of the death of the depositor, premature termination of the term deposits would be allowed.

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 renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. Further, the bank may levy penalty for pre-mature closure of an existing deposit at such rates as may be decided by the bank from time to time.

RENEWAL OF OVERDUE TERM DEPOSITS

If for any reason Term Deposits could not be renewed and 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.

ADVANCES AGAINST DEPOSITS

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits 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 sought is for benefit of the minor, is to be furnished by the depositor/applicant.

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 paid to the nominee after the Bank satisfies about the identity of the nominee.
- ii) The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank. In the case of joint accounts, the nominee's right arises only after the death of all the depositors.
- 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 to hardship on account of delays in completing legal formalities.
- v) Bank may call for succession certificates from the legal heirs of deceased depositors in cases a) where there are disputes and all the legal heirs do not join in indemnifying the Bank and b) in certain other exceptional cases where the Bank has a reasonable doubt about the genuineness of the claimant(s) being the only legal heir(s) of the depositor.

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 rate applicable 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.

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 either by way of a notice or by displaying on the Bank's website.

Stop Payment Facility

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. The acceptance will be in cases where the Cheque in question has not been paid by the Bank. Charges, as specified, will be recovered.

Dormant Accounts / Inoperative Accounts

Accounts which are not operated for a considerable period of time 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 after completing certain formalities.

At present Savings Bank and Current accounts are treated as 'inoperative/dormant' if there are no debit as well as credit transactions induced at the instance of customers in the account for a period of over two years. Customer mandated transactions are treated as customer induced transactions and the accounts are treated as operative. The list of Unclaimed/inoperative accounts for more than 10 years is displayed on Bank's website for the notice to the public. Claimants can approach the branch with full details of the account for claiming the amount as per the Bank's policy.

Redressal of complaints and grievances

Depositors having any complaint / grievance with regard to services rendered by the Bank have a right to approach authority(ies) designated by the Bank for handling customer complaint / grievances. The details of the process set in place is as under:

(i) A complaint registers is available at branches and kept at prominent place in the branches which would make it possible for the customers to enter their complaints.

(ii) A system of acknowledging the complaints is available, where the complaints are received through letters / forms.

(iii) Fixed "time frame" for resolving the complaints received at different levels.

(iv) The names of the officials who can be contacted for redressal of complaints, together with their direct telephone number, fax number, complete address (not Post Box No.) and e-mail address etc. for proper and timely contact by the customers and for enhancing the effectiveness of the redressal mechanism is prominently displayed at the branches.

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.

Service Charges

The Bank will levy service charges as approved by IBA/RBI/Bank's Board. The applicable Service Charges will be displayed on the Bank's website www.uttarakhandgraminbank.com and a notice of one month will be given in case of upward revision in Service Charges.

Intimation to Customers on changes effected

The depositors will be informed of a change in the policy by either of the following:

- i) SMS to the customers, if mobile number is registered
- ii) Display on the notice board at the branch
- iii) Display on Bank's website at www.uttarakhandgraminbank.com
- iv) E-mail to customers, if an e-mail address is registered with the Bank.