

Annexure II – Bank’s Deposit Policy with revision highlighted

Kotak Mahindra Bank Limited

Deposit Policy

Version 1.10

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Policy on Bank Deposits

1) PREAMBLE

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key objective of the regulatory framework for banking in India. 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 outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing such products. The document recognizes the rights of depositors and aims to set out broad framework for acceptance of deposits under various deposit products from the members of the public, conduct and operations in various deposits accounts,

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payment of interest, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc. The ultimate objective is that the customer will get services they are rightfully entitled without demand.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Bankers' Fair Practice Code issued by 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 shall be issued from time to time by respective product/process teams within the ambit of this framework.

2) Types of Deposit Accounts

While various deposit products offered by the Bank are assigned different names, all deposit product offering 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, if any, as also the amounts of withdrawals permitted by the Bank during any specified period;
- iii) "Term Deposits" means an interest-bearing deposit received by the Bank for a fixed period and shall include deposits such as Recurring /Cumulative/ Interest pay out/ Reinvestment deposits;
- iv) "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 Fixed Deposit;

3) Account Opening and Operation of Deposit Accounts

- i. The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI / PMLA and or such other norms or procedures as per the customer acceptance policy adopted by the Bank
- ii. The bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Deposit Accounts with necessary customer acceptance norms and Small Accounts with relaxed customer acceptance norms as per regulatory guidelines.

- iii. 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. The Bank official opening the account should explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he / she approaches for opening a deposit account.
- iv. The regulatory guidelines require banks to categorize customers based on assessment and risk perception and prepare profiles of customers for the purpose of transaction monitoring. The bank shall refuse opening of account of prospective customer if he/ she is unwilling to provide necessary information/details.
- v. Inability of an existing customer to furnish details required by the bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.
- vi. 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 will attract levy of penal 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. 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. Whenever there is any change in existing charges, the same shall be communicated to existing customers who gets impacted on account of such change/s.
- vii. Savings Bank Accounts can be opened for eligible person / persons and certain organizations / entities (as permitted 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.
- viii. Current Accounts can be opened by Individuals / Partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or States), Limited Liability Partnership (LLP) etc.
- ix. Fixed Deposits Accounts can be opened by any one natural person and also business entity subject to eligibility norms stipulated by bank from time to time.

- x. Non-Withdrawable Fixed Deposit:
- a. The Bank shall offer fixed deposits with no premature withdrawal option, alongside of the deposits that allow full or partial premature withdrawal. Bank may offer such deposits for certain amounts and tenors as decided by the bank from time to time as permitted by the Reserve Bank of India. The bank may offer differential rates on these deposits as compared with premature withdrawal allowed deposits of same value and tenor as permitted by the Reserve Bank of India. Rates are published by way of rate card on the bank's website.
 - b. No Credit facility can be provided against the security of Non-Premat deposits.
 - c. These deposits cannot be closed by the depositor before maturity. However, the Bank may allow premature withdrawal of these deposits in certain exceptional circumstances i.e., in the event of direction from any statutory and / or regulatory body or bank's internal operational errors or deceased claim settlement cases.
- xi. The due diligence process, while opening a deposit account shall involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income, details sought by bank and agreeing to terms and conditions mentioned on deposit form are mandatory for opening of an account along with recent photograph and signature of account holder or authorized signatories.
- xii. 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 as specified under the Income Tax Act / Rules.
- xiii. 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/ Fixed/ Recurring Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian or court appointed legal guardian (Status: known as Minor under guardian Account). Minors above the age of 10 will also be allowed to open and operate saving bank account independently subject to restrictions on transactions (Status: Self Operated Minor Account), however, no overdrafts will be granted to these minors.
- xiv. 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 / legal guardian can be operated by guardian only till the minor attains majority.
- xv. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts, i.e., a) Either or Survivor, b) Former or Survivor, c) Anyone or Survivor/s, d) Jointly etc. NRIs/ PIOs can hold jointly with a resident relative on 'former or survivor' basis

(relative as defined in Companies Act, 2013). The resident relative can operate the account as a Power of Attorney holder during the life time of the NRI/ PIO account holder.

- xvi. 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.
- xvii. The fixed 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 maturity. In absence of any such instructions, deposits will be treated as with an auto renewal option and would be renewed for a similar period as original deposit at the rates prevailing on the date of renewal for the period for which the deposit is renewed. This renewal process will continue till further instructions from depositor.
- xviii. Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern. As per RBI guidelines (RBI/2025-26/95 DOR.MCS.REC.59/01.01.003/2025-26 dated October 28, 2025), effective November 1, 2025, depositors can nominate up to four individuals, either successively or simultaneously.
 - i. Successive nomination: The nomination will be effective in favor of one person at a time, in the order of priority specified.
 - ii. Simultaneous nomination: The nomination will be effective in favor of all nominated persons in the declared proportion, provided;
 - a. Nomination cannot be made in favor of more than four persons.
 - b. The proportion of the deposit amount for each nominee must be explicitly stated in percentage.
 - c. Nomination must cover the entire deposit amount.
 - d. If any nominee dies before receiving the deposit, the nomination for that person becomes ineffective, and the portion allocated to them will be treated as if no nomination was made.

Any nomination that does not comply with conditions (a) to (c) will be considered invalid.

Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof &, is required to be witnessed by a third party if thumb impression is affixed on the nomination form. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor subject to other major individual being named appointee(s) during the minority period. In case, account holder chooses not to nominate, the bank officer shall explain the advantages of nomination facility. If the account holder(s) do not wish to make a nomination, they must provide a signed declaration/ clause in the Account Opening Form (AOF) confirming that they are aware of the nomination facility but have chosen not to avail it.

- xix. 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.
- xx. A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account. Passbook facility will also be available to the account holder on request.
- xxi. 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.
- xxii. Bank shall issue cheque books to customers, whenever a request is received, through a requisition slip which is part of the cheque book issued earlier or through alternate methods like Net Banking / Mobile Banking / Calling Bank's Customer Experience Centre (Phone Banking) / SMS Banking.
- xxiii. The current and savings deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.
- xxiv. Changes if any, with regard to the deposit schemes and other related services shall also be communicated upfront
- xxv. Any changes in charges will be intimated to the relevant deposit holders in advance with one month's notice through the Bank's web-site and / or through mail or SMS. However, in case of changes due to exceptional scenarios like regulatory / statutory requirements or in the interest of the customer, the Bank may not give one month's prior notice.
- xxvi. To enable account holders to deposit cheques / instruments, the Bank will provide cheque drop box facility at it 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.

4) Interest Payments

- i. Interest shall be paid on saving account and fixed deposit as per interest rates decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. Balances lying in Current Account are not eligible for any interest.

- ii. In terms of Reserve Bank of India directives, interest shall be calculated on daily balances for savings account and will be paid on quarterly basis.
- iii. In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on fixed 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 fixed deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Association. For the purpose of interest calculation for actual number of days, the denominator is basis 365 days in a calendar non-leap year and 366 days in a Calendar leap year. In terms of Reserve Bank of India directives, Manner of calculation of interest on FCNR (B) deposits should be;
 - a) Interest on the deposits accepted under the scheme shall be calculated based on 360 days to a year.
 - b) The interest on FCNR (B) deposits shall be calculated and paid at intervals of 180 days each and thereafter for the remaining actual number of days.

Provided that the option to receive the interest on maturity with compounding effect shall vest with the depositor.

- iv. The rate of interest on deposits will be prominently displayed in the branch premises and bank's website.
- v. No differential rate of interest will be offered to same set of customers for same tenor of deposit created on the same date, one set being those creating a retail deposit (except that of staff deposits and senior citizen fixed deposits and bulk deposits).
- vi. 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.
- vii. The Bank offers an additional interest rate benefit of 1.00% per annum over and above the applicable rates specified in the prevailing Schedule of Interest Rates, subject to approval by the Asset Liability Committee (ALCO) and as detailed below.
 - a) Savings account - Additional Staff rate is applicable in Savings account only on Resident staff salary accounts held by the staff as a primary account holder.
 - b) Term deposits - Staff rate is applicable for term deposits held by the bank's staff as a primary account holder, either singly or jointly with any other holder or with members of their family as joint account holder, provided the staff is booking the Term Deposit.
 - c) The additional interest is payable as long as the individual remains eligible, means she/he is employed with Kotak Mahindra Bank at the time of booking the Term Deposit.
 - d) If eligibility ceases, the staff rate provided on an existing term deposit will continue until the maturity of the said term deposit and renewals, if any will be done at (non-staff) rate.

- e) Staff rate will be applicable only if a declaration is provided at the time of deposit opening, confirming that the funds belong to the staff member from a single or joint account.
- f) Staff rate is not applicable to retired staff members, spouses of deceased retired staff members, or associations/funds comprising bank staff.
- g) Staff member will not get staff rate for deposits booked under variant Tax Saver FD booked through Activmoney, NRE/NRO, and FCNR deposits.

5) Payment of matured amount in case of Term Deposits maturing on the non-business working day.

- i) Bank may accept deposits which may mature on a non-business working day. In case of Term deposits (other than FCNR deposits) maturing on non-business working day:-
 - a) Bank will credit the proceeds of the deposits on same day as maturity to customer's accounts with the bank where the maturity instruction is credit to customer's Current/ Savings account with the bank.
 - b) Wherever the customer's instructions are to remit the proceeds on maturity to customer's accounts held at other bank by way of NEFT/RTGS, the bank will do the needful on same day as maturity.
 - c) For Term Deposits, where the proceeds are required to be paid by Demand Draft, the bank will dispatch them by courier on the same day of maturity.
 - d) For Term Deposits under auto-renewal option the bank will renew on same day irrespective of being a business/ non-business working day.
- ii) FCNR are booked with the maturity instruction as 'Auto Renewal'. In case the customer gives a subsequent request to change the maturity instruction to "Pay-out" and the pay-out date falls on a Saturday/ Sunday/ Holiday/ any non-business working day, the bank will process the pay out on next working day and pay interest at contracted rate for the intermittent period on the original principal amount.

6) Minor Accounts

- i. The minor can open Savings Bank Account and the same can be operated by the natural guardian/mother as guardian/court appointed guardian or by minor himself / herself, if he/she is above the age of 10 years.
- ii. Term Deposit Account including Recurring Deposits can be opened in the name of minor under guardian, by natural guardian/ mother or guardian appointed by court (legal guardian).
- iii. Minors above the age of 10 years can open and operate the saving bank account independently. For such accounts, only debit card will be issued, no cheque books/ net/ mobile banking/ Term / Recurring deposit facility will be provided.
- iv. Minor Savings account are not allowed to be overdrawn and these always remain in Credit.

- v. In case the minor (self-operated minor account) wishes to avail the cheque book/ net/ mobile banking /Term / Recurring deposit facility, then the account needs to be converted from self-operated account into Minor account operated by Guardian.
- vi. For Minor under guardian accounts, operation of the accounts will need to be done by the guardian only. Cheques can be issued by the guardian only.
- vii. Below process is applicable for Minor to Major conversion
 - a) One month prior to attaining majority, intimation shall be sent to the minor for submission of the conversion request from minor to major along with valid KYC documents required to be kept on record and for all operational /regulatory purposes.
 - b) In case the guardian fails to submit the required documents, the account shall be put into Debit Freeze on the day when the minor turns major and a notification will appear regarding the same in the system.

7) Account of Senior Citizens

- i. Effective 1st January,2018 - Bank automatically converts status of an account as 'Senior Citizen Account' based on date of birth available in bank records
- ii. For Ease of filing Form 15G/H; Customer can walk into any of the Kotak Mahindra Bank Limited KMBL Branches to submit Form 15G / H. Customers can also avail Bank's Net Banking Services for submission of Form 15 G / H online.

8) Account of Illiterate Customer

- i. 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 official shall explain the terms and conditions governing the account to the illiterate person.

9) Account of Sick / Old / Incapacitated / Differently Abled Persons Including Visually Impaired Person

- i. Bank will facilitate the account opening for sick / old / incapacitated / differently able persons (including visually impaired customers). For ease of operation of the account; bank shall not insist for independent witness & allow transaction processing basis Thumb / Toe impression of the customer obtained in presence of SM / BOM / BM. Banks will offer Banking facilities to the sick / old / incapacitated / differently able persons including visually impaired person without any discrimination. Nomination facility shall be extended to these accounts like any other regular accounts.

- ii. "May I help you" desk / Lobby Managers deployed at bank branches will give higher priority to Senior Citizens / Differently abled Person's banking requirements. Service Quality team will guide branches to give higher preference to Senior Citizens / Differently abled Person' banking need & make banking easy and convenient.

10) Addition or Deletion of the Name/s of Joint Account Holder/s

- i. 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 Due Diligence procedure is been followed for all the joint account holders being added to the account.

11) Customer Information

- i. The customer information collected from bank shall not be used for cross selling of services or products by the Bank, their subsidiaries and affiliates except with the explicit consent of customer.

12) Secrecy of Customer's Accounts

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

13) Premature Withdrawal of Fixed Deposit

- i. The Bank on request from the depositor, at its discretion may allow withdrawal of fixed deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall declare penal interest rates policy for premature withdrawal of term deposit. The Bank shall make depositors aware of the applicable penal rate along with the deposit rate.
- ii. While prematurely closing a deposit, 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.
- iii. Interest shall be paid where premature withdrawal of deposits takes place before completion of the minimum tenor of the deposit as stipulated in the RBI guidelines.

- iv. No penalty for premature withdrawal shall be levied, where depositors of the branch desires premature withdrawal of deposit consequent to the transfer of business to another bank.

14) Premature Renewal of Fixed Deposit

- i. In case the depositor desires to renew the deposit by seeking premature closure of an existing fixed deposit account, the customer may prematurely close the existing deposit and rebook at the applicable rate on the date of rebooking subject to payment of applicable penal for premature closure of existing deposit
- ii. 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.

15) Renewal of Overdue Fixed Deposit

- i. When a fixed deposit is renewed on maturity, on renewed deposit attracts interest rate for the period specified by the depositor as applicable on the date of maturity would be applied. In case of absence of maturity instructions, the deposit would move to overdue and will earn interest at savings rate or the contracted rate of interest on the matured TD, whichever is lower

16) Advances Against Deposits

- i. The Bank may consider request of the depositor/s for loan / overdraft facility against fixed 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.

17) Settlement of Dues in Deposit Account of a Deceased Person

- 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. In a joint deposit account, on the demise/ death of one of the joint holders of the account, 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.

- iii. 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. This is to ensure that the common depositors are not put hardship on account of delays in completing legal formalities
- iv. In the case of credit balance lying in current account standing in the name of a deceased individual / sole proprietorship concern including OD, reimbursement, etc. interest on the credit balance lying in such current account should be paid from the date of death of depositor (whichever is later); till the date of repayment to the legal heirs / claimant/s. The rate of interest applicable in such case shall be rate applied to savings deposit as on the date of payment.

18) Interest Payable on Fixed 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.
- ii. From the date of maturity to the date of payment, the Bank shall pay simple interest at the rate of interest as applicable to savings account or the last contracted rate of interest on the Term Deposit, whichever is lower.
- iii. In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.
- iv. In case of term deposits standing in the name(s) of a deceased FCNR(B) individual depositor or two or more joint depositors where one of the depositors has died, interest shall be paid as under: -
 - a) If paid on the maturity of the deposit, interest shall be paid at the contracted rate;

- b) If the deposit is claimed before the maturity date, interest shall be paid not at the contracted rate but at the rate applicable to the period for which the deposit remained with the bank and without charging penalty for pre-payment;
- c) In case the depositor dies before the date of maturity of the deposit but the amount of the deposit is claimed after the date of maturity, interest shall be paid at the contracted rate till the date of maturity and simple interest at the applicable rate operative on the date of maturity for the period for which the deposit remained with the bank beyond the date of maturity.
- d) In case of death of the depositor after the date of maturity of the deposit, the interest rate operative on the date of maturity in respect of savings deposits held under Resident Foreign Currency (RFC) Account Scheme shall be paid from the date of maturity till the date of payment.
- e) In case the claimants are residents, the maturity proceeds shall be converted into Indian Rupees on the date of maturity and interest shall be paid for the subsequent period at the rate applicable to a domestic term deposit of similar maturity.

19) Insurance Cover for Deposits

- i. 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 as stipulated by DICGC/RBI from time to time. The details of the insurance cover in force, will be made available to the depositor.

20) Stop Payment Facility

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

21) Unclaimed Deposits and Inoperative Accounts

Background:- RBI vide its circular DOR.SOG (LEG).REC/64/09.08.024/2023-24 dated January 01,2024 has mandated Banks to

- i. Make an annual review of accounts in which there is no customer induced transaction (i.e. financial or non-financial transaction or KYC updation) for more than one year and approach the customers and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same. In case any reply is given by the account holder giving the reasons for not operating the account, banks should continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, banks should classify the same as dormant after the expiry of the extended period.

- ii. Display the list of unclaimed deposits / inoperative accounts which are inoperative for ten years or more on their respective websites. The list so displayed on the websites must contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits / inoperative accounts, etc.
- iii. RBI vide its letter DBOD.No. Leg.BC. 108/09.07.005/2011-12 dated June 6, 2012 on Strengthening the Regulatory Framework for Unclaimed Deposits has instructed the Banks to put in place a Board approved policy on classification of unclaimed deposits, grievance redressal mechanism for quick resolution of complaints, record keeping and presenting a periodic review of such accounts to the Board.
- iv. 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 complaints / grievances. The details of the internal set up for redressal of complaints / grievances is displayed on the Bank's website in the homepage. In case the depositor does not get response from the Bank within 30 days of lodging a complaint or is not satisfied with the response received from the Bank, customer has a right to approach Banking Ombudsman appointed by Reserve Bank of India.
- v. In order to adhere to the regulatory guidelines, Bank segregates the customer accounts as Inactive or Dormant basis the periodicity of non-operation by the customer.

21.1 Inactive Accounts

- i. Accounts that are not operated by the customer for a period of 12 months from date of last customer induced transactions are moved into Inactive status.

21.2. Dormant / Inoperative Accounts

- i. Accounts which are not operated for a period of more than 24 months from date of last customer induced transactions are moved to dormant status. This status restricts transactions in the account.
- ii. This means an account will turn Dormant on completion of 12 months from the date of change of status to Inactive if there is no customer induced transaction during the 12 months in the account.
- iii. The classification of an account as inoperative shall be for a particular account of the customer which is not operated for 24 months and shall not be applicable 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.

21.3. Unclaimed Account

- i. Accounts that are not operated by the customer for a period of 10 years or more from date of last customer induced debit / credit transactions are moved into Unclaimed status.
- ii. The credit balance in such unclaimed accounts will be transferred to RBI Depositor Education and Awareness Fund.

Note – Financial Transactions initiated by or done at the behest of the account holder by the bank/third party such as Cash Deposit / Withdrawal, Transfers, RTGS / NEFT credits, Clearing, Standing Instructions, ECS Debit / Credits, TD Interest Credits, income tax refunds etc., or Non-Financial transactions or KYC updation done in face to face physical mode or through digital channels such as IB/MB of bank are considered as Customer Induced transactions while transactions like recovery of Bank charges, interest credits in savings account etc. are considered as Bank Induced transactions.

22. CUSTOMER IMPLICATION

22.1 Inactive Account

- i. There is no impact on customer account or transactions due to Inactive Status of the account.
- ii. Customer will be able to access the account for Financial and Non-Financial transactions through Bank and alternate channels like Net Banking, Mobile Banking, ATM, Customer Experience Center (CEC), Banking Kiosks etc. including Home Banking and Beat Pick up services.
- iii. The status of account changes automatically from Inactive to Active at EOD basis customer induced transaction. However, there will be no change in status due to Bank Induced transaction.

22.2 Dormant Account

- i. There will be a restriction on customer induced transactions in a Dormant Account.
- ii. Customer will not be able to perform any financial transactions through Bank and alternate channels like Net Banking, Mobile Banking, ATM, CEC, Banking Kiosks etc. Customer will be able to only view the account for inquiries.
- iii. Transactions such as Limit maintenance, TOD maintenance, Standing Instructions (in case either the debit or the credit or the account on which condition set is a dormant account), transfer of accounts, cheque book issuance / maintenance, statement issuance etc. will be restricted till the time the status of the account is changed from Dormant to Inactive / Active.

- iv. Only Bank induced transactions such as SA Interest Credits, recovery of Bank charges can be posted in a Dormant account, however the status of account will not change automatically and will remain as Dormant.
- v. Additionally, with regards to accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes, the Bank shall permit Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amounts received from Central and State governments. However, the banks shall classify the accounts as Dormant / Inoperative if there are no customer induced transactions for a period of more than two years.
- vi. The status of account from Dormant to Active will need to be done manually post which any kind of transaction / maintenance can be processed in the account.

22.3 Customer Intimation

- i. Bank will send intimation to customers by way of Letter / E-mail / SMS
- ii. The mode and format of intimation - Letter / E-mail / SMS – will be decided by Bank from time to time.
- iii. Additionally branches / respective units managing the customer, will also attempt to contact customers through various modes whose account status has been changed to Inactive / Dormant inquiring the reason behind no transactions and requesting the customer to activate the account at the earliest.

23. ACCOUNT ACTIVATION

23.1 Inactive Accounts

- i. The status of Inactive account will change automatically to Active basis a customer induced transaction in the account.
- ii. The customer can initiate transaction from any of the available channels like Branch, CEC, IVR, Net Banking, Mobile Banking, ATM, Banking Kiosks etc.

23.2 Dormant Account

- i. To activate a dormant / inoperative account, account holders will have to approach the nearest Kotak Mahindra Bank Branch in person to submit a request for activation of account along with necessary KYC documents and other information as required as per guidelines stipulated by the Reserve Bank of India. The account can be activated through Video-Customer Identification Process (V-CIP) for Resident Savings Accounts, subject to the facility of V-CIP being provided by the bank

24. Unclaimed Accounts-Transfer to RBI Depositor Education and Awareness Fund

- i. The bank will transfer credit balance in any deposit account maintained with banks which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, which include: -
 - a. Savings Bank Deposit Accounts
 - b. Term Deposit Accounts
 - c. Cumulative / Recurring Deposit Accounts
 - d. Current Deposit Accounts
 - e. Other deposit accounts in any form or with any name
 - f. Cash Credit Accounts
 - g. Loan accounts after due appropriation by the banks
 - h. Margin money against issue of Letter of Credit / Guarantee etc., or any security deposit
 - i. Outstanding Telegraphic Transfers, Mail Transfers, Demand Drafts, Pay Orders, Banker's Cheques, Sundry Deposit Accounts, Vostro Accounts, Inter-Bank Clearing Adjustments, Unadjusted National Electronic Funds Transfer (NEFT) credit balances and other such transitory accounts, Unreconciled credit balances on account of Automated Teller Machine (ATM) transactions, Cash Excess Accounts, Customer payable accounts (including various central pool accounts opened to park such amounts), Overdue Deposits, etc.
 - j. Undrawn balance amounts remaining in any prepaid card issued by banks but not amounts outstanding against travellers cheques or other similar instruments, which have no maturity period
 - k. Rupee proceeds of foreign currency deposits held by banks after conversion of foreign currency to rupees in accordance with extant foreign exchange regulations (FCY accounts will be converted to INR at the exchange rate applicable on the day of the transfer)
 - l. Any such other amounts as may be specified by the Reserve Bank from time to time.
- ii. In addition to the above, Bank will also transfer unclaimed balances in various Suspense Accounts, Internal Accounts opened to park amounts where beneficiary is unidentified to RBI DEAF post completion off 10 years from date of credit.
- iii. The above amounts remaining unclaimed for more than ten years shall be credited to the Fund, within a period of one month from the expiry of the said period of ten years.
- iv. On an on-going basis, by 1st week of the subsequent month Bank will generate a report of CASA / FD / RD / DD amounts along with amounts outstanding in Suspense / Office accounts which have become unclaimed during the previous month and effect transfer to RBI DEAF.

- v. The amounts will be categorized as Interest Bearing (Viz Savings / FD / RD accounts) and Non-Interest Bearing such (viz. Current Accounts, DD Payable amounts, Balances in Customer Payable, cash excess accounts etc.)
- vi. RBI through its Circular RBI/2021-22/37 DoR.DEA.REC.No.16/30.01.002/2021-22 dated May 11, 2021 has advised all banks to calculate the interest payable on interest bearing deposits transferred to RBI at the rate of 4 per cent p.a. up to June 30, 2018, 3.5 per cent w.e.f. July 1, 2018 up to May 10, 2021 and at 3 per cent with effect from May 11, 2021 till the time of payment to the depositor / claimant.
- vii. The cumulative amount (interest bearing and non-interest bearing) will then be remitted to RBI DEAF account in electronic form through portal facility of the E-Kuber (Core Banking Solution) of Reserve Bank of India (RBI), to a designated account created for the Scheme.

25. Refund of Unclaimed Amounts to Customer

- i. In case of demand from a customer/ depositor whose unclaimed amount / deposit had been transferred to RBI - DEAF, Bank shall repay the customer / depositor, along with interest if applicable, and lodge a claim for refund from RBI - DEAF for an equivalent amount paid to the customer / depositor.
- ii. The interest payable will be calculated from the date on which the outstanding balance in an account was transferred to RBI DEAF till the date of payment to the customer / depositor. The interest will be paid only on the amounts identified as Interest-Bearing amounts at the time of transfer of funds to RBI.
- iii. Interest will be calculated at the rate specified by RBI from time to time. Bank will pay Simple interest on the principal amount transferred to RBI DEAF.
- iv. The refund claim will be processed after carrying out due diligence on the customer / depositor. The refund amount will be credited to the customer account. The customer may choose to close the account or may continue operating the account post submitting full KYC as per extant guidelines.
- v. The eligible amount will be paid to the customer from Bank's receivable account and will be claimed from the RBI DEAF in the subsequent month.
- vi. In the case of a claim for refund of foreign currency denominated deposit accounts, the settlement can be made in foreign currency post converting the eligible INR amount at the rate applicable on the day of conversion.

Note - Should any of these accounts belong to a deceased person, then the Nominee or the Successor / Legal Heir should approach the nearest Kotak Mahindra Bank Branch for further guidance.

26. Data publishing on Bank's Website

- i. The Bank provides a **search** mechanism for customers to search the details of unclaimed accounts basis parameters like customer name, address, and Unclaimed Deposit Reference Number (UDRN) on the Bank's website www.kotak.bank.in. Bank also publishes the process to be followed by the customer / claimant on the website. These details will be updated on the Bank's website on a monthly basis.

27. Bank Induced Closure of CASA Account

- i. The Bank reserves the right to terminate or close the Savings or Current Account, or restrict services and transactions in the account, after giving the Customer 30 days' notice, for any reason deemed appropriate by the Bank, including but not limited to non-adherence to regulatory guidelines or in the event of abnormal circumstances such as improper conduct of the account.

28. Prohibitions

Bank shall not:

- i. Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except: commission paid to agents employed to collect door-to-door deposits under a special scheme. commission paid to Direct Selling agents/Direct Marketing Agents as part of the outsourcing arrangements; remuneration paid to Business facilitators or Business Correspondents.
- ii. Offer prize/lottery/free trips (in India and/or abroad), etc. or any other initiative having element of chance for mobilizing deposits. However, inexpensive gifts costing not more than ₹ 250/- which is the amount prescribed by the Indian Banks' Association (IBA) as part of the Ground Rules and Code of Ethics framed by them may, at the bank's discretion, be given to depositors at the time of accepting deposits.
- iii. Resort to unethical practices of raising resources through agents/third parties to meet the credit needs of the existing/prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilization.
- iv. Issue any advertisement/literature soliciting deposits from the public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the bank for the particular period.
- v. A simple rate of interest per annum for the period of deposit should be indicated invariably.
- vi. Accept interest-free deposits other than in current account or pay compensation indirectly.