



Banking Operations Policies

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INTRODUCTION

Banking Operations Policies of Bandhan Bank (henceforth referred as “the Bank” or “Bank “communicates the guidelines and instructions on services to be rendered to the customers at all the customer touchpoints of the Bank – all its Branches, Banking Units (BUs), Housing Finance Centres, Phone Banking Centre, etc.

The Banking Operations Policies shall be updated annually or before, depending on changes in regulatory directives and/ or management decision. The MD & CEO would be authorized to implement any regulatory changes arising out of regulatory direction and such changes to be placed to the Board in for ratification / noting.

For the purpose of this document, a ‘Customer’ is defined as a user or potential user of banking services. So defined, a customer may include –

- a person or entity that maintains an account and/or has a business relationship with the Bank;
- one on whose behalf the account is maintained (i.e. the beneficial owner);
- beneficiaries of transactions conducted by professional intermediaries, such as Stockbrokers, Chartered Accountants, Solicitors etc. as permitted under any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Bank, say, an electronic transfer or issue of a high value demand draft as a single transaction

This Bank Operations Policy encompasses following sub-policies, which are detailed in this document:

1. Policy on General Management of Branches & Banking Units
2. Policy on Safe Deposit Locker Facility
3. Policy on inoperative accounts & unclaimed deposits
4. Policy on Frequent Dishonour of Inward - Clearing Cheques & NACH/ECS for Financial Reasons
5. Deceased Depositors Policy along with Nomination Rules
6. Policy on Cash Retention Limit

1. Policy on General Management of Branches / Banking Units

1. The policy on General Management of Branches / Banking Units lays out the infrastructure and staff management guidelines for the Bank's branches and banking units. Specifically, the document covers the following aspects –
 - 1.1. Providing infrastructure facilities by branches / banking units to customers
 - 1.2. Providing separate 'May I Help You' counters at branches
 - 1.3. Displaying indicator boards and posters at branches / banking units
 - 1.4. Employees helping customers in transactions
 - 1.5. Providing details of service and facilities
 - 1.6. Use of Hindi and regional languages in transacting business
 - 1.7. Security system in branches and banking units
 - 1.8. Wearing of identity cards by the employees
 - 1.9. Periodic job rotation amongst the staff
 - 1.10. Training for staff
 - 1.11. Visit of senior officials to branches and banking units
 - 1.12. Rewarding best branches and banking units from customer service point of view
 - 1.13. Customer service audit, customer surveys
 - 1.14. Periodical Customer Service Committee Meets
 - 1.15. Establishing a New Product and Services Approval Process
 - 1.16. Implementation of the Policy
2. **Providing infrastructure facilities by branches / banking units to customers:** It shall be the constant endeavor of the Bank to provide adequate space for customers to enable them to complete their banking needs. Branches and Banking Units, within their available space, plan the layout in such way that seating arrangements are provided to all the customers, especially pensioners, senior citizens and differently abled persons. Branches shall provide a separate line for senior citizens and differently abled persons. All the branches and Banking Units shall provide drinking water facility to the customers. Dealing staff shall be more sensitive to the needs of senior citizens and differently abled persons for portraying human touch at all times.
3. **Providing separate enquiry counters at branches:** Metro and large Urban branches shall have exclusive "Enquiry" or "May I Help You" counters. In other branches, May I Help You" counters combined with other duties will be located near the entry point of the bank branch.
4. **Displaying indicator boards at all the counters in bilingual/trilingual at all branches and business posters at semi-urban, rural branches and in banking units in the regional languages concerned:** It shall be ensured that banking facilities percolate to the vast sections of the population and so branches shall display indicator board at all the counters in bilingual/trilingual and business posters shall be displayed at semi-urban, rural branches and in banking units in the regional languages concerned.
5. **Employees shall help customers with their transactions:** All staff members shall be prepared to take responsibility for taking care of the inquiries and requirements of the customers. Any branch / banking

Unit employee is expected to give patient hearing to the customers and help the customers in putting in their transactions.

6. **Providing customers with booklets/information consisting of all details of services and facilities available at the bank in Hindi, English and regional languages concerned:** As all dealings with the customers rest on ethical principles of fairness, empathy and transparency, the Bank's brochures / booklets/forms shall contain the details of products and services in Hindi, English and regional languages concerned.
7. **Use of Hindi and regional languages in transacting business:** In today's highly competitive environment, customer satisfaction can be achieved with effective communication in a language known to the customer. All the employees shall use English or Hindi or regional language while transacting business with customers including communications to customers.
8. **Review of the security system in the branches and banking units:** Customers expect the security system in their Bank branches and banking units to be adequate to enable them to complete their financial transaction with confidence. Senior Officers from Head Office and concerned Zonal Offices shall visit the branches at least once in six months to verify the security aspects and give suggestions for improvement. Bank employees shall be more vigilant during business hours and increase the surveillance in case of need. Installation of CCTVs and security alarms in the branches shall instill confidence amongst the employees and the customers / public.
9. **Wearing identification badge with photo and name there on by the employees:** Customers expect that they know to whom they are talking to or dealing with. As such, all customer-facing Bank employees shall compulsorily wear identity cards while on duty.
10. **Periodic change of desk/ Job rotation:** Job rotation shall give an opportunity for the employees to become well versed with the work in other sections and shall enable them to perform duties efficiently anywhere to the satisfaction of customers and the higher officials. Internal job rotation policy as part of HR Policy for Branch and banking unit employees shall be in place.
11. **Training to staff:** Training to staff shall be a continuous process and all employees of the Bank shall be given the opportunity to enhance their knowledge and sharpen their professional skills. Training Centers shall include a session on customer service as an integral part of all the training programs. Regular training in technical areas of banking shall also be given to the customer-facing employees in branches and banking units.
12. **Visit by senior officials to branches and banking units:** Senior officials of appropriate levels shall visit all the branches and a selection of banking units periodically. For example, Cluster Heads shall regularly visit all the branches in their clusters, at least once in a quarter.
13. **Rewarding best branches on the basis of customer service:** Branches shall be rewarded based on annual performance on various business parameters. To recognize the branches which excel in extending customer service, one branch in each cluster shall be selected as best branch in customer service for that cluster.
14. **Customer Service Audit and Customer surveys:** The Bank shall conduct periodical surveys to get feedback from customers and their expectations from the Bank to assess the overall level of customer service of the bank across the country.
15. **Customer service committee meetings:** Branches / Banking Units shall conduct monthly customer service committee meetings and send compliance to respective Cluster Offices / appropriate superior

authorities. Cluster Heads shall make efforts to participate in branch customer meetings at different branches by rotation.

16. **The branch level customer service** shall be held in branches on specific dates decided from time to time. The quorum for the said committee will be as per internal guidelines of the bank.
17. **A Standing Committee on customer service** shall be constituted and to be chaired by MD & CEO and will be held as per the frequency decided from time to time based on regulatory guidelines.
18. **Customer service committee of the Board** shall oversee and review the initiatives of the Standing Committee on Customer Service who shall drive the implementation process and provide relevant feedback to the Board Committee on customer service.
19. **New Product & Services Approval Process:** All new products and services shall be introduced through a well-defined approval process duly approved by the Board specially to ensure that the rights of customers are not compromised
20. **Implementation of the policy:** Inspecting / visiting officials shall submit a branch / banking unit visit report to ensure that the intent of this policy is translated into proper procedures. These officials shall oversee the implementation of the policy and ensure compliance.
21. **Force Majeure:** The Bank shall not be liable on account of non-compliance, if some unforeseen event (including but not limited to civil commotion, sabotage, accident, fire, natural disasters or other “Acts of God”, war, damage to the bank’s facilities or absence of usual means of communication or all types of transportation, etc.) beyond the control of the Bank which may prevent it from performing its obligations within the specified delivery parameters.

2. Policy on Safe Deposit Locker Facility

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	PART I: Customer Due Diligence (CDD) for Lockers
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	PART II: Locker Allotment
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	PART III: Infrastructure and Security Standards
3	Security of the Strong Room/Vault
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4.1	Regular Operations by Customers
	PART V: Nomination Facility and Settlement of Claims
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	PART VI: Closure and Discharge of locker items
6.1	Discharge of locker contents at the request of customer
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6.4	Discharge of locker contents if the locker remains inoperative for a long period of time
	PART VII: Compensation Policy / Liability for Banks
7	Liability of the Bank
7.2	Liability of the Bank arising from natural calamities like earthquakes, floods, thunderstorms, lightning etc. or due to sole negligence of the customer
7.3	Liability of the Bank arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank
	PART VIII: Risk Management, Transparency and Customer Guidance
8.1	Insurance Coverage
8.2	Insurance of locker contents by the customer
8.3	Customer guidance and publicity
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PART I: Customer Due Diligence (CDD) for Lockers

1. Customer Due Diligence

- 1.1. The existing customers of the Bank who have made an application for locker facility and who are fully compliant with the Customer Due Diligence (CDD) procedures specified in the Reserve Bank of India (Commercial Banks – Know Your Customer) Amendment Directions, 2025 (as updated from time to time) may be given the facilities of safe deposit lockers subject to on-going compliance.
- 1.2. Customers who are not having any other banking relationship with the Bank may be given the facilities of safe deposit locker after complying with the CDD procedures specified in the Reserve Bank of India (Commercial Banks – Know Your Customer) Amendment Directions, 2025 (as updated from time to time) and subject to on-going compliance. The due diligence shall be carried out for all the customers in whatever rights and capacities they may be hiring the locker.
- 1.3. If the Bank suspects the deposit of any illegal or hazardous substance by any customer in the safe deposit locker, the Bank will have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.

PART II: Locker Allotment

2. In order to facilitate customers making informed choices, the Bank will maintain a branch wise list of vacant lockers as well as a waitlist in Core Banking System (CBS) or any other computerized system compliant with Cyber Security Framework issued by RBI, for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The Bank will acknowledge the receipt of all applications for allotment of lockers and provide a wait list number to the customers, if the lockers are not available for allotment.

2.1. Locker Agreement

- 2.1.1. The Bank has adopted the model locker agreement framed by IBA which has been approved by the Board for circulation to customers.

2.2. Locker Rent

- 2.2.1. To ensure prompt payment of locker rent, a Domestic Term Deposit may be obtained from the hirer, at the time of allotment, which would cover three year rent and the charges for breaking open the locker in case of such eventuality. The Bank, however, will not insist on such Term Deposits from the existing locker holders or those who have satisfactory operative account. The packaging of allotment of locker facility with placement of term deposits beyond what is specifically mentioned above will not be permitted.
- 2.2.2. The Bank will collect locker rent in advance for the full financial year. In the event of surrender of a locker by a customer, the proportionate amount of advance rent collected shall be refunded to the customer on monthly pro-rata basis.

- 2.2.3. If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, public notice will be given in two newspapers (including one local daily in vernacular language) in this regard and the customers shall be intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other such emergency situation, efforts will be made to intimate their customers suitably at the earliest.

PART III: Infrastructure and Security Standards

3. Security of the Strong Room/Vault

- 3.1. The Bank will take necessary steps to ensure that the area in which the locker facility is housed is properly secured to prevent criminal break-ins. The risks of accessibility of an allotted locker from any side without involvement of the locker-hirer concerned may be assessed and kept on record. The Bank will have a single defined point of entry and exit to the locker room/vault. The place where the lockers are housed will be secured enough to protect against hazards of rain / flood water entering and damaging the lockers in contingent situations. The fire hazard risks of the area shall also be assessed and minimized. The Bank will conduct necessary engineering / safety verification regularly to identify the risks and carry out necessary rectification.
- 3.2. The area housing the lockers shall remain adequately guarded at all times. The Bank will install Access Control System, if required as per the risk assessment, which would restrict any unauthorized entry and create digital record of access to locker room with time log. The entry and exit of the strong room and the common areas of operation will be kept under CCTV camera, and its recording will be preserved for a period of not less than 180 days. In case any customer complaints to the Bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, the Bank shall preserve the CCTV recording till the police investigation is completed and the dispute is settled.
- 3.3. There shall be clearly laid down security procedures for ensuring security of the strong room / vault. Concerned Bank branch staff shall be properly trained in the procedure, and the internal auditors of the Bank shall verify and report the compliance to ensure that the procedures are strictly adhered to.

Locker Standards

- 3.4. All the new mechanical lockers to be installed by the Bank will conform to basic standards / benchmarks for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards applicable in this regard.
- 3.5. If electronically accessed lockers are installed and offered to customers, the safety and security features of such lockers shall satisfy appropriate industry standards. In case the lockers are being operated through an electronic system, the Bank will take reasonable steps to ensure that the system is protected against hacking or any breach of security. The customers' personal data, including their biometric data, shall not be shared with third parties without their consent. Further, the Bank will ensure that the electronically operated lockers are compliant with the Cyber Security Framework prescribed

by the Reserve Bank. The system shall be capable of maintaining unalterable logs of locker activities. The Bank will comply with the relevant statutory / regulatory guidelines/requirements applicable for IT / data protection. Further, the Bank shall also devise a standard operating procedure for issue of new password in lieu of lost passwords to customers in a safe and secure manner in case of electronically operated lockers.

- 3.6. The Bank shall ensure that identification Code of the Bank / Branch is embossed on all the locker keys with a view to facilitating identification of lockers / locker ownership by law enforcement agencies in case of need. Further, the custodian of the locker shall, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition. The Bank shall permit the locker-hirer to operate the locker only with the key provided by the Bank, although there will be no restriction in allowing the customer to use an additional padlock of her/his own if there are such provisions in lockers.

PART IV: Locker Operations

4. Regular Operations by Customers

- 4.1. The Bank will permit only the locker hirer and/or the persons duly authorized by him/ her to operate the locker and ensure that there is adequate privacy for the locker-hirers when they access the lockers.

PART V: Nomination Facility and Settlement of Claims

5. Nomination Facility

- 5.1. The Bank will offer nomination facility in case of safe deposit lockers, in accordance with the relevant provisions of section ZC to 45ZG of Banking regulation Act and Key Provisions relating to Nomination under the Banking Laws (Amendment) Act 2025 and the Nomination Rules in the matter of nomination in safe deposit lockers and articles kept in safe custody, the relevant provisions of Indian Contract Act and Indian Succession Act related to **safe deposit locker**, Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025 dated November 28, 2025 and Gazette notification issued by DFS,MOF dated October 27,2025 on Banking Companies (Nomination) rules,2025.

- 5.2. . In case the nominee is a minor, the same procedure as prescribed for the bank accounts will be followed by the Bank.

5.3. Settlement of Claims in case of death of a Customer

- 5.3.1. Settlement of claims will be done as per the Deceased Depositors Policy along with Nomination Rules
- 5.3.2. The compensation for the delay in settlement of safe deposit locker if any in case of deceased claim will be as per regulatory guidelines and compensation policy of the bank.

PART VI: Closure and Discharge of locker items

6. The Bank may break open a locker under any one of the following circumstances:

- i. if the hirer loses the key and requests for breaking open the locker at her /his cost; or
- ii. if the Government enforcement agencies have approached the Bank with orders from the Court or appropriate competent authority to seize lockers and request for access to the lockers; or
- iii. if the Bank is of the view that there is a need to take back the locker as the locker hirer is not co-operating or not complying with the terms and conditions of the agreement.

6.1. Discharge of locker contents at the request of customer

6.1.1. If the key to the locker, supplied by the Bank is lost by the locker-hirer, the customer (locker hirer) shall notify the Bank immediately. An undertaking may also be obtained from the customer that the key lost, if found in future, will be handed over to the Bank. All charges for opening the locker, changing the lock and replacing the lost key may be recovered from the hirer. The charges applicable for replacement of lost keys / issue of new password shall be communicated to the locker hirer.

6.1.2. The opening of the locker will be carried out by the Bank or its authorized technician only after proper identification of the hirer, proper recording of the fact of loss and written authorization by the customer for breaking open the locker.

6.1.3. The operation shall be done in the presence of the customer/s and an authorized official of the Bank. It has to be ensured that the adjoining lockers are not impacted by any such operations, and the contents of the lockers are not exposed to any individual other than the locker-hirer during the break-up or restoration process.

6.2. Attachment and recovery of contents in a Locker by any Law Enforcement Authority

6.2.1. In case of attachment and recovery of the contents in a locker of a customer by any Authority acting either under the orders of a Court or any other competent authority vested with the power to pass such orders, the Bank shall co-operate in execution and implementation of the orders.

6.2.2. The Bank will verify and satisfy itself with the orders and the connected documents received for attachment and recovery of the contents in a locker of the Bank. The customer (locker-hirer) shall be informed by letter as well as by email/SMS to the registered email id/mobile phone number that the Government Authorities have approached for attachment and recovery or seizure of the locker. An inventory of the contents of locker seized and recovered by the Authority shall be prepared in the presence of such Government Authorities, two independent witnesses and an officer of the Bank and shall be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the Bank's records or handed over to the customer against acknowledgement.

6.2.3. The Bank will also record a video of the break-open process and the inventory assessment, wherever legally permissible, and preserve the video to produce as evidence in case of any dispute or Court or fraud case in future.

6.3. Discharge of locker contents by the Bank due to non-payment of locker rent

6.3.1. The Bank will have the discretion to break open any locker following due procedure if the rent has not been paid by the customer for three years in a row. The Bank will ensure to notify the existing locker-hirer prior to any changes in the allotment and give him/her reasonable opportunity to withdraw the articles deposited by him/her. A clause will be incorporated in the locker agreement to this effect.

6.3.2. Before breaking open the locker, the Bank will give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email id and mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the Bank will issue public notice in two newspaper dailies (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker to respond. The locker shall be broken open in the presence of an officer of the Bank and two independent witnesses. In case of electronically operated lockers (including Smart Vaults), the use of 'Vault Administrator' password for opening of locker will be assigned to a senior official and complete audit trail of access shall be preserved. Further, the Bank will also record a video of the break open process together with inventory assessment and its safe keep and preserve the same so as to provide evidence in case of any dispute or Court case in future. The Bank will also ensure that the details of breaking open of locker is documented in CBS or any other computerized systems compliant with the Cyber Security Framework issued by RBI, apart from locker register. After breaking open the locker, the contents shall be kept in sealed envelope with detailed inventory inside fireproof safe in a tamper-proof way until customer claims it. A record of access to the fireproof safe shall invariably be maintained. While returning the contents of the locker, the Bank will obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

6.3.3. The Bank will ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms as prescribed in the regulatory directions or as near thereto as circumstances require. Further, the Bank shall not open sealed/closed packets found in locker while releasing them to the nominee(s) and surviving locker hirers, unless required by law.

6.4. Discharge of locker contents if the locker remains inoperative for a long period of time

6.4.1. If the locker remains inoperative for a period of seven years and the locker-hirer cannot be located, even if rent is being paid regularly, the Bank will be at liberty to transfer the contents of the locker to their nominees/legal heir in a transparent manner, as the case may be. Before breaking open the locker, the Bank shall follow its standard operating procedure in this regard.

- 6.4.2. The Bank will ensure that appropriate terms are inserted in the locker agreement executed with the customer specifying the position in case the locker is not in operation for long period. A clause may also be incorporated in the locker agreement to discharge the Bank from liability in case the locker is not in operation and the locker is opened by the Bank and contents are released as per law and as per the instructions issued by the Reserve Bank and the terms and conditions prescribed in the agreement.

PART VII: Liability for the Bank

7. Liability of the Bank

- 7.1. The Bank will be responsible to ensure proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery. Further, the Bank will adhere to the RBI Master Directions on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.
- 7.2. Liability of the Bank arising from natural calamities like earthquakes, floods, thunderstorms, lightning etc. or due to sole negligence of the customer
- 7.2.1. The Bank will not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer. The Bank will, however, exercise appropriate care to its locker systems to protect their premises from such catastrophes.
- 7.3. Liability of the Bank arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the Bank
- 7.3.1. It will be the responsibility of the Bank to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It will be its responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the Bank's premises due to its own shortcomings, negligence and by any act of omission/commission. In instances where loss of contents of locker is due to incidents mentioned above or attributable to fraud committed by its employee(s), the Banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

PART VIII: Risk Management, Transparency and Customer Guidance

8. Insurance Coverage

- 8.1. The Bank will have a branch insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, loss during shifting/merger of branch, etc., affecting contents of lockers.
- 8.2. **Insurance of locker contents by the customer**
- 8.2.1. The Bank will clarify in the locker agreement that as they do not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, they

would not be under any liability to insure the contents of the locker against any risk whatsoever. The Bank shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

8.3. Customer guidance and publicity

- 8.3.1. The Bank will display the model locker agreement with all the Terms & Conditions and the Standard Operating Procedures (SOPs) on various aspects on its website and/or at branches where locker facility is being provided for public viewing. The Bank will ensure that the customers are made aware of the Bank's terms and conditions to avail those facilities.
- 8.3.2. The Bank will display updated information on all kinds of charges for safe deposit lockers on its website.
- 8.3.3. The Bank will place on the website the instructions together with the policies / procedures put in place for giving access of the locker to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer. Further, a printed copy of the same shall also be given to the nominee(s) / survivor(s) / legal heir(s).

3. Policy on Inoperative accounts and Unclaimed deposits

1. INTRODUCTION

- 1.1. The credit balance in any deposit account maintained with Bank, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, are required to be transferred by Bank to DEA Fund maintained by the Reserve Bank of India, as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014 formulated by the Reserve Bank.
- 1.2. In view of the increase in the amount of unclaimed deposits with banks year after year and the inherent risk associated with such deposits; the Bank shall play a more proactive role in finding the whereabouts of the account holders whose accounts have remained inoperative. With a view to further strengthen the regulatory framework for inoperative accounts and unclaimed deposits, this policy document is formed which details classification of inoperative accounts /unclaimed deposits, procedure for activation of eligible inoperative accounts, settling claims against unclaimed deposits, grievance mechanism for quick resolution of complaints, record keeping, displaying inoperative accounts / unclaimed deposits on bank’s website, delegation of powers for settlement of claims for such accounts and periodic review of such accounts.

2. CLASSIFICATION OF INOPERATIVE ACCOUNTS / UNCLAIMED DEPOSITS

2.1 Inoperative Accounts

- 2.1.1 A savings/ current account will be treated as inoperative, if there are no ‘customer induced transactions’ in the account for a period of over two years.
- 2.1.2 For the purpose of classifying an account as ‘inoperative’, only customer induced transactions and not Bank induced transactions will be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions will also be treated as customer induced transactions.
- 2.1.3 The classification of an account as inoperative will be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with the Bank, all such accounts/deposits will be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.
- 2.1.4 Definitions, unless the context states otherwise, the terms herein will bear the meanings assigned to them below:
 - a) **Bank induced transaction:** Transactions in the account initiated by the Bank as per its extant policy such as charges, fees, interest payments, penalties, taxes (an illustrative list is given in Annex I).
 - b) **Customer induced transaction:** The transactions in account which are in the nature of:
 - (i) A financial transaction initiated by or done at the behest of the account holder by the Bank/ third party (an illustrative list is given in Annex I) or;
 - (ii) A non-financial transaction, or;
 - (iii) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the Bank.
 - c) **Financial transaction:** A monetary transaction in the savings/ current account of the customer with the Bank either by way of a credit or debit transaction.

- d) **Non-financial transaction:** An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

2.2 Unclaimed Deposits

- 2.2.1 The credit balance in any deposit account maintained with the Bank, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014 shall be considered as unclaimed deposits.

3. REVIEW OF ACCOUNTS

- 3.1. Bank will undertake at least an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the Bank will review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. The Bank will inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages will mention that the account would become ‘inoperative’ if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.
- 3.2. If the letters are returned undelivered or no response is received through registered email, the Bank will immediately undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.
- 3.3. In case any response is received from the account holder giving the reasons for not operating the account, Bank will continue to classify the account as operative for one more year and the account holder will be advised to operate the account within a period of one year (herein after referred to as ‘extended period’). In case the account holder still fails to operate the account within the extended period, Bank will classify the said account as inoperative account after the expiry of the extended period.
- 3.4. In case the account holder is not carrying out transaction and the account is inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorisation to enable the Bank to transfer the balance from the existing bank account.

4. TRACING OF CUSTOMERS OF INOPERATIVE ACCOUNTS/ UNCLAIMED DEPOSITS

- 4.1. The Bank will contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). The email/ SMS will be sent on a quarterly basis.

- 4.2. In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the Bank will contact the nominee, if registered, by visiting the address of the nominee registered in the account for tracing the customer.
- 4.3. The Bank will undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

5. DISPLAY OF DATA ON UNCLAIMED DEPOSITS ON WEB SITE OF THE BANK:

- 5.1 Bank will host the details of unclaimed deposits {only name, address (without pin code) and Unclaimed Deposit Reference Number (UDRN)}, which have been transferred to DEA Fund of RBI on its websites, which will be updated on a monthly basis. The database hosted on the website will provide a search option to enable the public to search for their unclaimed deposits using name in combination with the address of the account holder/entity. Upon successful search, details of unclaimed deposits will be displayed in a format comprising account holder's name(s), his/her address (without pin code) and UDRN only. In case such accounts are not in the name of individuals, the search input and result will include names of individuals authorised to operate the accounts. However, the account number, its type, outstanding balance and the name of the branch will not be disclosed on the Bank's website.
- 5.2 **Unclaimed Deposit Reference Number (UDRN):** It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number will be such that the account holder or the Bank branch where account is maintained, cannot be identified by any third party.

6. REDRESSAL OF COMPLAINTS AND GRIEVANCES

- 6.1 For any complaint / grievance with regard to services rendered by the Bank, customers shall have a right to approach authority(ies) designated by the Bank for handling customer complaint /grievances in line with Grievance Redressal Policy of the bank. The details of the internal set up for redressal of complaints / grievances shall be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint.

7. ACTIVATION OF INOPERATIVE ACCOUNTS

- 7.1 The Bank will make available the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including nonhome branches) and through Video-Customer Identification Process (V-CIP) if requested by the account holder, subject to the facility of V-CIP being provided by the bank. Additionally, the services of an authorised Business Correspondent of the Bank may be utilized for activation of inoperative accounts.
- 7.2 Bank will activate the inoperative accounts/unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines provided in the Reserve Bank of India (Commercial Banks – Know Your

Customer) Amendment Directions, 2025 (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc.

- 7.3 The Bank will ensure that activation of inoperative account/unclaimed deposits in CBS necessarily requires second level of authorisation by another officer at the same or higher level (i.e., through maker and checker). System logs will invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose. The preservation period of such system logs will be as per the internal guidelines of the bank.
- 7.4 Bank will automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation will also mention the remedial measures available to them to report unauthorised access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. Bank will process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

8. PAYMENT OF INTEREST:

- 8.1 Interest in savings accounts will be credited on a regular basis irrespective of the fact that the account is in operation or not.
- 8.2 If a Domestic Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

9. LEVY OF CHARGES

- 9.1 Bank will not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.
- 9.2 No charges will be levied for activation of inoperative accounts.

10. SEGREGATION AND AUDIT OF INOPERATIVE ACCOUNTS/ UNCLAIMED DEPOSITS

- 10.1 The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, will be monitored regularly, for at least six months, at higher levels (i.e. by controlling authorities of the concerned branch) without the knowledge and notice of the customers and the dealing staff.
- 10.2 The Bank will ensure that amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts / unclaimed deposits, are subjected to concurrent audit.

11. FRAUD RISK MANAGEMENT IN INOPERATIVE ACCOUNTS

- 11.1 Bank will not allow any debit transaction in an inoperative account unless there is a customer induced activation.

11.2 Bank shall ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts. The bank shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

12. CUSTOMER AWARENESS

12.1 Information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein will be made available in the Bank's website and branches along with necessary claim forms and documents for the benefit of customers.

12.2 Bank will conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

Annex I:

1. FINANCIAL TRANSACTIONS

- a) ATM/ Cash withdrawal/deposit
- b) RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- c) Internet Banking Transactions
- d) Debit Card Transactions
- e) Transfer of funds from / to the linked CBDC(e-Rupee) account
- f) Cheque Clearing
- g) Remittance of funds by way of demand drafts
- h) Cash withdrawal by third party through cheque
- i) Standing Instructions issued by the customer
- j) NACH Debit / Credits
- k) Term Deposit Interest / proceeds
- l) Dividend on shares/Interest on Debentures or any other investment proceeds
- m) Direct Benefit Transfer (DBT) credits
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debits

2. Bank Induced Transactions

- a) All types of charges levied by banks including taxes deducted
- b) Savings Bank account interests

4. Policy on Frequent Dishonor of Inward clearing cheques & NACH/ECS for financial reasons

1. Introduction:

- 1.1 RBI has advised on Dishonour of Cheques in Chapter VI Para number B.8 of Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025 vide Circular RBI/DOR/2025-26/170 DOR.MCS.REC.No.89/01-01-032/2025-26 dated November 28, 2025
- 1.2 Further, RBI, vide its above stated circular left it to the discretion of the banks to determine their response to dishonour of cheques of the account holders and has also advised the banks to put in place an appropriate and transparent policy, approved by the Board or its Committee, taking into consideration the need to prevent misuse of the cheque drawing facility and avoid penalising customers for unintended dishonour of cheques.
- 1.3 In light of the above instructions, the policy on frequent dishonour of inward cheques & NACH/ECS due to financial reasons and actions to be undertaken thereon has been formulated by the Bank, which are duly approved by the Board of the Bank.
- 1.4 The Policy will be hosted on the Bank's website (www.bandhanbank.com) and shall be referred to in the terms and conditions of the account opening form. SMS would be sent to customers advising them to refer to Policy on frequent dishonour of inward cheques & NACH/ECS for financial reasons hosted on our website.
- 1.5 Bank's branches will give wide publicity to this Policy by prominently displaying salient features thereof in bold and visible letters on their notice boards.

2. Dealing with frequent Dishonour/Return of Inward Clearing Cheques & NACH/ECS:

- 2.1 A paying branch will return dishonored inward cheques presented through clearing houses strictly as per the return discipline prescribed for the respective clearing house in terms of Uniform Regulations and Rules for Banker's Clearing Houses.
- 2.2 Inward cheques dishonored for want of funds in respect of all accounts will be returned along with a memo indicating therein the reason for dishonor as "Insufficient Funds".
- 2.3 The Bank will not levy any penal charges for returning cheques for non-financial (technical) reasons. However, charges are levied in case of cheque returns for financial reasons as per the bank's standard Schedule of Charges.
- 2.4 These penalties are not only charges for handling the instrument but also act as deterrent for recurrence of such behaviour on part of the customer.
- 2.5 Corrective/punitive actions will be taken by the bank against the drawer including closure of accounts, in case inward cheques & NACH/ECS are returned as per frequency enumerated below. This measure would bring desired discipline to the conduct of liability accounts.

2.5.1. Rs. 1 crore and above in Savings & Current account

- 2.5.1.1. In the event of dishonour of an inward cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued to that account. The bank may consider closing the account at its discretion.
- 2.5.1.2. If a cheque is dishonoured for a third time on a particular account of the drawer during the financial year, the bank will issue a cautionary advice to the concerned constituent drawing his attention to aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonoured on fourth occasion on the same account during the financial year. Similar cautionary advice will be issued if the bank intends to close the account.

2.5.2. Below Rs. 1 crore

- 2.5.2.1. When inward cheques & NACH/ECS, dishonoured due to financial reasons, reach the below mentioned threshold limit during a financial quarter, branches after conducting enquiries on the customer's transactions, should issue a cautionary advice to the concerned account holder drawing his/her attention to aforesaid irregularity and consequential stoppage of cheque facility and even closure of account. After issuing of letter if the customer is not forthcoming for closing the account voluntarily, the branch shall close the account after expiry of the notice period and the proceeds should be handed over to the customer.

Sr. No	Type of Account	Number of Inward Cheques & NACH/ECS returned due to lack of funds/insufficient funds during a financial quarter
1	Savings	5
2	Current	5

* Cheque return cases above 1 crore in the quarter shall also be considered

- 2.5.2.2. The bank may consider closing Savings Bank account/Current account in all eligible cases. Such account closed should be checked by auditor and should form part of audit check list.
- 2.6 Accounts such as cash credit account, overdraft account with frequent dishonor/return of inward cheque & NACH/ECS may be treated as stressed accounts and dealt with accordingly.
- 2.7 For all cases of cheque return of higher values (10 lacs & above), for financial reasons, the respective Branch Head/Cluster Head will personally conduct an enhanced due diligence (EDD) in the account & necessary action will be taken, in consultation with the respective Regional Head, based on the outcome of the site visit/profile checks.

3. Exceptions to Cheque Returns in the accounts:

- 3.1 Any exemption for allowing the accounts to operate despite return of inward cheques & NACH/ECS beyond the threshold limits shall be approved by the Zonal Head after analysing the reasons and relationship of the customer with the bank for which record should be maintained for verification in future. Monthly control return should be submitted to Head-Branch Banking for such exempted cases with rationale.

4. Enablers & MIS:

- 4.1 Monthly report of inward cheques & NACH/ECS returned for financial reasons shall be provided/made available to Branch officials.

5. Deceased Depositors Policy along with Nomination Rules

1. Introduction:

1.1 Death of a person is a turbulent period, both mentally and financially, for the members of the bereaved family. Speedy disposal of claim petitions of deceased depositors would be a solace to the legal heirs/nominee/survivor of the deceased depositor. The Bank shall adopt the policy of efficient and hassle-free handling of claim petitions by branches/banking units while ensuring that the money of deceased depositor is claimed by the persons who are entitled thereto.

1.2 All operational guidelines related to the process will be covered in internal SOP of the bank. The bank will use the standardized forms for receiving the claims as per formats provided in the Standard Operating Procedure (SOP), in line with RBI/DOR/2025-26/170 DOR.MCS.REC.No.89/01-01-032/2025-26 Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025 updated as on November 28, 2025 and will be updated as per subsequent amendments from time to time.

All related statutory guidelines/ circulars issued by RBI/ GOI are incorporated in the policy. Further, if any amendments to the existing norms are made by the Reserve Bank of India or other Statutory Bodies/ Regulators, the same will be applicable and it will be treated as part of the policy.

2. Definitions:

- I. **'Accounts with survivorship clause'** refers to joint deposit accounts styled as 'either or survivor', or 'anyone or survivor', or 'former or survivor' or 'latter or survivor' or any other such clause.
- II. **'Apostille'** refers to a certificate that authenticates the origin of a public document (e.g., a birth, marriage or death certificate, a judgment, an extract of a register or a notarial attestation). Apostilles can only be issued for documents issued in one country party to the Hague Apostille Convention and that are to be used in another country which is also a party to the Convention. In India, such attestations are done by Ministry of External Affairs.
- III. **'Bank Rate'** refers to the rate published by Reserve Bank in terms of Section 49 of the Banking Regulation Act, 1949.
- IV. **'Customer'** refers to a person who may be a depositor or a locker hirer with a bank.
- V. **'Depositor'** refers to an individual(s) who has any type of deposit account with a bank such as Savings account, Current account, Term Deposit account, etc.
- VI. **'Equivalent e-document'** shall have the same meaning as defined in Reserve Bank of India (Commercial Banks – Know Your Customer) Amendment Directions, 2025 as amended from time to time.
- VII. **'Officially Valid Document'** refers to the documents as detailed in Reserve Bank of India (Commercial Banks – Know Your Customer) Amendment Directions, 2025 as amended from time to time.
- VIII. **'Threshold limit'** means an internal threshold limit decided by bank which is Rs. 15 lacs for Bandhan Bank.

Provision of law regarding legal heirs under various personal laws will be followed as per the explanation given in IBA Model Operational Procedure for Settlement of Claims of Deceased Depositors & Return of Articles in Safe Deposit Lockers/ Safe Custody- April 2014 as amended from time to time.

3. Guidance to Customers on advantages of Nomination and Survivorship Mandate:

Bank will take steps to spread awareness and give wide publicity to these facilities along with the procedure for settlement of claims and educate Customers about the advantages of Nomination Facility and Survivorship Mandate. Bank shall adhere to the Key provisions relating to Nomination under the Banking Laws (Amendment) Act 2025 and the relevant provisions of Indian Contract Act and Indian Succession Act related to safe deposit locker, Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025 dated November 28, 2025 and as amended from time to time and Gazette notification issued by DFS,MOF dated October 27,2025 on Banking Companies (Nomination) rules,20 25 and Sections 45 ZA to 45 ZG of the Banking Regulation Act, 1949.

Bank will adhere to all such guidelines as mentioned above and as amended from time to time.

4. Settlement of Claims in Deposit Accounts of Deceased Depositor

a) Process for settlement of claims for Accounts with nominee(s)/ Survivorship Clause

I. Accounts with survivor/nominee clause:

A deposit account where a depositor had made nomination or where the account was opened with the survivorship clause ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the payment of the outstanding balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder will represent a valid discharge of the bank's liability provided:

- i. Bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of death of the account holder, through appropriate documentary evidence,
- ii. There is no order from the competent court restraining the bank from making payment from the account of the deceased; and
- iii. It has been made clear in writing to the survivor(s) / nominee(s) that they would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made. In the case of a joint deposit account with or without survivorship clause, the nominee's right arises only after the death of all the depositors.
- iv. Payment made to the survivor(s) / nominee(s), subject to the foregoing conditions, shall constitute a full and valid discharge of the bank's liability. Hence, while making payment to the survivor(s) / nominee of the deceased depositor, the Bank will not insist on production of legal documents such as succession certificate, letter of administration or probate of will, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.
- v. Apart from the rules, acts and other regulatory references bank will not make payments for deposit and safe deposit locker related relationships as these would not result in valid discharge from bank's end.
- vi. The Branch Head shall be the competent authority to approve such payments with nomination or survivorship mandate.

II. Document requirements for Claims – Deposit accounts with Nomination/Survivor:

- i. Claim Form
- ii. Death certificate issued by municipal authorities/government department. The photocopy should be original sighted by the Bank officer
- iii. For Death Certificate (DC) issued outside India, the Death Certificate should be authenticated by any one or more of the following modes, done in the country of its issuance:
 - Authorized officials of overseas branches of scheduled commercial banks registered in India **OR**
 - Branches of overseas banks with whom Indian banks have correspondent banking relationship **OR**
 - A Court magistrate/Judge/Notary Public **OR**
 - Consularised by Indian Embassy/ Consulate General in the country of issuance **OR**
 - Apostilled
- iv. Officially Valid Document of the nominee/ survivor towards verifying her/ his identity and address.

5. Process for settlement of claims for Deposit accounts without nominee/ survivorship clause

Simplified Procedure for settlement of claims: In cases wherein the

- (i) a deceased depositor(s) had not made any nomination or in case of a joint account, the account was without nominee/ survivorship clause,
- (ii) there is no Will left behind by the deceased depositor(s),
- (iii) there is no contesting claim, and
- (iv) there is no order from a competent court in the knowledge of the bank, restraining the claimant(s) from receiving nor the bank from making the payment.

the Bank will follow a simplified procedure as mentioned below for settlement of claims to legal heir(s)/Claimant(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person wherein the aggregate amount payable, including accrued interest, as on date of the application **is up to the threshold limit of 15 lacs.**

5.1 Claim amount up to threshold Limit: :

- I. In cases where the total claim amount is up to a threshold limit which is 15 lakhs for the bank , the claim will be settled based on following documents.

II. Documents required:

- i. Claim Form duly filled and signed by the Claimant(s), other than those who signed the letter of disclaimer/no objection.
- ii. Death certificate issued by municipal authorities/government department. The photocopy should be original sighted by the Bank officer
 - a. For Death Certificate (DC) issued outside India, the Death Certificate should be authenticated by any one or more of the following modes, done in the country of its issuance

- Authorized officials of overseas branches of scheduled commercial banks registered in India **OR**
 - Branches of overseas banks with whom Indian banks have correspondent banking relationship **OR**
 - A Court magistrate/Judge/Notary Public **OR**
 - Consularised by Indian Embassy/ Consulate General in the country of issuance; **OR**
 - Apostilled
- iii. Officially Valid Document of the claimant(s) towards verifying his/ her identity and address
- iv. Stamped Bond of Indemnity signed by the Claimant(s)
- v. Letter of disclaimer/no objection from non-claimant legal heir(s) if applicable and
- vi. Legal Heir Certificate issued by a competent authority; **OR** Declaration, regarding the legal heir(s) of the deceased depositor(s) by an independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.
- vii. No bond of surety from a third-party shall be obtained in case of claims up to the threshold limit.

Following authorities shall be the competent authority to approve such payments as per the following grid

- Cluster Head – Up to an amount of Rs.1 lac
- Regional Head – Up to an amount of Rs. 5 lacs.
- Zonal Head – Up to an amount of Rs. 15 lacs.

5.2 Claim amount above threshold limit:

Cases where the total claim amount exceeds Rs.15 lakhs (rupees Fifteen lakhs) or, the claim will be settled as per the process of claim amount above the threshold limit.

Documents required for settlement of claims above threshold limit

- i. Claim Form
- ii. Death Certificate issued by municipal authorities/government department
- a. For Death Certificate (DC) issued outside India, the Death Certificate should be authenticated by any one or more of the following modes, done in the country of its issuance:
- Authorized officials of overseas branches of scheduled commercial banks registered in India **OR**
 - Branches of overseas banks with whom Indian banks have correspondent banking relationship **OR**
 - A Court magistrate/Judge/Notary Public **OR**
 - Consularised by Indian Embassy/ Consulate General in the country of issuance; **OR**
 - Apostilled
- iii. Officially Valid Document of the claimant(s) towards verifying his/ her identity and address
- iv. Succession Certificate **OR**
- v. Legal Heir Certificate issued by a competent authority; **OR** Affidavit, sworn before a Notary Public/ Judicial Magistrate regarding the legal heir(s) of the deceased depositor, by an independent

person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.

In such cases wherein the legal heir certificate/affidavit is given, the bank shall also call for stamped bond of indemnity and letter of disclaimer/no objection from non-claimant legal heir(s) (if applicable) in addition to claim form and OVD documents of the claimant(s).

The bank will also call for a bond of surety, from third-party individuals (which may include non-claimant legal heir(s)) who are acceptable to the bank and good for the claim amount.

Following authorities shall be the competent authority to approve such payments as per the following grid:

- Cluster Head – Up to an amount of Rs.20 lacs
- Regional Head – Up to an amount of Rs. 30 lacs.
- Zonal Head – Up to an amount of Rs. 50 lacs.
- Head Branch Banking – Up to an amount of Rs. 1 crore
- ED & CBO/ED & COO/CFO/MD – Any amount above Rs. 1 crore

5.3 Settlement of Claims not falling under the Simplified Procedure

I. Claims involving 'Will' without any dispute

Bank shall settle claims involving 'Will' left behind by a deceased depositor on the basis of Probate of Will/ Letter of Administration, as applicable, in addition to documents

- Claim Form duly filled and signed by the Claimant(s), other than those who signed the letter of disclaimer/no objection.
- Death certificate issued by municipal authorities/government department.
 - a. For Death Certificate (DC) issued outside India, the Death Certificate should be authenticated by any one or more of the following modes, done in the country of its issuance
 - Authorized officials of overseas branches of scheduled commercial banks registered in India **OR**
 - Branches of overseas banks with whom Indian banks have correspondent banking relationship **OR**
 - A Court magistrate/Judge/Notary Public **OR**
 - Consularised by Indian Embassy/ Consulate General in the country of issuance; **OR**
 - Apostilled
- Officially Valid Document of the claimant(s) towards verifying his/ her identity and address

In cases where a person other than a legal heir is named as a beneficiary in the Will, applicable documents shall also be obtained from her/ him.

The bank may exercise discretion and act as per 'Will' of the deceased without requiring production of the probate of such Will, provided the same is not inconsistent with applicable laws, there is no dispute regarding the Will amongst the legal heir(s) and/ or beneficiaries named in the Will and the bank is otherwise satisfied as to the genuineness of the Will. In such cases, the bank shall additionally call for the documents given below:

- Stamped Bond of Indemnity signed by the Claimant(s)
- Letter of disclaimer/no objection from non-claimant legal heir(s) if applicable and

II. Cases involving contesting claims/ dispute

In case of contesting claims or dispute amongst the legal heir(s) and/ or the beneficiaries named in the Will of the deceased depositor, the bank shall settle claims on the basis of Probate of Will or Letter of Administration or Succession Certificate or Court order/ decree, as applicable, and the documents such as claim form, death certificate and OVD of the claimant(s). Further, where there is an order from a Court restraining the bank from making the payment, the claim shall not be entertained during the period the order is in force. The settlement of claim shall be considered based on subsequent Court order to that effect.

III. No bond of surety shall be insisted from a third party in cases falling under either paragraph 5.3 (I) and 5.3 (II).

All claims from customers having liability relationship received at banking units (BUs) shall also follow the same process and approval matrix, by routing the requests to the assigned general banking branch.

6. Treatment of credits in the name of the deceased depositor post settlement:

In order to avoid hardship to the survivor(s) / nominee(s)/legal heir(s) of a deposit account, banks will adopt the following approach:

- I. In the event there are credit transactions in the name of the deceased depositor post settlement of the deposit accounts, the Bank will return the same to the remitter with the remark 'Account holder deceased' and to intimate the survivor(s)/nominee(s)/legal heir(s) accordingly. This will enable the survivor(s)/nominee(s)/Legal Heir(s) to approach the remitter to effect payment in the name of the appropriate beneficiary.

7. Settlement of claims in respect of missing persons

- I. The nominee(s)/ legal heir(s) of a missing person shall be required to get an order from the competent court under the provisions of Sections 110 or 111 of the Bharatiya Sakshya Adhinyam 2023, The claim in respect of such missing person shall be settled as per the procedure applicable for settlement of claims in respect of a deceased customer.
- II. In such cases, a copy of the court order declaring the civil death of the account holder shall be obtained in lieu of the death certificate.
- III. However, to avoid inconvenience and undue hardship to the common person where the aggregate amount payable, including accrued interest, as on the date of the application is less than ₹1 lakh, a copy of the First Information Report (FIR) and non-traceable report issued by police authorities shall be obtained **in lieu of death certificate** or an order from a competent court declaring the civil death of the account holder for settling the claim.

Settlement of claims in respect of deposit accounts of a sole proprietary concern

Nomination facility is also available in respect of deposits held in the name of a sole proprietary concern. Accordingly, a bank shall follow the procedure for settlement of claims in respect of such accounts as has been prescribed above for the accounts with/ without nominee/ survivorship clause, as applicable

8. Settlement of Claims in case of Safe Deposit Locker of Deceased Customer

A. Claims with Nominee(s)/ Survivor(s)

(a) If a sole locker hirer nominates an individual(s) to receive the contents in the locker in case of her/ his death, a bank will give access of the locker to such nominee(s) with liberty to remove the contents of the locker.

(b) In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirers nominate any other individual(s), in the event of death of any of the locker hirers, the bank will give access of the locker and the liberty to remove the contents jointly to the nominee(s) and the survivor(s).

(c) In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the bank will follow the mandate in the event of death of one or more of the joint locker hirers.

(d) In case of a minor nominee, the bank will ensure that, the contents of locker, when sought to be removed on behalf of the minor nominee, are handed over to the guardian whose details have been provided in the nomination form. If the details of the guardian have not been provided in the nomination form, the bank will hand over the contents of the locker to a person who is, in law, competent to receive the contents of safe deposit locker on behalf of such minor.

Documents for processing the claim in cases falling under paragraphs 8 (a) and 8 (b) above:

- (i) Claim form, duly signed by the nominee(s)/ survivor(s);
- (ii) Death certificate of the safe deposit locker hirer(s); and
- (iii) Officially Valid Document of the nominee/ survivor towards verifying her/ his identity and address.

A bank will ensure the following before giving access to the contents to the nominee(s)/ survivor(s):

- (i) Exercise due care and caution in establishing the identity of the nominee(s)/ survivor(s) and deceased status of the locker hirer(s) by obtaining appropriate documentary evidence (physical or equivalent e-document);
- (ii) There is no order or direction as on date from a Court/ Forum in the knowledge of the bank, restraining the nominee(s)/ survivor(s) from having access or the bank from giving access to the locker of the deceased hirer(s) and liberty to remove the contents of such locker; and

(iii) Bank will also make it clear to the nominee(s)/ survivor(s) that access and liberty to remove the contents of the locker is given to them only as a trustee of the legal heir(s) of the deceased locker hirer(s), i.e., such access and liberty to remove the contents given to them shall not affect the right or to whom the access is given.

Production of legal documents, viz. Succession Certificate, Letter of Administration, Probate of Will, etc. or Bond of indemnity from the nominee(s)/survivor(s) shall not be required unless there is any discrepancy in nomination.

B. Cases without nominee/survivorship clause

Settlement of claims falling under the simplified procedure

Keeping in view the imperative need to avoid inconvenience and undue hardship to the legal heir(s)/ claimant(s), a bank will adopt a simplified procedure for settlement of claims in safe deposit lockers *provided* there is no dispute amongst the legal heir(s)/ claimant(s) and

- (i) the deceased locker hirer(s) had not made any nomination or
- (ii) the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause or
- (iii) there is no 'Will' left behind by the deceased locker hirer.

(b) Documents to settle the claim

- (i) Claim form, duly filled and signed by the claimant legal heir(s);
- (ii) Death certificate of the safe deposit locker hirer(s);
- (iii) Officially Valid Document of the claimant(s) towards verifying her/ his identity and address;
- (iv) Letter of disclaimer/ no objection, from non-claimant legal heir(s), if applicable; and
- (v) Legal Heir Certificate issued by a competent authority or Affidavit, sworn before a Notary Public/ Judge/ Judicial Magistrate regarding the legal heir(s) of the deceased locker hirer(s) by an independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.

C. Settlement of Claims not falling under the Simplified Procedure

(a) Claims involving 'Will' without any dispute

The bank will settle claims involving 'Will' left behind by a deceased safe deposit locker hirer on the basis of Probate of Will/ Letter of Administration, as applicable and following additional documents:

- (i) Claim form, duly filled and signed by the claimant legal heir(s);
- (ii) Death certificate of the safe deposit locker hirer(s);
- (iii) Officially Valid Document of the claimant(s) towards verifying her/ his identity and address;

In cases where a person other than a legal heir is named as a beneficiary in the Will, applicable documents shall be obtained from her/ him.

However, the bank may exercise discretion and act as per 'Will' of the deceased without requiring production of the probate of such Will, provided the same is not inconsistent with applicable laws, there is no dispute regarding the Will amongst the legal heir(s) and/ or beneficiaries named in the Will and the bank is otherwise satisfied as to the genuineness of the Will. In such cases, bank will additionally call for the documents mentioned below:

- (iv) Letter of disclaimer/ no objection, from non-claimant legal heir(s), if applicable; and
- (v) Legal Heir Certificate issued by a competent authority or Affidavit, sworn before a Notary Public/ Judge/ Judicial Magistrate regarding the legal heir(s) of the deceased locker hirer(s) by an independent person who is well known to the family of the deceased, is not a party to the claim and is acceptable to the bank.

(b) Cases involving contesting claims/ dispute

Cases involving dispute amongst the legal heir(s) and/ or beneficiaries named in the Will, as applicable, will be settled based on Probate of Will or Succession Certificate or Letter of Administration or Court order/ decree, as the case may be, and the additional documents as given below

- (i) Claim form, duly filled and signed by the claimant legal heir(s);
- (ii) Death certificate of the safe deposit locker hirer(s);
- (iii) Officially Valid Document of the claimant(s) towards verifying her/ his identity and address;

9. Availability of forms:

The standardised forms and other documents required for settlement of claims with respect to the deposit accounts/ safe deposit locker kept by a deceased customer will be made available in all the branches as well as on the bank's website for the convenience of the claimant(s). Further, the bank will also display on its website, the list of documents to be submitted by a claimant and the procedure to be followed for settlement of claims in various scenarios.

A claimant will be allowed to lodge the claim at any of the branches against acknowledgment. In case all required documents for processing of the claim have been submitted by the claimant, the bank will also issue a confirmation in this regard. However, in case of any pending or incomplete/ incorrect documents, the bank will intimate the claimant about the list of such documents while acknowledging the receipt of claim. On subsequent submission of all the required documents, the bank will issue a confirmation to the claimant that all required documents have been received for processing of the claim.

The bank may provide the facility for online lodgement of such claims. Upon a claimant uploading the claim

form along with the required documents, bank will send acknowledgement/ confirmation through appropriate channels and also make available the provision for online tracking of the status of the claim. In such cases, if the bank requires the claimant to produce original documents for submission/ verification, the same will be allowed to be done at any of its branches.

10. Time Limit for settlement of claims:

- 10.1 A bank will settle a claim in respect of deposit accounts of a deceased customer within a period not exceeding 15 calendar days from the date of receipt of all the required documents associated with the claim.
- 10.2 In case of safe deposit locker, the bank will, within 15 calendar days of receipt of all the required documents, process the claim and communicate with the claimant(s) for fixing the date for making inventory of the locker.

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

Payment of interest on matured deposits may be paid to the claimants of term deposits of deceased account holder/s as per the Bank's approved policy/guidelines for payment of interest on overdue term deposits.

Premature termination of term deposit accounts in case of depositor's death

Bank will incorporate a clause in the account opening form itself to the effect that in the event of death of the depositor, premature termination of term deposits would be allowed without any penal charge, even if the deposit is within the lock-in-period.

- I. Premature termination of term deposits opened jointly, with or without survivorship clause, shall require the consent of the surviving depositors and the legal heir(s) of the deceased joint holder, in case of death of one of the depositors. However, in case of joint accounts with survivorship clause, if a specific mandate is furnished by all the depositors jointly to the bank, either at the time of placing the term deposit or anytime subsequently during the tenure of the deposit, then premature withdrawal option shall be allowed to the survivors on the death of any of the depositors, without seeking the concurrence of the legal heir(s) of the deceased joint deposit holder.
- II. Premature withdrawal will not attract any penal charge.

12. Reporting to Customer Service Committee of the Board:

12.1 A report will be placed before the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, comprising the details of the number of claims received pertaining to deceased depositors / locker-hirers and those pending beyond the stipulated period, giving reasons, therefore.

13. Release of other assets of the deceased borrowers to their legal heirs.

Bank will not insist on legal representation for release of other assets of deceased customers irrespective of the amount involved.

However, Bank will call for succession certificates from legal heirs of deceased borrowers in cases where there are disputes, and all legal heirs do not join in indemnifying the bank or 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 borrower.

14.Compensation for the delay:

- 14.1 If any deposit related claim is not settled within the timeframe stipulated in section 10 above, then the bank shall communicate the reasons for such delay to the claimant(s). Further, in cases of delay attributable to the bank, compensation shall be paid by the bank in the form of interest, at a rate not less than the prevailing Bank Rate + 4% per annum, on the settlement amount due for the period of delay. The reference date for reckoning the amount due and the prevailing Bank Rate shall be the date of receipt of all required documents from the claimant.
- 14.2 For claims related to safe deposit locker, the bank will pay compensation to the claimant(s) at the rate of ₹5,000 for each day of delay, in cases where it doesn't adhere to the timeline prescribed above in section 10.

6. Policy on Cash Retention Limit

Para No.	Particulars
1	Introduction
2	Objective
3	Retention of cash in the Branches and Banking Units
4	Cash holding limits to be set
5	Cash holding limit at the Bank level (Bank Cash Holding Limit - BCHL)
6	Cash Retention Limit (CRL) for the bank branches
7	Availability of Strong Room in the branch / size of branch premises
8	Business volume of the Branch
9	Location / Category of the branch
10	Availability of avenues and logistics for disposing surplus to the branch
11	ATMs attached with the branches
12	Banking Unit(s) attached with the branch
13	Past trend of daily cash transaction (receipt and payment)
14	CRL for newly opened branches
15	Cash Retention limits for Banking Units
16	Cash retention limits of Housing Finance Offices
17	Cash retained in ATMs
18	Approving Authority for cash retention limits
19	Breaches in Cash Retention Limit
20	Review of the Policy

1. Introduction:

- 1.1. Bandhan Bank is committed to provide world-class banking experience to all its customers. Accepting deposits in cash from its customers as well as allowing withdrawals of cash by its customers are amongst the most essential and basic services offered to its customers by the Bank. While the volume of non-cash mode of transactions, especially electronic transactions, are increasing rapidly, cash-based transactions continue to remain important for customers, especially those from micro banking and some specific business segments. However, given that considerable risk and cost are associated with processing and holding physical cash, it is essential that cash should be managed in a disciplined manner and retained at an optimum level only.

2. Objective:

- 2.1. The objective of this policy is to lay down the basic principles and guidelines for setting Cash Retention Limit (CRL) for the banking outlets of the Bank. CRL would be set up to facilitate adequate cash holding for day-to-day customer transactions and to prevent retention of excess cash overnight and thereby reducing risk and insurance coverage requirement, both of which adversely impact profitability.

3. Retention of cash in the Branches and Banking Units:

- 3.1. Branches and Banking Units are required to retain some cash overnight in their vaults / safes to meet the customer payment requirements, including ATM replenishment. The amount actually retained overnight also depends on availability of avenues for disposal of surplus cash.
- 3.2. While availability of sufficient cash is essential for functioning of a bank branch / banking unit, retaining cash, in excess of what is required for payment purposes, is not profitable for the Bank. Cash retained in the branch / banking unit vaults / safes is an idle asset.
- 3.3. Each branch / banking unit will be responsible for managing its cash. It will be the responsibility of the branch / banking unit to assess its requirements and accordingly arrange for procurement / disposal of cash. Branches / banking units will make the best use of the cash disposal avenues available to them to avoid retaining cash in excess of their requirement.

4. Cash holding limits to be set:

- 4.1. An overall cash holding limit at the Bank level.
- 4.2. Branch / Banking Unit wise cash retention limit.

5. Cash holding limit at the Bank level (Bank Cash Holding Limit - BCHL):

- 5.1. Keeping in consideration the fact that the holding of cash by the outlets of the Bank is a direct consequence of the business that they do, especially transactions related to current and savings (CASA) accounts, the cash holding limit at Bank level will be arrived at based on the following:

- a) Volume of CASA business as a certain volume of cash transactions is expected with CASA business. The amount of cash to be held may be pegged (as percentage) with the level of CASA business.
- b) Benchmarking with the leading peer banks.

5.2. Keeping in consideration our business requirements and the level of cash maintained by our peer banks, the Bank level cash-holding limit for the Financial Year would be 2.5% of the projected CASA balances of the Bank as at the end of the Financial Year.

5.3. The Bank Cash Holding Limit will be reviewed annually. An interim review may be conducted if necessitated due to changes in the operating environment.

6. Cash Retention Limit (CRL) for the bank branches:

6.1. In order to align the branches with the overall objectives of the Bank and to instill a sense of discipline regarding cash holding, Cash Retention limit (CRL) will be allocated to each of the branches.

6.2. While maintaining the overall cash holding limit within BCHL, the maximum cash retention limit that maybe allocated to a branch would be 5% of its projected CASA. However, exception to this may be made with the recommendation of *Head – LTO & OSG*. The CRL allocated to a branch would be based on the factors mentioned below.

6.3. The purpose of the CRL would be to facilitate holding of optimal amount of cash by the branches – adequate for supporting business transactions including customer payments but not in excess of the requirement. It would thus mitigate operational risk and enhance fund efficiency without affecting smooth flow of business operations and customer service.

6.4. CRL for the branches will be set taking into account the following:

- a) Business volume (projected CASA) of the branch.
- b) Average daily cash receipts, payment and day end retention.
- c) Stock of slow-moving lower denominations and coins in branches.
- d) Location of the branch (market/residential area) – predominance of business accounts with more cash transactions.
- e) Availability of strong room in the branch.
- f) Category of the branch (Metro / Urban / Semi Urban / Rural)
- g) ATMs attached with the branch
- h) Banking Units attached with the branch
- i) Availability of avenues and logistics for disposing surplus cash.
- j) Branches serving as hub branches for cash management.

7. Availability of Strong Room in the branch / size of branch premises:

7.1. Cash held in the branches has to be stored securely to prevent pilferage and damage (from dampness, rodents, termites, etc.).

- 7.2. The availability of space and infrastructure, for holding cash securely, in a branch will be taken into account while setting up of CRL.
- 7.3. Retaining high amount of cash in branches without Strong Room carries a higher level of risk. Therefore, to mitigate risk, it will always be the endeavor of the Bank to maintain low volume of cash in branches where strong room is not available. The CRL of such branches should not exceed Rs. 50 lacs. However, exception to this may be made with the recommendation of *Head – LTO & OSG*.
- 7.4. Size of the branch premises too has a strong bearing on the ease and safety of cash handling / storing. Rural and Small Format Branches should not be allocated CRL higher than Rs. 50 lacs. However, exception to this may be made with the recommendation of *Head – LTO & OSG*.
- 7.5. Recommendation for higher limits for branches without strong rooms and Rural & Small Format Branches will be made only on an exceptional basis and after the recommending authorities are satisfied that, in the interest of business and customer service, higher retention of cash is unavoidable. In case the requirement of holding higher amount of cash in a branch is emanating from the business requirements of banking units, Head – Banking Units should be mandatorily consulted before recommending higher CRL. In the long run, the Bank may consider providing strong rooms to such branches to mitigate risk.
- 7.6. Some branches have considerable stock of lower denomination currency notes and coins. They occupy storage space and constitute idle cash for the branches but are difficult to dispose off. While setting up the CRL of a branch, any substantial stock of lower denomination notes and coins will be taken into consideration.

8. Business volume of the Branch:

- 8.1. The volume of cash transactions in a branch has a direct relationship with the volume of CASA business done by the branch. Higher the CASA business more is the requirement to handle cash transactions and retain cash. Therefore, the cash holding allowed to a branch would have to be considered as a function of its CASA business volume (expressed as percentage).
- 8.2. While adequate CRL would be given to the branches for smooth conduct of business, it will be incumbent upon the branches and their controllers to ensure that unprofitable cash intensive customer relationships are avoided.

9. Location / Category of the branch:

- 9.1. Branches located in busy market areas / close proximity to business establishments tend to have more current accounts and higher volume of cash transactions.
- 9.2. The Metro and Urban branches are expected to have larger CASA book. Therefore, they are also likely to have higher volume of cash transactions.

- 9.3. The impact of the location / category of the branch on the volume of cash transactions, as mentioned above, will be considered while setting up of CRL.

10. Availability of avenues and logistics for disposing surplus to the branch:

- 10.1. The Bank is setting up currency chests in various locations. The currency chests at Patna, Guwahati and Kolkata are already operational. Those branches, which are / will be serviced regularly by these currency chests are / will be in a position to dispose their excess cash efficiently without delay. Hence, such branches would be in a position to render effective customer service while retaining less cash overnight in their vaults.
- 10.2. CRL of branches, regularly serviced by our currency chests, should be determined taking into account the frequency at which they can remit cash to / from currency chest, and must not be merely on the basis of their CASA levels.
- 10.3. The Bank has entered into centralized arrangements with other commercial banks for cash management. In many locations, these arrangements have been very effective in disposal of excess cash by our branches. The existence of such arrangements will be taken into consideration while setting up of CRLs of the branches.
- 10.4. For reasons pertaining to logistics and storage, some branches act as the Hub for cash storage and disposal to nearby branches (Spokes). In such cases, the Hub branches will be allocated higher CRL depending on the amount of cash required to be retained. However, there will be a corresponding lowering of CRLs in the Spoke branches to ensure that proper discipline is maintained and cash holding is in line with BCHL. All such Hub and Spoke arrangements will have to be recommended by the respective Cluster Heads and approved by their Regional Heads.

11. ATMs attached with the branches:

- 11.1. Branches with Onsite / Offsite ATMs need to provide ATM fit notes for cash replenishment in ATMs. These branches need to maintain sufficient stock of ATM fit notes to ensure that the ATMs never go cash dry.
- 11.2. To strike a balance between the requirements to keep ATMs loaded with adequate cash for uninterrupted service and to prevent the storage of excess in ATM, which is both unprofitable and risky, Cash Loading Limit (CLL), i.e. the maximum amount of cash that may be loaded at one go in an ATM, has been set. An ATM may be loaded multiple times in a single day depending on actual requirement.
- 11.3. The CLL has been set at Rs.6 lacs. However, each month, based on various factors like cash disburse pattern, etc., the Cash Loading Limit (CLL) for specific ATM will be decided.
- 11.4. CRL of the branches with ATMs should be set keeping in consideration the cash required for ATM replenishment and should be adequate to accommodate about twice the CLL (avg.) amount of the

ATM(s) attached to a branch. In case any new ATM is made operational during the Financial Year for an existing branch, the CRL of the branch will be revised accordingly.

12. Banking Unit(s) attached with the branch:

- 12.1. Banking units primarily require cash for disbursement of loan amounts to the borrowers and receive cash from borrowers towards loan repayment. Past data reveals that the requirement for cash, by banking units, for customer payment is not consistent across months and shows seasonal variation. With the rise in loan disbursement, the requirement of cash for payment increases, and vice versa.
- 12.2. Unless alternative arrangements (like current accounts maintained with other banks) exists, the banking units depend on their linked branches for procurement or disposal of cash.
- 12.3. The branches arrange for and supply cash, as required, to the Banking Units. When cash received from borrowers exceeds the amount required for payment, banking units deposit the excess cash to their linked branches. Branches often need to hold higher amount of cash in their vaults overnight to meet the requirements of their linked banking units. Many branches have multiple banking units attached to them.
- 12.4. CRL of branches will be set in consideration the number of banking units attached to them. The amount of extra cash which a branch needs to retain for supporting the banking units will be determined from past trends and factored into the CRL.
- 12.5. Given that the volume of cash payment / receipt varies substantially during the year in banking units, the CRLs of the linked branches may accordingly be revised upward or downward during the financial year. This will be done on the recommendation of Head-LTO & OSG and Head –Branch Banking /ED and CBO and Head – Banking Units for bank branches and banking units respectively.

13. Past trend of daily cash transaction (receipt and payment):

- 13.1. While there are many factors (as listed herein above) which help in projecting the likely volume of cash transactions of a branch, which in turn facilitates the setting of an effective CRL, the past trends of cash transactions and cash retention provide a firm basis for predicting the future volume.
- 13.2. The past trend of customer cash receipts, customer cash payments, cash inflow from / cash outflow to banking units and outflow by way of disposal of excess cash must be analysed carefully prior to setting up of CRL of a branch.

14. CRL for newly opened branches:

- 14.1. The average CRL of the previous financial year allocated to the existing branches of same category in the same zone will be taken as the base.
- 14.2. A percentage of the average CRL is proposed to be allotted after factoring in the following conditions:
 - a) Proximity of the branch to the Bank's own currency chests

- b) Availability of cash disposal avenues
- c) Prospect of cash transactions

Category	Percentage of CRL to be allotted to new branch
Metro	30% of average CRL
Urban	30% of average CRL
Semi-Urban	45% of average CRL
Rural	50% of average CRL

- d) However, exception to this may be made with the recommendation of Head – LTO & OSG

15. Cash Retention limits for Banking Units:

- 15.1. The Banking units require cash primarily for making payments of the disbursed loan amounts. Similarly, they receive cash from their borrowers towards repayment of loans.
- 15.2. Banking units depend on their linked branches for their cash-related requirements. However, keeping in consideration the logistic requirements and time efficiency, the banking units, which are located more than 20 km from their linked branches, have been allowed to maintain current accounts with nearby commercial banks for the purpose of cash management.
- 15.3. Banking Units will plan their daily cash requirements based on expected loan disbursements and loan repayments. As required, they will procure or dispose of cash from / to their linked Bandhan Bank branches or other bank branches where current accounts are maintained.
- 15.4. *Head – LTO & OSG* on the recommendation of Head – Banking Units, will set the CRL of the Banking Units after due review of the cash holding requirements of the Banking Units. Particular care will be taken to ensure that the BCHL is not breached. The review shall be done at least once in a financial year. Further, during the financial year, as per requirement, the CRL of any Banking Unit may be changed by *Head- LTO & OSG* on the recommendation of Head – Banking Units.
- 15.5. The current Cash Retention Limit for the Banking Units is as follows:

Banking Units located within 20 Kms distance from their linked Bandhan Bank Branch	Rs. 75,000
Banking Units located beyond 20 Kms from their linked Bandhan Bank Branch	Rs. 1,00,000

16. Cash retention limits of Housing Finance Offices:

- 16.1. Currently Housing Finance offices do not retain overnight cash. In future, if the necessity of doing so arises, CRL will be defined accordingly.

17. Cash retained in ATMs:

- 17.1. Cash will be loaded in ATM as per requirement i.e. keeping in view the dispensation pattern. However, the amount retained in an ATM at any point of time shall not exceed the insurance coverage limit. Currently the limit is Rs.20 lacs.
- 17.2. Cash loading limit (CLL) is the maximum amount of cash that should be loaded at a time in an ATM. CLL of an ATM shall be set based on its cash dispensation trend and with the objective of ensuring availability of cash in the ATM to meet the withdrawal requirement.
- 17.3. Currently, Rs. 6 lacs have been set as the CLL for all ATMs. However, ATM Operations team may, on a monthly basis, allocate a higher CLL, for specific ATMs, based on the analysis of cash dispensation trend for the preceding month.
- 17.4. While the CLL stipulates the highest amount of cash that a branch can load in the ATM at one go, the actual amount loaded may be less depending on the requirement. Branches shall monitor the cash levels in the ATMs by checking the balances in the corresponding GL accounts in CBS and ensure that the ATMs are loaded with sufficient cash to meet the withdrawal requirements, especially during the weekends, consecutive holidays and salary week.

18. Approving Authority for cash retention limits:

- 18.1. The Board of the Bank will approve the Bank Level Cash Holding Limit (BCHL). Operations department, in consultation with General Banking department and EEB department, will prepare the proposal for revision of the BCHL and place the same before the Board for approval.
- 18.2. *Operations department* will be responsible for setting up the Cash Retention Limits (CRL) of individual branches, banking units and housing finance vertical (HFV). The CRLs of bank branches and banking units will be recommended by Head Branch Banking and Head Banking Units respectively and approved by Head - LTOOSG.
- 18.3. An annual review of the Cash Retention Limits (CRL) set for the individual branches and banking units will be undertaken by Operations Department in co-ordination with Branch Banking and Banking Units Department, considering the factors mentioned under point 6.4 above.

19. Breaches in Cash Retention Limit:

- 19.1. Branches:
 - a) It shall always be the endeavor of the branches to ensure that the cash retained at the end of the day is within their allotted CRLs. The branches must effectively plan to dispose of excess cash. However, if in exceptional circumstance, a branch has to retain cash in excess of its allotted CRL, it shall keep its Cluster Head informed of the same. Cluster Head will monitor the situation and provide necessary advice and support to the branch to bring the cash balance back within CRL.

- b) All CRL breaches will have to be reviewed and ratified by the controllers of the branches. If, during a month, the total number of days on which the CRL was breached, is not more than 7 days, the branch will seek ratification from its Cluster Head. In case CRL was breached on more than 7 days, ratification will have to be sought from the Regional Head.
- c) The branches will submit the details of cash holding and the reasons for failure to dispose of the excess cash to the Cluster Head / Regional Head, who will review the same and undertake appropriate measures to prevent such CRL breaches in the future. A copy of the ratification should be kept on record by the branch, for inspection by the internal audit team in the future.

19.2. Banking Units:

- a) In case, Cash Retention Limit of the BU is breached on a particular day/ period, BU Manager shall inform the Divisional Manager (through e-mail) and obtain the ratification for the same. A copy of such ratification should be kept on record for review during future audits.
- b) If during a month, the CRL is breached on 7 days or more in total, the Divisional Manager will have to submit a BU wise report mentioning the reason for the same to the respective Circle-Head. On receipt of the report, the Circle-Head shall examine the facts and reasons for breaches in CRL, take appropriate action and control measures

Review of Banking Operations Policies:

The policy shall be put up to the Board of Directors for review once every Financial Year. Any amendments or modifications to this Policy shall be taken ahead subject to approval of the Board. In the interim period, if any changes/modification in the policy is necessitated by changes in operating environment or any change in regulatory guidelines, approval shall be sought from the MD & CEO. All such changes shall be placed before the Board of Directors during the policy review for ratification.