

Policy of levying charges for products and services

Current Version: 1.0

Table of Contents

| | |
|--|----|
| INTRODUCTION..... | 3 |
| PURPOSE & SCOPE..... | 4 |
| PRODUCTS AND SERVICES..... | 4 |
| CHARGES PRINCIPLES AND GUIDING FRAMEWORK..... | 9 |
| DIFFERENTIAL CHARGES OF PRODUCTS / SERVICES AND CUSTOMER SEGMENTS..... | 11 |
| GUIDELINES WITH RESPECT TO SPECIFIC PRODUCTS/SERVICES..... | 11 |
| LIST OF ACRONYMS..... | 13 |

INTRODUCTION

Charges is an integral part of the product and services offered by the bank, considering various factors including costs, profit margin, value for the customer, competition benchmarking, risk factors, taxes and other statutory requirements. Focusing on gaining a competitive advantage, any management

analyses the situations and factors, set specific functional objectives and formulates strategic ways for achieving the specified business goals. Therefore, it is important to have a detailed policy outlining the Charges principles basis which the products and services should be calculated and charged to the customer while protecting and ensuring the integrity of the bank and its customers through consistent relationship.

The Charges policy has been designed in line with various directions and guidelines issued by the Reserve Bank of India from time to time.

PURPOSE & SCOPE

This Charges Policy has been documented to standardize the Charges of products and services offered by the SBM Bank (India) Ltd. (referred herein as “Bank” also) to its customers and to ensure that the Bank charges are reasonable, justified and are not out of line with the average cost of providing these services while maintain profitability and competitiveness of its products/services.

Policy covers the products and services offered by the Bank catering to its customers and covers charges like Transactional charges, Service Charges, Penal Charges and Charges levied for non-maintenance of minimum balance, follow up charges, etc.

The interest rates on deposits and fund-based credit products including penal rates across Corporate, SME and Retail portfolios will be governed by the Risk based Charges Policy of the Bank.

PRODUCTS AND SERVICES

SBM Bank (India) Ltd. offers various products and services to its customers. An indicative list of current charges is given below for reference and products/services may keep getting added/removed from this list as per business requirements -

1. Deposits Accounts (Products & Services)
 - a. Savings accounts
 - b. Term Deposits (TD)- Fixed Deposits (FD) and Recurring Deposits (RD)
 - c. Issue of Passbook or Statement/ Issue of Balance Certificate
 - d. Issue of duplicate Passbook or Statement
 - e. Balance inquiry (at Branch)
 - f. Debit card
 - g. Cheque book facility
 - h. Stop Payment
 - i. Cheque return
 - j. Signature Verification
 - k. Account opening/closure
 - l. Account servicing fees
 - m. TDS certificate
 - n. Debit Card transaction charges (ATM withdrawal, Balance Inquiry)
 - o. Internet Banking
 - p. Mobile Banking
 - q. Doorstep Banking
2. Alerts/notifications via Emails, SMS or physical posts
3. Collection services – physical and electronic

4. Payment / remittance facilities (Domestic and International)
 - a. Demand Draft (DD)/ Payment Order (PO) Issuance
 - b. Demand Draft (DD)/ Payment Order (PO) Cancellation
 - c. Demand Draft (DD)/ Payment Order (PO) Revalidation
 - d. Demand Draft (DD)/ Payment Order (PO) Duplicate Issuance
 - e. National Automated Clearing House (NACH)
 - f. Cheque clearing
 - g. Telegraphic Transfer (TT) / Foreign Remittances- Inward and Outward
 - h. Standing Instructions
 - i. eTax
 - j. API Banking
5. Loan Accounts
 - a. Home loans
 - b. Term Loans
 - i. Loans against property (including ODDRL, LRD)
 - ii. Personal loans
 - iii. Business loans
 - iv. Overdraft (OD)
 - v. OD against FD/
 - vi. MSME Loans
 - c. No dues certificate
6. Credit Cards
 - a. Consumer Credit Cards
 - b. Commercial Cards
7. Pre-paid cards
8. Locker:
 - a. Locker rent
 - b. Key deposit charges
 - c. Break open charges
9. Collection facilities
 - a. Collection of Local cheques
 - b. Collection of Outstation cheques
 - c. Cheque Return-Outward (cheque deposited for collection)
 - d. Cheque Return-Inward (cheque received for payment)
 - e. NACH Return-Outward (Mandate deposited for collection)
 - f. NACH Return-Inward (Mandate received for payment)
10. Trade and Forex Transactions.
 - 1.LOCAL BUSINESS**
 - A. Inland Letter of credit (ILC)**
 1. Opening of ILC
 - 1.1 Sight LC
 - a. Commitment Fee
 - b. Usance Commission
 - 1.2 Usance LC
 - a. Commitment Fee
 - b. Usance Commission
 2. Advising of ILC/ Guarantee

3. Amendment of ILC
4. Cancellation of ILC
5. Advising of ILC Amendment

B. Inland Bill Discounting

Processing Fee (Commission charges)

C. Inland Bills for Collection

Processing Fee (Commission charges)

D. Payment of ILC**2. CROSS BORDER BUSINESS****A. Import Letter of credit (FLC)**

1. Opening of FLC
 - 1.1 Sight LC
 - a. Commitment charges and Usance bills up to 10 days
 - b. Processing Fee (commission charges)
 - 1.2 USANCE LC
 - a. Commitment Fee
 - b. Usance Commission
2. Amendment of FLC
3. Cancellation of FLC

B. Import bills

1. Import Bills under LC-Payment of FIBLC
 - a. Retirement of bills under LC
 - b. Crystallisation of bills under LC/buyer's credit
2. Payment of Import Collection Bill (FIBC)
 - a. Payment Commission
 - b. Delayment payment commission
 - c. Dishonour of bill
3. Payment of FIBC directly received by Importer.
Processing Fee (Commission)
4. Advance Import Payments
 - a. Payment Commission
 - b. Follow-up of overdue bills/BOE/MT transactions etc
 - c. Swift charges

C. Exports

Export Letter of credit (EXPLC)

1. Advising of Export Letter of Credit
 - a. Direct advising to customer/non-customer
 - b. Indirect advising to customer
2. Advising of Export Letter of Credit Amendment
 - a. Processing Fee (Commission)
 - b. If the charges are to the account of Issuing Bank USD 50 to be collect along with the same
3. Transfer of Export Letter of Credit
Processing Fee (Commission)
4. Adding confirmation to Export Letter of Credit

- a. Commitment Fee
- b. Usance Commission
- 5. Export Bill
 - a. Negotiation of Export Bill under Letter of Credit (FBN) Processing Fee (Commission)
 - b. Under LC bill - Document Scrutiny as per LC terms
 - c. Export Collection Bill handling (FOBC) including advance received and bill for which full or part payment is received
 - i. Handling Commission
 - ii. Late fee charges after due date
 - iii. write-off of bill (handling commission +)
 - d. Issuance of Bank Realisation Certificate
 - e. Processing Fee (Commission charges) (for our clients)
 - f. follows up for realisation of export overdue bills/Advance export bills

D. Remittances

- 1. Inward remittances
 - a. Export Advance Payment Received
 - b. Other Remittances
- 2. outward remittances
 - a. Import Outward remittances
 - b. Non-Import Outward remittances
- 3. Foreign currency cheques for collection Commission
- 4. Foreign currency cheques purchased (other than interest) Commission
- 5. Travellers cheques purchased Processing Fee (commission charges)
- 6. Outward remittances Processing Fee
- 7. SWIFT Charges
- 8. Issue of Foreign Currency Travellers Cheque Commission

3. FORWARD FOREIGN EXCHANGE CONTRACT

Booking / Cancellation

4. GUARANTEES

- 1. Shipping Guarantees in lieu of Bill of Lading
 - a. Relating to imports under LC's opened by guarantor bank
 - b. others not covered by (a) above.
- 2. Bid Bond Guarantee
- 3. Performance Guarantee
- 4. Advance payment Guarantee
- 5. Other Financial Guarantee
- 6. Amendment to Guarantee
- 7. BG Backed by Counter Guarantee

5. Capital account transactions**1. ODI**

- a. Automatic Route (Initial Remittance)
- b. Subsequent Remittance; Corporate Guarantee reporting; Pledge reporting
- c. Disinvestments
- d. RBI correspondence for Approval Route transactions / Ratification/ Miscellaneous
- e. APR Filing Fees

2. FDI

- a. Inward Remittance (Incl. FIRC issuance charges)
- b. Repatriation
- c. RBI correspondence for Approval Route transactions / Ratification/ Miscellaneous
- d. FIRC Issuance wherein Funds received in INR from other banks
- e. FIRMS reporting where underlying transaction is handled by our Bank
- f. FIRMS reporting where underlying transaction is not handled by our Bank

3. External Commercial Borrowing (ECB)

- a. LRN processing fee (commission charges)
- b. Draw down (Inward Remittance)
- c. Repayment (Outward remittance)
- d. RBI correspondence for Approval Route transactions / Ratification/ Miscellaneous
- e. ECB 2 returns filing

4. Issuance of NOC for pledge (FDI and ECB)**5. Any Follow up reminders for any filing (FCGPR, FCTRS, APR, ECB 2, etc)****6. Miscellaneous Charges**

- a. For processing applications for Project Exports by Bank
- b. Handling of Currency Exports/Imports
- c. For processing any application to RBI
- d. Courier Inland
- e. Courier Foreign
- f. Swift LC / SFMS
- g. Amendment / SFMS
- h. Swift charges for outward remittances
- i. Follow-up of overdue regulatory pendency
- j. Issuance of LC/BG backed by Fixed Deposit
- k. GR/EDF Waiver/approval
- l. AD Code Issuance
- m. Regularisation of Export Bills Basis Credit Card
- n. Shipping Guarantee / Delivery Order
- o. Crystallisation of export/inland bills
- p. Set off of export receivable against the import payable
- q. Extension of due date for realisation of export bill and extension of BOE
- r. Purpose Code Change
- s. Opinion report
- t. Issuance of any certificate / NOC

11. Current and Cash Credit & Overdraft Accounts

12. Cash Product & Services

- a. One time setup charge
- b. Transactional Level charge
- c. API facility
- d. Annual Maintenance
- e. Courier Pickup/Delivery
- f. Penalty / delay payment

This Charges Policy will govern the Charges of all such products and services offered by the Bank which will be covered in the Schedule of Charges (SOC). An indicative list of charges that the bank is levying/introducing is given below for reference, this may change as per business/regulatory requirements -

- a) Non-maintenance of minimum/average balance in accounts
- b) Duplicate Passbook issuance
- c) PO/Banker's cheque/demand drafts – Issuance/Cancellation/revalidation
- d) Cheque return charges drawn on bank
- e) Cheques deposited - Returned Unpaid
- f) Stop Payment Charges
- g) Activation of dormant account
- h) Debit card PIN regeneration
- i) Decline charge for insufficient balance
- j) ECS / NACH Return Charges
- k) SI setup /rejection
- l) Issue of duplicate/ad-hoc statement
- m) ATM/ Debit card- Issuance/Replacement/Transactional charges
- n) Follow up / Penal charges for regulatory pendency
- o) Onboarding or setup charges
- p) Annual Maintenance Charge
- q) Transactional charges

CHARGES PRINCIPLES AND GUIDING FRAMEWORK

The Bank offers various products and services to its customers, and the bank may introduce and charge its customers for the products & services offered. The bank may bifurcate its charges in below types -

- a. Service charges
- b. Penal Charges
- c. Regulatory charges.

A. Service charges are the charges for providing the product & services offered to the customers and the guiding principles for levying these charges will be on a cost-plus basis. The bank may add up suitable mark-up on the actual cost to arrive at the final charges to be levied to the customers. The bank may derive the service charges considering the below elements and any other that may be applicable as per the nature of product/service -

1. Direct and/or indirect costs attributable to the offered product/services
2. Allocation of overhead costs
3. Benchmarking with the competition

The Bank will ensure that the charges are reasonable and are based on the principles established above.

B. Penal Charges – these are deterrent in nature, and the bank constantly reviews these charges by benchmarking with competition. Bank will endeavour that these charges are in line with competition and the bank is not an outlier.

C. Regulatory charges – As prescribed by the regulator from time to time.

The Bank will follow below principles for ensuring reasonableness in fixing and communicating the service charges to its customers -

- a. Schedule of Charges shall be uploaded on bank's website and shall also to be communicated to clients through email 30 days in advance before implementation/modification.
- b. The Schedule of charges shall be displayed at branches.
- c. The Bank will provide to the customers upfront and in a timely manner, complete information on the charges applicable on all basic services.
- d. The Bank may offer Bundled products/services to its customers, and Charges may be offered to the customers basis overall value proposition, market benchmarking, relationship factors, cross-sell business opportunities, etc.
- e. The Bank will provide to the individual customers upfront and in a timely manner, complete information on the charges applicable on all basic services.
- f. The Bank will collect for services given to individuals only such charges which have been notified to the customer.
- g. The Bank will inform the customers in an appropriate manner recovery of service charges from the account or the transaction like suitable narration in the account while posting the charges.
- h. Bank will ensure that any changes in services charges are implemented only with prior notice to the customers of at least 30 days during which period, the customer will be given an option to opt out of the product/service without any cost. The Bank may follow below practices to inform its customers about the applicable charges:
 - a. The Bank may consider the option of carrying out a one-time publicity of the service charges so that all customers are made aware of the charges through its website, branch displays/notice board, or other feasible and cost-effective modes.
 - b. The Bank will communicate the service charges to the new customers at the time of beginning of the relationship or at the time of onboarding the customer.
 - c. The Bank may use appropriate method for communicating the service charges to customers of different profiles for e.g. email communication from RM, booklet/brochure for HNI/UHNI customer, email communication, push notifications on Internet and/or Mobile Banking for digital savvy customers, SMS for rural customers not having email Ids, Card welcome kit or letter for customers opting for Cards, WhatsApp/IVR banking etc.
 - d. The Bank may charge one time setup, annual maintenance, per transaction, API facility and various other charges to customers availing Cash products (collection and payment services under cash management). The charges collected from client shall be communicated at the time of onboarding and debited as agreed by customers. The charges are applied to cover expense incurred by bank towards demonstration, product or services material shared, manpower involved at the time of onboarding, legal expense, transactional cost performed both manual and systems developed using technology and charges paid to vendor, service provider for developing such application or services. These charges also include various reports, reconciliation, dashboard, portal access given to client to ease their accounting and reconciliation. The charges may be higher for customers in medium or high-risk segment which may require additional effort to monitor transactions both manually or through system, alert generation, follow-up and recover cost for remedial action and process improvement expense.
 - e. The Bank may choose appropriate method of communication to the customer as per the available channels/methods and economic consideration.

- b. Any change in charges due to regulatory guidelines will precede anything defined in this Policy and will become effective immediately / as per regulatory deadline.

DIFFERENTIAL CHARGES OF PRODUCTS / SERVICES AND CUSTOMER SEGMENTS

The Bank may Charge its products and services in a differential manner depending on the benefits and features provided by such products or services. For e.g. Debit/Credit/Pre-paid cards programs/ variants can be designed and Charged basis the network variant, withdrawal/spend limits, brand / promotion/ curated offers, concierge service, Insurance covers/benefits, form factor (plastic, metal, green/biodegradable, smart/wearable etc.) and other such factors that create a differentiated product proposition or benefit to the customer.

The Bank may offer differentiated locker charges basis the branch location, actual costs and size of the lockers.

The Bank may fix the minimum/average balance maintenance requirement for account(s) basis the customer segment, scheme code or any other parameter and fix the charges for non-maintenance of the said Minimum/Average balance requirement in accordance with the guiding principles as per this policy.

GUIDELINES WITH RESPECT TO SPECIFIC PRODUCTS/SERVICES

The Bank will comply with RBI Master Circular on Customer Service in Banks dated July 1, 2015.

- 1. Levy of Foreclosure charges/pre-payment Fees on Home Loans**
 - a) There will not be any **Foreclosure** charges/ pre-payment Fees on Home Loans on floating interest rate basis.
 - b) Foreclosure Charges/Pre-payment Fees applicable for fixed rate loan Home Loan accounts where the rate is fixed for entire tenure of loan (as per the terms of sanction and extant guideline).
- 2. Levy of Foreclosure Charges / Pre-payment Fees on Term Loans**
 - c) Foreclosure Charges/Pre-payment Fees to be charged as per applicability for Fixed rate Loan Accounts where rate of interest is fixed for the entire loan tenure of loan for individuals and non-individuals entity basis end use of loan (as per the terms of sanction and extant guideline).
 - d) Foreclosure Charges/Pre-payment Fees to be charged as per applicability for floating rate for non-individuals' entity basis end use of loan (as per the terms of sanction and extant guideline).
 - e) There will not be any Foreclosure charges/ pre-payment Fees on all floating rate term loans sanctioned to individual borrowers.
3. Applicability of Foreclosure Charges/Pre-Payment Fees will depend on Type of Rate (Floating rate/Fixed Rate) at the time of Foreclosure/Pre-payment.
4. Borrowers can avail facility to convert Loans from floating to Fixed Rate (vice a versa) and can also switch back to Floating/Fixed Rate one time only during the tenor of the loan after payment of Switching charges of 0.5% of principal outstanding + taxes.
- 5. No dues certificate: No charges for issuance of No dues certificate.**
- 6. RTGS and NEFT charges for customers:** No charge will be levied for NEFT/RTGS transaction done through Internet and Mobile Banking. For transactions done through branch, charges as per Schedule of charges will be levied."

7. Consequent to the levy of service charges for members under RTGS, banks cannot charge their customers for outward RTGS remittances beyond the amounts stipulated below:

| RTGS Transaction | Maximum customer charges |
|--------------------------|--|
| Inward Transactions | Free |
| Outward transactions | |
| INR 2 lakh to INR 5 lakh | INR 25 + applicable time varying tariff subject to a maximum of INR 30 |
| Above INR 5 Lakh | INR 50 + applicable time varying tariff subject to a maximum of INR 55 |

Maximum charges that can be levied for NEFT transactions are as follows.

| NEFT Transaction amount | Maximum customer charges |
|-----------------------------------|--------------------------|
| Up to INR 10000 | INR 2.50 |
| INR 10,001 up to INR 1 lakh | INR 5 |
| Above INR 1 lakh up to INR 2 lakh | INR 15 |
| Above INR 2 Lakh | INR 25 |

8. Uniformity in Inter sol charges

- Intersol charges refers to the charges for similar product/ service at 'home' or 'base' branch where charges are not levied for products/services versus at other branches or 'non-home' branches of the Bank where charges are levied for the same products/ services.
- As Intersol charges are charges levied by the bank to cover the cost of extending services to customers by using the CBS / Internet / Intranet platform, the cost should be branch / customer agnostic in-principle.
- Cash handling charges may not be included under Intersol charges.
- The Bank will follow a uniform, fair and transparent Charges policy and not discriminate between their customers at home branch and non-home branches. Accordingly, if a particular service is provided free at home branch, the same should be available free at non home branches also. There should be no discrimination regarding the Intersol charges between similar transactions done by customers at home branch and those done at non-home branches.

9. Charges for sending SMS Alerts

- Banks are required to put in place a system of online alerts for all types of transactions irrespective of the amounts involving usage of cards at various channels.
- The Bank may recover the actual costs incurred on sending the SMS to the customer as per the Schedule of Charges notified to the customer with due notice from time to time.

10. Premature Termination of term deposit accounts

- In the case of term deposits, in the event of the death of the depositor, premature termination of term deposits would be allowed. Such premature withdrawal would not attract any penal charge. Further penal charges will not be applicable for premature closure of Term deposits as per extant regulations.
- For other cases, in the event of premature closure of the deposit, a penalty of 1% will be levied on the interest rate for the period for which the deposit had actually run.

11. Basic Savings Bank Deposit Account (BSBDA)

- a. This account shall not have the requirement of any Minimum/Average balance.
- b. The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques drawn by Central / State Government agencies and departments.
- c. While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals.
- d. Facility of ATM card or ATM-cum-Debit Card.
- e. The above facilities will be provided without any charges. Further, no charge will be levied for non-operation / activation of in-operative 'Basic Savings Bank Deposit Account'.
- f. The Bank would be free to define the Charges structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner.
- g. The charges for BSBDA account will be levied in accordance with the regulations.

12. Non-maintenance of Minimum/Average balance in accounts

- a. the Bank will ensure that the charges towards non-maintenance of prescribed Average balance in accounts are reasonable and follow the guiding principles based on cost.
- b. These charges should be directly proportionate to the extent of shortfall observed i.e. the charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the Minimum/Average balance prescribed for the account as agreed upon at the time of opening of account or notified to the accountholder with due notice period. A suitable slab structure for recovery of charges may be finalized.

13. Setup Charge, Annual Maintenance and Transaction Level Charges

- a. The Bank may charge one time implementation cost while setting up cash product mandates under CMS arrangement
- b. The Bank shall also recover maintenance cost annually
- c. Transaction cost shall be recovered at fixed rate or in percentage on total value
- d. the Bank may apply penal charges or delay payment charges for breach in terms of services as informed by bank to customer from time to time.

LIST OF ACRONYMS

| | |
|------|------------------------------------|
| RBI | Reserve Bank of India |
| NEFT | National Electronic Funds Transfer |
| RTGS | Real-time gross settlement |
| UPI | Unified Payments Interface |
| IMPS | Immediate Payment Service |
| ECS | Electronic Clearing System |

| | |
|-------|--------------------------------------|
| TT | Telegraphic Transfer |
| DD | Demand Draft |
| PO | Payment Order |
| PAC | Product & Process Approval Committee |
| CSCB | Customer Service Committee of Board |
| API | Application programming interface |
| IB | Internet Banking (Retail/Corporate) |
| MB | Mobile Banking |
| e-tax | Electronic Tax payment |
| PG | Payment Gateway Services |
| POS | Point of Sale |
| AMC | Annual Maintenance Charge |
| SI | Standing Instruction |