DEPOSIT POLICY

Division: Chennai

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1. Preamble & Objective

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

This policy document on deposits, applicable to Bank of Ceylon, Chennai outlines the guiding principles in respect of formulation of various deposit products offered by the bank and terms and conditions governing the conduct of the account. The document recognises the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

2. Observance of IBA code for Banking Practice

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Indian Banks' Association (IBA) code for banking practice. This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services are issued from time to time.

3. Types of Deposit Accounts

While various deposit products offered by the bank are assigned different names. The deposit products can be categorised broadly into the following types. Definition of major deposits schemes are as under.

“Demand deposits" means a deposit received by the bank which is withdrawable on demand.

"Savings deposits" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period.

"Term deposit" means a deposit received by the bank for a fixed period generally repayable only after the expiry of the fixed period and include deposits such as Recurring/Fixed/ Reinvestment deposits etc.

“Recurring deposit” is a special type of term deposit account which enables a depositor to pay a fixed sum of money in multiples of Rs 100 for a fixed period. “Fixed Deposit” is a form of term deposit where interest is not capitalised in the deposit but transferred monthly/quarterly as per customer mandate. In “Reinvestment Deposits”, interest is capitalised on a quarterly basis and paid out only on maturity.

The term deposits are accepted for a minimum period of 7 days and for a maximum period of 5 years. Recurring Deposit is accepted for a minimum period of 12 months and for a maximum of 5 years. However, deposits received from senior citizens will carry additional interest rate of percentage point (i.e., 50 basis points) over the Card rates. The maximum period of 5 years for acceptance of deposit may be relaxed, if required.

"Current Account" means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account.

3.1 Account Opening and Operation of Deposit Accounts

The Bank before opening any deposit account will carry out due diligence as required under “Know Your Customer” (KYC) guidelines issued by RBI Anti Money Laundering rules and regulations and or such other norms or procedures as per the Customer Acceptance Policy of the Bank.

The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and/or for record. It is expected of the Bank official opening the account to explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he approaches for opening a deposit account.

The regulatory guidelines require Banks to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in the Bank denying to open an account.

Inability of an existing customer to furnish details required by the Bank to fulfill statutory obligations could also result in closure of the account after due notice(s) to the customer.

4. Types of Customers

Bank shall accept deposits from the resident Indians as well as from the Non-resident Indians (NRIs).

Bank shall open deposit accounts in the name of an individual in his own name or by more than one individual in their names. However, the maximum number of account holders shall be restricted to four persons.

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, Departments / Authority created by Government (Central or State), Limited Liability Partnership etc.

Branches shall open current accounts for borrowers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below: For borrowers, where the exposure of the banking system is less than ₹5 crore, there is no restriction on opening of current accounts or on provision of CC/OD facility by banks, subject to obtaining an undertaking from such borrowers that they shall inform the bank(s), as and when the credit facilities availed by them from the banking system reaches ₹5 crore or more. In respect of borrowers where exposure of the banking system is ₹5 crore or more, such borrower can maintain current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the exposure of the banking system to that borrower. Further, other lending banks shall open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned bank maintaining current accounts for the borrower.

In case none of the lenders has at least 10% exposure of the banking system to the borrower, the bank having the highest exposure may open current accounts. Non-lending banks are not permitted to open current accounts. The prospective current account holder shall give an undertaking that "they are not enjoying credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and undertake to inform, in writing, as soon as the aggregate credit facility availed by them from banking system exceeds Rs. 5 crore". Also, the prospective current account holder shall give an undertaking that "in the event of the Bank coming to know of borrower relationship exceeds Rs. 5 crore, if any, by the applicant with other bank(s), suitable authorization given to the Bank to close the current account and / or to take further action at the discretion of the Bank including, but not limited to sending the remittance of the proceeds upon such closure to any lender bank on receipt of any demand there from Branches shall open current accounts for borrowers who have not availed credit facilities in the form cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below: a) In case of borrowers where exposure of the banking system is ₹50 crore or more, banks shall be required to put in place an escrow mechanism. Accordingly, current accounts of such borrowers can only be opened / maintained by the escrow managing bank. However, there is no restriction on opening of 'collection accounts' by lending banks subject to the condition that funds will be remitted from these accounts to the said escrow account at the frequency agreed between the bank and the borrower. Further, the balances in such accounts shall not be used as margin for availing any non-fund based credit facilities. While there is no prohibition on amount or number of credits in 'collection accounts', debits in these accounts shall be limited to the purpose of remitting the proceeds to the said escrow account. Non-lending banks shall not open any current account for such borrowers. b) In case of borrowers where exposure of the banking system is ₹5 crore or more but less than ₹50 crore, there is no restriction on opening of current accounts by the lending banks. However, non-lending banks may open only collection accounts. c) In case of borrowers where exposure of the banking system is less than ₹5 crore, banks may open current accounts subject to obtaining an undertaking from such customers to the effect that customers shall inform the bank(s), if and when the credit facilities availed by them from the banking system becomes ₹5 crore or more. The current account of such customers, as and when the exposure of the banking system becomes ₹5 crore or more and ₹50 crore or more, will be governed by the above lines respectively.

Current accounts for Executors, Administrators, Trustees, Liquidators, etc. can also be opened.

Bank shall open Term Deposits Accounts in the name of individuals / proprietorship concerns / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, LLP, other Banks etc.

4.1 Savings Bank Accounts

Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as approved by Reserve Bank of India from time to time).

Savings Account shall not be opened in the name of entities belonging to the category of bodies/institutions/organizations prohibited by RBI to open such accounts. Savings Bank accounts can be opened by eligible persons except in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards /State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading / business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association.

The above prohibition will not apply in the case of organisations / agencies listed hereunder: [as approved by the RBI].

(1) Primary Co-operative Credit Society which is being financed by the Bank

(2) Khadi and Village Industries Boards

(3) Agriculture Produce Market Committees

(4) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory except Societies registered under the State Co-operative Societies Acts and specific State enactment creating Land Mortgage Banks.

(5) Companies governed by the Companies Act, 1956 which have been licensed by the Central Government under Section 25 of the said Act, or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited' or the words 'Private Limited'. [Companies Act 2013 shall also be referred wherever applicable].

(6) Institutions other than those mentioned above as ineligible to open Savings Bank accounts and whose entire income is exempt from payment of Income tax under the Income-Tax Act, 1961.

(7) Government departments / bodies / agencies in respect of grants / subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Governments subject to production of an authorization from the respective Central / State Government departments to open savings bank account.

(8) Development of Women and Children in Rural Areas (DWCRA).

(9) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members.

(10) Farmers' Clubs - Vikas Volunteer Vahini - VVV.

The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining recent photograph of the person/s opening/operating the account are part of due diligence process. In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules. FATCA declaration is necessarily required for opening of account. For opening of the account or commencement of account based relationship, Aadhaar number is to be submitted by the party to the reporting authority by such date as may be prescribed by the Central Government from time to time. This provision is not applicable to, Where the prospective customer is not a resident as per the Aadhaar (Targeted Delivery of Financial and Other Subsidiaries, Benefits and Services) Act, 2016 i.e. he is not an individual who has resided in India for period /periods amounting in all to 182 days or more in the 12 months immediately preceding the date of application for Aadhaar enrolment, or He/She is a resident of Jammu & Kashmir, Assam or Meghalaya.

4.2 Joint Operations

Deposit accounts can be opened by an individual in his own name (known as account in single name) or by more than one individual in their own names (known as Joint Account).

In the case of joint account opened in the names of more than one individual, mandate can be given for operation of the account in the following manner:

Either or Survivor: If the account is held by two individuals, it can be operated by any of the account holder and in the case of death of one of the account holder, the balance is payable to the surviving account holder.

Anyone or Survivors: If the account is held by more than 2 individuals, the account can be operated by any one of the account holders or the final balance is payable to the survivors on the death of any one or more account holders.

Joint Operation: All the account holders to operate jointly. On the death of any one or more of the depositors the balance is payable to survivor(s) and legal representatives of the deceased.

Former or Survivor: If the account is held by two individuals, the former alone can operate/withdraw the matured amount of the fixed/term deposit, if both the depositors are alive. If the former expires before the maturity of the fixed/term deposit, the Survivor can withdraw the deposit on maturity. Premature withdrawal however would require the consent of both the parties, when both of them are alive, and that of the surviving depositor and legal heirs of the deceased in the case of the death of one of the depositors.

The mandate can be modified at any time with the consent of all the account holders. In the case of term deposit, the mandate for operation will become operational only on or after the date of maturity.

Individuals resident in India may be permitted to include non-resident close relative(s) as a joint holder(s) in their resident bank account on Former or Survivor basis. However, such non-resident close relative shall not be eligible to operate the account during the life time of the resident account holder.

5. Basic Savings Bank Deposit Account

The bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through "BSBDA" and accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines. Small account' means a savings account in a banking company where

- The aggregate of all credits in a financial year does not exceed rupees one lakh;
- The aggregate of all withdrawals and transfers in a month does not exceed INR 10,000; and
- The balance at any point of time does not exceed rupees fifty thousand it can be converted to normal SB account after fulfilling the KYC guidelines and maintenance of applicable minimum balance.

6. Deposits of Non-resident Indians

Rupee deposits are also accepted from Non-Resident Indians and Persons of Indian Origin. They can maintain the following accounts with the bank.

6.1 Non-Resident External (NRE)

NRE accounts can be opened and maintained by non-resident Indians and persons of Indian origin. Such accounts can be operated jointly with non-residents only. They can open Savings and Term Deposit accounts under this category. Account will be maintained in Indian Rupees only. Local funds cannot be credited to this account. In NRE accounts all joint holders should be non-resident Indians. In the case of NRE accounts, term deposits are accepted for a minimum period of 1 year to a maximum period of 3 years. However, banks are free to accept NRE deposits above 3years from the Asset-Liability point of view provided the rate of interest on such long term deposits is not higher than that applicable to domestic deposits of comparable maturity.

6.2 Non-Resident Ordinary (NRO)

Non-resident Indians can also open NRO accounts and can be jointly held with resident or non-resident. NRO accounts may be opened and maintained in the form of Current, Savings or Fixed Deposits. Such accounts should be denominated in Indian Rupees only. Local funds are permitted to be credited to this account. Period of deposit and interest rates in NRO accounts are the same as that of resident deposits.

7. Foreign Currency Accounts

Foreign currency deposits are accepted from both resident and non-resident Indians. Deposits are accepted in select currencies from individuals singly or jointly by two or more individuals. The Know Your Customer norms are followed while opening foreign currency deposits also.

In the case of Foreign currency account in the name of Non-residents, all the joint account holders should be non-residents. In the case of resident foreign currency account, the deposits are opened in the form of current deposit account only and no interest is paid on the deposit. The deposits are opened in select currencies viz.GBP, USD and EURO. The minimum balance required to be maintained will be decided by the bank from time to time and notified.

The Foreign currency non-resident (FCNR) account is opened in term deposits for a minimum period of 1 year and a maximum of 3 years only. The interest rate payable on FCNR deposit is linked to the Alternative Reference Rates (ARR) applicable for each currency and are revised every month. Foreign currency account is also opened in the name of returning non-resident Indians to enable them to keep their foreign currency savings brought in by them. The funds can be held in Savings Bank account without cheque facility or in term deposits not exceeding 3 years. The debits and credits and repatriation of balance

in all these account are subject to FEMA regulations advised by Reserve Bank of India from time to time.

8. Minors' Account

A minor can open Savings Bank Account and the same can be operated by the natural or court appointed guardian. Savings Bank Account or Term Deposit Account can also be opened in the name of a minor jointly with natural guardian or with mother as the guardian (known as Minor's Account) or jointly with a major, where minor is represented by natural guardian. Minors above the age of 10 can be allowed to open and operate Savings Bank Account independently.

The balance in such minor SB account should not exceed Rs.1 lakh (Rupees One lakh only) at any point of time.

Fixed and savings bank accounts can also be opened with mother as guardian and such accounts should always remain in credit. An undertaking indemnifying the Bank relating to operations in the account by the minor will be obtained from the father/mother/legal guardian at the time of opening the account.

On attaining the age of majority, fresh operating instructions and specimen signature of the account holder shall be obtained and kept on record. Moreover, if the account is operated by the guardian, the balance shall be got confirmed. The banks shall take advance action, including communicating these requirements to minor account holders attaining the age of majority, to ensure fulfilment of these requirements.

Alternatively, on attaining major status, the existing account of the minor is to be closed and a new account to be opened and fresh KYC documents should be obtained from the customer.

No current account shall be opened in the name of minors.

9. Account of Illiterate Person and Visually challenged person

Bank may open deposit account other than Current Account in the name of an illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. No cheque book is provided in the Savings Bank account of the illiterate person. At the time of withdrawal from Savings Bank account and or repayment of term deposit the account holder should affix the thumb impression in the presence of the Authorised Officer of the Bank, who will verify the identity of the person. Joint account will not be permitted.

The Bank may at its discretion open Deposit Accounts other than Current accounts in the names of visually challenged persons after observing all necessary formalities. The visually challenged persons are generally eligible to open both single and joint accounts. The Bank shall take certain special precaution so that the visually challenged customer is not cheated by others. Hence it is important to explain to him/her the rules of business, the obvious risks involved and the precautions that he/she should take in operating his account before opening the account. While there is no legal provision for the appointment of a guardian of a visually challenged person, the Bank may at its discretion allow a properly constituted attorney to operate on the account on behalf of the visually challenged account holder. However, in the cases the Bank is satisfied on merits, the next of the kin of a visually challenged person may also be allowed to operate on his/her account as his/her constituted attorney duly authorized by a letter of Authority or Power of Attorney as may be expedient.

10. Accounts of Transgender Persons

In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as "Third Gender" and the details shall be accepted in the AOFs/ or other applicable forms as such. All transgender customers shall be treated equally to other male/ female.

11. Accounts of mentally challenged persons or multiple disabilities

The Bank may at its discretion open Deposit Accounts other than Current Accounts in the name of a lunatic person to be opened or operated only by a Guardian or Committee or a Receiver appointed by a Competent Court. Legal guardian, so appointed, will furnish an indemnity-cum undertaking bond duly stamped as per the local law in force along with Guardianship Certificate. If the customer is suffering from temporary mental derangement, it is not uncommon for the Banker to waive his/ her strict legal rights, and to allow the customer's wife/husband or next of kin to operate on the account, provided that a certificate in the form of a statutory declaration from two medical practitioners is obtained and that satisfactory security is furnished by indemnifying the banker against any claim that may afterwards be made by the customer to recover any amount so withdrawn whilst he/she was mentally deranged. On being satisfied on merits of particular cases, the Bank may exercise discretion in insisting on the proviso in the latter part of the above quoted observations.

12. Nomination facility

Nomination facility is available on all deposit accounts opened by individuals. Nomination can be made in favour of one individual only. Nomination so made can be changed / cancelled by the account holder(s) at any time. Nomination can be made in favour of a minor also and in that case the details of the natural or court appointed guardian should be provided while making the nomination. While making nomination, cancellation or change thereof, only thumb impression is required to be attested by two witnesses. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also. Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account

- Nomination can be made in favour of one or more than one individual but not exceeding four either successively or simultaneously.
- Nomination facility is also available to a sole proprietary concern accounts.
- Nomination facility is available for all deposit accounts opened by the individuals.
- Nomination so made can be cancelled or changed by the account holder/ s any time.

Nomination can be made in favour of a minor for whom the date of birth of the minor and full details of the guardian is to be furnished. Bank recommends that all depositors avail nomination facility. If the person opening the account does not want to nominate anybody, a specific letter to that effect that he does not want to make nomination is to be obtained from the person. In case the person opening the account declines to give such a letter, the fact shall be recorded on the account opening form and account will be opened if he is otherwise found eligible.

13. Settlement of dues in deceased account

The Bank shall be guided by the Board approved Policy for Settlement of claims in deceased / missing depositors account's formulated for enabling easy settlement of claims of deceased depositors.

14. Interest payable on term deposit in deceased account

In the event of death of the depositor before the date of maturity of deposit and the amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity, till the date of payment, simple interest at the applicable rate on the date of maturity for the period for which the deposit remained with the Bank beyond the date of maturity will be paid, as per Bank's

policy in this regard. However, in case of death of the Depositor after the date of maturity of the overdue deposit, the Bank shall pay interest as applicable to savings account or the contracted rate of interest on the matured term deposit, whichever is lower.

15. Settlement of claims in respect of missing persons

The Bank shall be guided by the Board approved Policy for Settlement of claims in deceased / missing depositors account's formulated for enabling easy settlement of claims of missing persons.

16. Minimum amount of deposit

For Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time.

For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period.

17. Charges for maintaining deposit account

Similarly, the Bank may specify charges for issue of cheques books, additional statement of accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts (as mentioned in the previous paragraph) and schedule of charges for various services provided will be decided by the Bank from time to time and notified through display on Bank's notice board and website.

18. Interest rates on deposits

In the deregulated environment, the Bank fixes the interest rates on Term Deposits including Recurring Deposit based on market conditions, need for mobilisation of funds and keeping in mind the cost of funds. The interest rates are subject to revision from time to time. The interest shall be calculated at quarterly rests on term deposits. In the case of term deposits with monthly interest payments, the interest shall be calculated for the quarter and paid monthly at discounted value.

The interest on Term Deposits including Recurring Deposit is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks' Associations. Bank, based on the market conditions, need for mobilisation of funds and taking into account the cost of funds, presently offers additional interest on single deposits of INR 3.00 crore (Bulk Deposit) and above. Whenever interest rates are revised, the revised rates are applicable to fresh deposits as well as renewal of matured deposits.

The interest rates offered are non-discretionary and are applicable uniformly to all depositors of the Bank. Staff members are eligible for an additional interest of 1% per annum, over and above the prevailing rate of interest on savings or term deposits.

Bank has the statutory obligation to deduct tax at source if the total interest paid/payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. Bank will issue a certificate for the tax deducted at source.

Savings Account interest is payable every quarter in the month of June, September, December and March calculated on a daily product basis. As per RBI guidelines, banks are free to fix their own interest rates on savings deposit accounts due to deregulation of interest rates of domestic savings deposit accounts with effect. As per RBI regulation, Current Deposits do not attract any interest. However, interest shall be paid on the balances lying in current account standing in the name of a deceased individual depositor or sole proprietorship concern from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.

Interest on Savings Bank Accounts, including those frozen by the enforcement authorities, shall be credited on regular basis irrespective of the operational status of the account.

The interest rates on NRE term deposits have also been deregulated by RBI. Accordingly, Banks are free to determine their interest rates on both Savings and Term Deposits of maturity one year and above under NRE and NRO deposit accounts with effect from December 16, 2011. However, interest rates offered by the Bank on NRE and NRO deposits cannot be higher than those offered by the Bank on comparable domestic deposits. Bank shall come out with different variants of the above mentioned generic deposits.

18.1 Method of calculation of interest

For the purpose of calculation of interest on domestic term deposit, on deposits repayable in less than three months or where the terminal quarter is incomplete, interest is paid proportionately for the actual number of days reckoning the year at 365 days.

18.2 Payment of interest on deposits maturing on a holiday

In respect of a term deposit maturing for payment on a Sunday or a holiday or a non-business working day, Bank would pay interest at the originally contracted rate on the deposit amount for the Sunday/holiday/non-business working day, intervening between the date of the expiry of the specified term of the deposit and the date of payment of the proceeds of the deposit on the succeeding working day.

19. Premature closure of term deposits

If a depositor requests the Bank in writing for closure of a term deposit before its normal maturity date, it will be acceded to, irrespective of the amount or period of deposit. The rate of interest agreed at the time of accepting the deposit will not be payable, in case of closure of deposit before the maturity date. The interest payable on such deposit will depend on the period the deposit remained with the bank and the amount of deposit. However, Banks have the freedom to determine its own penal rate in the case of premature closure of term deposits.

Unless expressly prohibited under a deposit scheme, premature withdrawal of deposit will be allowed, irrespective of the period, it has run, but no interest will be paid on term deposits, which remain with the bank for less than 7 days.

For term deposits which have run for 7 days and above, interest will be paid at the rate applicable on date of deposit for the period for which it has actually remained with the bank or the contracted rate whichever is lower with penalty charge if any for premature withdrawal for the term deposits Currently, the bank pays interest on premature closure in accordance with the chart given in Annex I.

No pre-closure penalty charges to be levied on Deposit amount paid to nominee / legal heir / claimants in deceased accounts. In this case interest at applicable rates for which deposit has actually run will be paid.

20. Premature renewal of term deposits

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the remaining period of the original deposit. If the pre-closed deposit is re-invested for a period lesser than the remaining period of the original deposit, the penal rate of interest of 1% is to be necessarily charged / collected. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the Bank will be paid at the rate applicable to the period for which the deposit remained with the Bank and not at the contracted rate.

21. Overdue deposits

A term deposit, which is not either closed or renewed for a further period on the date of maturity, automatically becomes an overdue deposit. If a term deposit 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 term deposit, whichever is lower.

In order to avoid a deposit becoming overdue, Bank offers the facility of automatic renewal of term deposits, for which the depositor should give instruction to the Bank in writing, at the time of opening the deposit.

22. Issue of maturity notices for term deposits

As a matter of courtesy, and to maintain good customer relations, Bank has a system of sending intimation of impending maturity of term deposits to the depositors at the last known address. However, if for whatever reason the customer wishes not to be intimated, he/she can give necessary instructions to the Bank at the time of placing the deposit.

23. Addition / deletion of names in deposit accounts

Bank may at the request of all the joint account holders allow the addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder. However, the amount or duration of the original deposit should not undergo a change in any manner in case the deposit is a term deposit. Bank may, at its discretion, and at the request of all the joint account holders of a deposit receipt, allow the splitting up of the joint deposit, in the name of each of the joint account holders only, provided that the period and the aggregate amount of the deposit do not undergo any change.

24. Advances against term deposits

Bank may, at its discretion, grant advance against a term deposit receipt duly discharged standing in the name of the borrower, either singly or jointly on execution of loan/security documents, keeping sufficient margin to cover repayment of both principal and interest on such advances.

25. Inoperative accounts/Unclaimed Accounts

A Savings or a Current Account will be treated as inoperative/unclaimed if there are no transactions in the account for over a period of two/ten years.

For the purpose of classifying an account as inoperative, both the types of transactions i.e debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, system driven transactions like application of interest/ service charges, etc should not be considered. The depositor can request the Bank to activate the account for account operation along with the respective KYC documents. Bank shall inform the customers three months before their accounts being classified as

inoperative / dormant accounts. Bank will not insist on personal visit of the customer for the purpose of activation of account. The relevant documents may be forwarded by email or post or other approved modes.

Any amount lying in a Current or Savings account which are not operated for a period of more than ten years will be transferred to 'The Depositor Education and Awareness Fund' as per RBI guidelines within a period of three months from the expiry of the said period of ten years. The depositor would, however, be entitled to claim from the Bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of ten years, even after such amount has been transferred to the Fund. The Bank would be liable to pay the amount to the depositor/claimant and claim refund of such amount from the Fund. However, for such purpose, the customer shall submit the KYC documents requested by the Bank.

The Bank has also displayed a list of unclaimed accounts/inoperative accounts in its website.

26. Undesirable accounts

In cases where the operations in savings or current deposit account are not satisfactory, bank may decide to close the account and pay the balance in the account to the depositor, after giving due notice. Few instances, where the account can be treated as undesirable are frequent non-maintenance of minimum balance, number of operations are more and not commensurate with the balance maintained in S.B. account, cheques are being issued without adequate funds or arrangements to meet the cheque amount and the depositor is reported to be indulging in illegal or undesirable activity.

27. Deposits of Senior Citizens

Deposits received from Resident Senior Citizens, who have completed 60 years of age, are given certain additional privileges, in tune with the guidelines received from RBI. Proof of age is required for opening senior citizen deposits. Joint accounts with another senior citizen or with person who is not a senior citizen can be opened. In the latter case, the senior citizen should be the first named depositor. Deposits are accepted for a minimum period of 7 days and for maximum period of 5 years. In the case of recurring deposits, the minimum period of deposit is 12 months. Minimum deposit accepted under the scheme is Rs.5000/- and in the case of recurring deposit, the minimum monthly instalment should be Rs.100/-. Additional interest of 0.50 percentage point (i.e., 50 basis points) above the card rate is payable on the senior citizen deposits.

28. Information to depositors

Bank's policy relating to opening and maintenance of deposit accounts and the various charges on such accounts and the revisions in such policy and the charges, will be informed to the depositors in the following manner.

The terms and conditions for opening a deposit account and the charges that will be levied on the account will be provided, on request.

In case of any revision the revised policy/requirements and revised charges will be displayed in a prominent place in the bank.

Additionally, depositors will be informed about the revised policy/requirement/ charges by displaying in bank's web site www.boc.lk.

All deposit interest rates are displayed at a prominent place in the bank.

29. Customer Information

The customer information collected from the customers will not be used for cross selling of services or products by the bank. If the bank proposes to use such information, it should be strictly with the consent of the accountholder.

30. Secrecy of Customer's Accounts

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

31. Closure of Accounts

Accounts can be closed on written request of the depositor. Request for closure of account should state the reason for closure. The pass book, unused cheque leaves must accompany such request. Joint accounts can be closed only at the request of all such joint signatories.

32. Insurance Cover for Deposits

All bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to certain limits and conditions. The details of the insurance cover in force will be made available to the depositor. Each depositor in the bank is insured upto a maximum of Rs.5,00,000/- (Rupees Five Lakhs) for both principal and interest (aggregate) amount held by him in the same right and in the same capacity. The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover and a maximum amount upto Rupees Five Lakhs is paid. The DICGC insures all deposits such as savings, fixed, current, recurring,

etc. deposits except the following types of deposits

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

33. Stop Payment Facility

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

34. Redressal of complaints and grievances

Depositors having any complaint or grievance regarding the services of the Bank, which could not be settled by the Officer concerned, can approach the Deputy Manager/ Country Manager for settlement of the complaint/grievance. If the depositor is not satisfied with the response received from the bank, he/she has a right to approach Banking Ombudsman appointed by Reserve Bank of India. The RBI has newly implemented a single window for registering complaints against regulated entities under the Integrated Ombudsman Scheme in 2021.The complaint may be lodged online through the portal designed for the purpose (https://cms.rbi.org.in) or forwarded to the Centralised Receipt and Processing Centre, RBI, Chandigarh (Email:crpc@rbi.org.in).

35. Freezing of Deposit Accounts

The Bank shall accede without demur in case of directions from statutory authorities / enforcement authorities to freeze the balances in the deposit accounts, without prior intimation to the deposit account holders. However, intimation to the account holders will be served after freezing the account and after getting the clearance from the respective statutory / enforcement authorities, payment will be made to the customer. The details of the accounts will also be shared with the respective statutory / enforcement authority in case they direct the Bank to do so.

36. Tax on Interest on Bank Deposits

If the aggregate interest on deposits (including interest on Recurring Deposit – RD), per depositor, per financial year for Bank as a whole exceeds Rs.50,000/-, the same is subject to Tax deduction at source [TDS] at the rate stipulated by the Income Tax authorities, except in case of exempted categories of deposits such as NRE SB/ NRE Term Deposit.

TDS shall be deducted on quarterly basis and as at end March every year and at maturity/preclosure for reinvestment of deposits. In respect of re-investment deposits, TDS would be deducted on the last day of Financial Year or at the time of maturity/premature closure/premature extension/part-withdrawal of the deposit, whichever event takes place.

The depositor may furnish declaration in Form No.15G/15H at the commencement of the financial year for receiving interest on deposits without deduction of tax. However, furnishing of PAN is mandatory. Tax at higher of the prescribed rate or 20% will be deducted on all transactions liable to TDS, where the Permanent Account Number (PAN) of the deductee is not available. The law will also apply to all non-residents in respect of payments / remittances liable to TDS. Form 15 G/H is not applicable for firms, trusts, institutions etc.

Those depositors who are desirous of waiver of TDS shall be required to submit I.T. Exemption Certificate. In the matter of TDS, Bank shall adhere to the instructions issued by IT department from time to time. The Bank shall issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted.

37. Review of the Policy

The Policy will be reviewed by Chennai Branch on an annual basis in line with the regulatory guidelines issued from time to time or internal requirements or as and when considered necessary.

Annex I

Interest payable on premature closure of a term deposit

S.no	Premature Closure	Interest Payable
1	Domestic, NRO and NRE Term Deposits	1% less than the rate applicable for the period the deposit has run prevailing on the date of deposit. (Important: Additional interest payable for bulk deposits if any, is not payable if the deposit is closed before the maturity date. Additional interest payable to staff deposits is, however, payable over the applicable interest.)