BANK OF CEYLON

Bankers to the Nation

DEPOSIT POLICY

[Last Reviewed Date: January 2021]

Division: Chennai

[Next Reviewed Date: January 2023]

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.

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.

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.

Opening of deposit accounts:

Rupee Deposits

Deposits are accepted from individuals in single name or jointly in the names of two or more individuals, subject to proper identification and introduction in accordance with the principles of Know Your Customer (KYC). In case of a KYC complied account introduction will no more be mandatory requirement and the account can be made without introduction. However, it is reiterated that the KYC norms have to be strictly adhered to and there shall not be any compromise on KYC Compliance. The account opening form and other material required for opening the account will be provided by the bank and the officers concerned will be willing to provide any information / clarification required for opening the account. In addition to the due diligence requirements under KYC norms, the bank is required by law to obtain the Permanent Account Number (PAN) and Aadhar number issued by the Unique Identification Authority of India or alternatively declaration in Form no.60 or 61 as prescribed in Income Tax Act / Rules.

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.

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 Rupees ten thousand; 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.

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.

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.

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.

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 SOFR rates 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.

Minors' Account:

A minor can open Savings Bank Account and the same can be operated by the natural or court appointed guardian. Minors above the age of 10 can be allowed to open and operate savings bank account independently. Fixed and savings bank accounts can also be opened with mother as guardian and such accounts should always remain in credit.

On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural or court appointed guardian, fresh account opening forms from erstwhile minor duly verified by the natural or court appointed guardian would be obtained and kept on record for all operational purposes.

Account of Illiterate persons and visually challenged person

Bank may open deposit account other than current account in the name of an illiterate person. 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 blind persons after observing all necessary formalities. The blind persons are generally eligible to open both single and joint accounts. The bank shall take certain special precaution so that the blind 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 blind person, the Bank may at its discretion allow a properly constituted attorney to operate on the account on behalf of the blind account holder. However, in the cases the Bank is satisfied on merits, the next of the kin of a blind 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.

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.

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. 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.

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 individual only.
- 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. 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.

Settlement of dues in deceased account:

The under noted procedures will be followed by the Bank in respect of treatment of death of a depositor for operation of his/her account/ settlement of dues

- If the depositor has registered nomination with the Bank; the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid to the nominee after the Bank satisfies about the identity of the nominee, etc.
- The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.
- Upon the death of one of the joint account holders, where operational/repayment instruction is Either/Anyone of us/Survivor, the right to operate the account and entitlement to the balance in the account vests with the surviving account holder/s.
- In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to Rs.15000. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities. The settlement of deceased claims supported by legal representation such as Succession Certificate, Letter of Administration, Probate etc. will be decided by the Bank from time to time, which is presently as under: The discretionary authority will be vested with the Branch Head (irrespective of the scale) with Full Power when the Legal Representation (Succession

Certificate, Letter of Administration, Probate etc.) is submitted by the claimant. However, the following points need to be noted: o In case of Legal Representation, authenticity of documents submitted by the claimant must be verified from the records of the Court through Bank's empanelled Advocate. o Satisfy that it is issued by the Court of competent jurisdiction. o Confirm that the Bank Deposit is mentioned in the Legal Representation or in the schedule. o Certified photo-copy of the Legal Representation should be taken on record with the application form. o Necessary identity proof of the claimant acceptable to the Bank must also be obtained before payment. o No sanction of higher authorities or Indemnity Bond or surety is required. Permission of higher authorities be sought only if there is any doubt to be got clarified.

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.

Settlement of claims in respect of missing persons:

The nominee/legal heirs of the missing depositor have to raise an express presumption of death of the depositor after a lapse of seven years from the date of his/her being reported missing under Section 107/108 of the Indian Evidence Act before a competent Court of Law. The claim in respect of such missing person will be settled by the Bank if the Court presumes that he/she is dead.

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.

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.

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 2.00 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 give 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.

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 banks on NRE and NRO deposits cannot be higher than those offered by the bank on comparable domestic deposits.

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.

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.

Rounding off transactions

All transactions including payment of interest on deposits/charging of interest on advances will be rounded off to the nearest rupee; i.e., fraction of 50 paise and above shall be rounded off to the next higher rupee and fraction of less than 50 paise shall be ignored.

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. Currently, the bank pays interest on premature closure in accordance with the chart given in Annex I.

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 balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate.

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.

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

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.

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.

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. 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.

The Bank has also displayed a list of unclaimed accounts/inoperative accounts in its website. The depositor will be informed of charges, if any, which the bank will levy on unclaimed / inoperative accounts. The depositor can request the bank to activate the account for operating it.

Undesirable accounts

In cases where the operations in S.B. 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.

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.

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.bankofceylon.in.

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

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.

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.

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.

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.

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.

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.)