

DEPOSIT POLICY-2016

ORIENTAL BANK OF COMMERCE DEPOSIT POLICY - 2016

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ORIENTAL BANK OF COMMERCE POLICY ON “BANK DEPOSITS”

Chapter No. 1 - Preamble

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending and as such 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 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 recognizes 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.

While adopting this policy, the bank reiterates its commitments to individual customers outlined in Banking Codes & Standards Board of India (BCSBI), “Banker Fair Practice Code of Indian Banks’ Association.

This document is a broad framework under which the rights of common depositors are recognized. Detailed operational instructions on various deposit schemes and related services will be issued from time to time whenever it is warranted by change/modification/addition etc.

Chapter No. 2 - Types of Deposit Accounts

While various deposit products offered by the Bank are assigned different names, major deposit schemes can however be broadly categorized / defined into the following four types:

2a) “Demand Deposit”: means a deposit received by the Bank which is withdraw - able on demand;

2b) “Savings Deposit”: 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;

2c) “Current Account”: means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit.

2d) “Term Deposit”: means a deposit received by the Bank for a fixed period withdraw-able only after the expiry of the said fixed period and includes deposits such as Recurring / Cumulative / Annuity / Reinvestment Deposits, Cash Certificates, and so on viz.: “Fixed Deposits” are deposits where the depositor makes a lump sum deposit at one time for a fixed term and receives, payment thereof on maturity; the interest on the deposit is payable at simple rate periodically.

2d (i) “Progressive Deposits” or “Recurring Deposits” are deposits where the deposits are made in equal monthly installments and the payment, on maturity, is in one lump sum.

2d (ii) Special Recurring Deposits are deposits accepted in quarterly/half-yearly/yearly installment for the institutional/corporate investors for their special need such as sinking / amortization funds or from individuals for any of their special needs.

2d (iii) “Reinvestment Deposits” and “Cash Certificates” are deposits which are accepted in lump sum for a fixed period, on maturity of which the principal plus interest compounded at quarterly intervals are repaid to the depositor as a lump sum.

2d (iv) Bulk Deposit means single Rupee term deposits of Rs. 1 crore and above.

2d (v) Flexi Fixed Deposit:

Flexi Fixed Deposit Scheme offers liquidity in the shape of Savings/ Current deposit as well-as higher returns as are available on funds parked in fixed deposit. Moreover, there is also an element of flexibility as the depositor can meet funds requirement without losing interest, since transfer of funds to Savings / Current account is made available as an in-built arrangement whenever required by the depositor. The scheme enables a depositor to

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get returns on his/ her funds as a fixed deposit but at the same time retaining the character of liquidity, which is available in Savings Banks/ Current Account.

- Flexi Fixed Deposit scheme is a product/ scheme where money over the threshold limit is automatically transferred (auto sweep) from operative account (saving or current account) and invested in Bank's fixed deposit scheme. Fixed deposit is linked to the operative account. Linked fixed deposit gets broken automatically (reverse sweep) to meet the shortfall arising on account of cheques issued, ATM withdrawals, etc.
- The account holder/s has/ have to maintain a minimum quarterly average balance as per rules of the Bank.
- Auto Sweep will happen in multiple of Rs. 5000/25000 (SB/CA) as applicable.
- Reverse Sweep will be in multiple of Rs. 2000/10000 (SB/CA) as applicable.
- The scheme is applicable to resident Indian only.
- The scheme is also applicable to Staff/Ex.Staff.
- Normal saving / current account transactions can be carried out.
- Charges per quarter would be levied for non maintenance of minimum average quarterly balance in the linked saving account or Current Account as per Bank's rules from time to time.
- Linked FFD will be renewed automatically.
- Period of FFD :

Deposit Type	Period of Deposit	
	Individual	Non Individual
SB	91days to less than 5 years	91 days to 179 days
CA	45 days to 1 year	46 days to 90 days 91 days to 179 days

- Default period of linked deposits opened under the SB scheme will be 91 days & in individual CA shall be 45 days and in Non Individual CA will be 46 days or any other period stipulated by the account holder/s whichever is higher.
- Such deposits will carry rates of interest as revised by the Bank from time to time for domestic Term Deposits.
- As per the extant rules, no premature payment penalty is levied if the amount of Single Deposit is up to Rs. 15 lacs. As such the provision of premature penalty shall be applicable on the amount of reverse sweep in case the amount held in Flexi Fixed Deposit (from which reverse sweep is made) is more than Rs. 15 lacs. The remaining balance of the FFD will continue to earn interest as per normal rate till maturity.
- Deposits falling due will be renewed from time to time for further period of 91/45/46 days or any other period as stipulated by the account holder/s (whichever is higher). The interest payable on such deposits will be at the rate applicable on such deposits of the Bank, for the respective period, prevailing as on the date of such renewal.

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- The Bank will renew the deposit in multiple of Rs. 5000/- / 25000/- subject to Tax Deduction at Source (TDS) wherever applicable, unless instructions to the contrary are received from the account holder/s.
- The Bank is authorised to link all fixed deposits made by the Bank under the auto sweep or auto renewal facility, automatically to the operative account under the Flexi Fixed Deposit Scheme. If the account holder/s desire/s to link any deposit opened by any other means, separate instructions to that effect need to be given.
- The Bank will issue Pass Sheet in lieu of fixed deposit receipts opened/ renewed under the scheme from time to time.
- No overdraft / loan will be provided against the security of fixed deposits made under the flexi fixed deposit scheme.
- The fixed deposits under the scheme will be in units of Rs. 5000/- / 25000/- each.
- In case the account holder/s issue/s cheques on the linked operative account or draw from the ATM or the Bank passes debits in the normal course for recovering dues from the account holder, under the reverse sweep facility, the Bank is authorised to honour these cheques / debits / ATM withdrawals even if there is a shortfall, provided the shortfall is not more than the aggregate deposits that the account holder may have with the Bank under this scheme and prematurely or otherwise encash the deposits in units or Rs. 2000/- or 10000/- (as applicable) and multiples thereof to meet the shortfall. If the account holder has more than one deposit under the scheme, the last deposit made under the scheme will be used first (LIFO) to meet the shortfall and if this is not adequate, the deposit made prior to the last deposit will be used and so on and so forth, until the shortfall is fully met.
- The term deposit linked under flexi fixed deposit scheme will be under unconditional lien to the Bank and the Bank will have a right of set off against the dues payable to the Bank. For this purpose, the Bank is within its rights to close the deposit prematurely at its discretion, by applying penal rate of interest. Bank's lien will have priority over any obligation to pay a cheque drawn on the linked saving / current account.

Regional Heads/ CMO Head (Branch Business)/CMO Head (Classic branch)- authorized to permit change in Flexi sweep-in amount (i.e creation of flexi deposit) , from minimum amount specified as per scheme to some higher value and not vice versa. GM (Branch Business/Classic branch(as per vertical)) will be authorized to consider all other request on merits.

Chapter No. 3 - Account Opening and Operation of Deposit Accounts

- a) The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer (KYC)" and "Anti Money Laundering" (AML)" guidelines issued by the Reserve Bank of India / Govt. of India and Policy and Procedures adopted by the Bank in this regard. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

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- b) 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. Besides, the Bank official opening the account shall also explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.
- c) For deposit products like 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. 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 and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account. Such details will be given in the Pass Book for Savings Bank Accounts, as well.
- d) Savings Bank Accounts can be opened for eligible person / persons and certain organizations/agencies (as advised by Reserve Bank of India) from time to time.
- e) Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc.
- f) Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc.
- g) 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, in line with the "Know Your Customer (KYC)" / "Anti-Money Laundering (AML)" Policy / Procedures adopted by the Bank. Obtaining recent photograph of the person/s opening / operating the account is part of due diligence process.
- h) In addition to the due diligence requirements under "Know Your Customer (KYC)" / "Anti-Money Laundering (AML)" Policy / Standards / Procedures, the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act/ Rules.
- i) Deposit accounts can be opened by an individual in his own name (status: known as account in single name) or by more than one individual in their own names (status: known as Joint Account). Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account). Minors above the age of 10 will also be allowed to open and operate saving bank account independently. However, no overdrafts will be granted to these minors.

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SB account can also be opened by a minor represented by guardian or jointly with a major, where minor is represented by natural guardian. Minors above the age of 10 will also be allowed to open and operate SB account subject to restrictions on transactions and no cheque books will be provided to such accounts.

j) Operation of Joint Account –

The joint account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mode of operation in joint account shall invariably be mentioned in the Account Opening Form at the time of submitting application for opening the account.

The mandate must include the name or names of the person/s that are authorized to operate the joint account. The mandate for operating the account can be modified with the consent of all account holders. Joint account holders can give any of the following mandates for operations in the account and disposal of balance outstanding in the account in the event of death of any of the joint account holders:

i) Either or Survivor: Under this mandate, either of the account holders can operate the account or in case of death of any one of the account holders, the outstanding balance can be paid to the survivor.

ii) Any one or Survivor: Under this mandate, the account can be operated by any of the joint account holders and in case of death of any one or two of joint holders, the balance outstanding can be paid the survivor (s).

iii) Former or Survivor: Under this mandate, only the first named depositor has the right to operate the account i.e. during the lifetime of former, the latter cannot operate the account. After the death of former, the latter can operate the account/ or the outstanding balance can be paid to survivor.

iv) Latter or Survivor: Under this mandate, only the second named depositor has the right to operate the account i.e. during the lifetime of latter, the former cannot operate the account. After the death of latter, the former can operate the account/ or the outstanding balance can be paid to survivor.

v) Joint operation: Under this mandate, the account is operated jointly i.e. the instructions given by joint account holders are honoured if signed by both/ all the joint holders. In such cases, on death of any of the account holders, the operation in the account is stopped and is dealt with as a claim case. Monetary limit can be set for withdrawal by each joint holder: Under this mandate instructions can be given as to the amount of withdrawal/ debit instructions given by different joint holders are to be honored by the bank.

vi) In short, payment to survivor(s) can be made in the normal course subject to the only rider that there is no order from a competent court restraining the bank from making such payment.

vii) A joint account holder, who is authorized to operate the joint account himself alone, cannot appoint an agent or attorney to operate the account on his behalf. Such

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attorney or agent may be appointed with the consent of all the joint account holder/s.

viii) In case of Term Deposits, the mandate **Either or Survivor, Former or Survivor, latter or survivor or any one or survivor** for operation will become operational only on or after date of maturity.

Signatures of both/all the depositors have to be obtained, in case of deposit is to be paid before maturity.

In case one of the depositors expires before maturity, no pre payment of the fixed/term deposit may be allowed without concurrence of legal heirs of the deceased joint holder. This would however not stand in the way of making payment to the survivor on maturity.

In case of Term Deposits with "Either or Survivor" or Former or Survivor" the bank shall allow premature withdrawal of Deposit by the surviving joint depositor on the death of the other, only if, there is a joint mandate from the joint depositor to this effect.

k) At the request of the depositor, the Bank will register mandate / power of attorney given by him authorizing another person to operate the account on his behalf.

l) The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal/Auto renewal of deposit for further period on the date of maturity. In absence of such mandate, the Bank may seek instructions from the depositor/s as to the disposal of the deposit by sending intimation before 15 days of the maturity date of term deposit.

m) Addition or Deletion of the Name/s of Joint Account Holders:

At the request of all the Joint Account Holders the addition or deletion of name/s of Joint Account Holder/s is allowed if the circumstances so warrant or allow an Individual Depositor to add the name of another person as a Joint Account Holder. However, in no case shall be the amount or duration of the original deposit undergoing any change in any manner in case the deposit is a Term Deposit. A branch 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 does not undergo any change

n) Nomination facility is available on all deposit accounts opened by the individuals. Nomination is also available to a sole proprietary concern account. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, signatures of account holders do not require attestation by witnesses. However, thumb impression of the account holder requires attestation 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 even those having accounts in joint names with Either or Survivor mandate should 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.

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o) A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account holders periodically as per terms and conditions of opening of the account. Alternatively, the Bank may issue a Pass Book to these account holders.

p) The deposit accounts may be transferred to any other branch of the bank at the request of the depositor. The account number of the transferred account remains the same.

Chapter No. 4 - Minors' Accounts

1. A savings / fixed / recurring bank deposit account can be opened by a minor of any age through his / her natural or legally appointed guardian.

2. The minor can open Savings Bank Account and the same can be operated by the natural guardian or by minor himself / herself (for depositing amounts in the account and self withdrawals) if he/she is of the age of above 10 years on his/ her furnishing a satisfactory proof of age. The account can also be opened jointly.

3. On attaining majority, the erstwhile minor should confirm the balance in his / her account and if the account is operated by the natural guardian / legal guardian, fresh operating instructions and specimen signature of erstwhile minor should be obtained and kept on record for all operational purposes.

Chapter No. 5 - Account of Illiterate / Blind Person

Illiterate persons are allowed to open deposit accounts other than Current Accounts jointly with persons who are literate or illiterate and closely related to them and genuine request of illiterate customer.

- The account of such person may be opened provided he/ she call on the Bank personally along with a witness who is known to both the depositor and the Bank.
- Normally, no Cheque book facility is provided for such Savings Bank Account. At the time of withdrawal / repayment of deposit amount and / or interest, the illiterate customer should affix his / her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person.
- The Bank will explain the need for proper care and safe keeping of the passbook etc. given to the account holder.
- ATM/DEBIT card facility be permitted in the accounts of illiterate customers, however it should be ensured that he/she is able to understand (i)the numerical as scripted on the ATM machine and (ii) in the letter informing the PIN number and also (iii) to distinguish his/her card from other cards. He/ She must be informed of the procedure of operating the ATM machine as well as use of various buttons on ATM machine and elaborating the importance of the PIN number and how to change them". In case of Joint Operation (mode of operation), ATM/Debit card shall not be issued.
- No cheques with RTI / LTI etc. shall be presented / paid through clearing / CTS.
- The Bank official shall explain the terms and conditions governing the account to the illiterate.

Chapter No. 6 - Account Of Literate Blind Person

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A blind person is allowed to open S.B. Account in his/ her name singly or jointly with others whom he/ she considers reliable.

All the banking facilities such as cheque book facility including third party cheques, ATM facility, Net Banking facility, Locker facility, retail loans, etc. are invariably offered to the visually challenged without any discrimination. (RBI vide circular DBOD.NO.Leg.BC.91/09.07.005/2007-08 date 04.06.2008)

Chapter No.7 - Interest Payments

7A) Interest on saving account as well as on Term Deposits shall be paid at the rate decided by the Bank within the general guidelines issued by the Reserve Bank of India from time to time. (Savings Bank Deposit(accounts of resident Indians) interest rate has been deregulated since 25.10.2011)

In case of savings deposits, interest shall be on daily product basis from April 1,2010 and the same credited to the account only when the interest amount is Re. 1/- or more. Interest is credited on monthly basis w.e.f 1st April 2016

7B) Interest on Term Deposits shall be paid at quarterly rests.

In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits.

In the case of cumulative deposits, interest is compounded quarterly.

For term deposit with tenor less than six months, the interest is calculated for the actual number of days, reckoning a year as 365 days, even in the case of leap year.

For FDRs (non reinvestment) with tenor greater than or equal to six months, interest is calculated for the completed months and actual number of days for the broken period, reckoning a year as 365 days, even in the case of leap year.

For term deposit (reinvestment) interest is calculated for the completed quarters, completed months and actual number of days for the broken period, reckoning an year as 365 days, even in the case of leap year.

In the case of non-cumulative deposits, interest is paid out quarterly.

In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by Indian Banks" Association.

For all the cases, maturity date will be arrived at first based on the date of deposit and the tenor Specified by the customer.

7C) Higher Rate of Interest to Senior Citizens

The senior Citizens (A person having attained the age of 60 years) are entitled for Higher and Fixed Interest Rate on Domestic Term Deposits as prescribed by Bank from time to

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time over and above normal Interest Rate applicable on Domestic Term Deposits below Rs. 1.00 Crore.

In case of a term deposit which is standing in the name of HUF, the karta of HUF can not be offered higher rate of interest, even if he is a senior citizen, as the beneficial owner of the deposit is HUF and not the karta in his individual capacity.

7D) Staff Accounts

Branches have been permitted to allow additional interest on saving and Normal domestic term deposits at a rate not exceeding one per cent per annum over and above the stipulated rate of interest to bank's staff and their exclusive associations subject to certain conditions.

In respect of a savings or a term deposit account opened in the name of:

- a. member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or
- b. the spouse of a deceased member or a deceased retired member of the bank's staff; and
- c. an Association or a fund, members of which are members of the bank's staff;

A branch should obtain a declaration from the depositor concerned, that the monies deposited or which may, from time to time, be deposited into such account belong to the depositor as stated in clauses (a) to (c) above.

In terms of Reserve Bank of India directives, (RBI letter DBOD.Dir. No.19428/13.01.01/2013-14) benefits of additional interest to banks' staff members or retired staff member is available only in case the staff member or retired staff members has an account singly or jointly with family member where the staff member/ retired staff member is the Principal Account Holder.

1. **Retired Staff** – Additional rate @1 % above the card rate is payable to only those who retired on superannuation or otherwise as provided in the bank's Service/Staff Regulations.
2. **Senior Citizen benefit to ex-staff** - Benefit of higher rate of interest on domestic term deposits as admissible to Senior Citizens (60 years of age or above), over and above the additional rate of one percent payable to retired staff members/ spouse (60 years of age or above) of a deceased member or a deceased retired member of bank's staff has been permitted w.e.f. 01.01.2007 on fresh term deposits or renewal of deposit on and/ or after 01.01.2007 subject to terms and conditions mentioned above.
3. **Deputation** – In the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened with it during the same period of deputation and In the case of persons taken on deputation for a fixed duration, or on a contract of a fixed duration, the benefit will cease to accrue on the expiry of the term of deputation or contract, as the case may be.

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4. Executives – Branches are allowed to pay additional interest rate not exceeding 1% per annum over and above the rate of interest stipulated on deposits accepted / renewed from Executives i.e. Chairman & Managing Director, Managing Director & CEO, Executive Director or such other executive appointed for a fixed tenure. However, they are eligible to get benefit under the staff category only till their tenure in the bank. If any term deposit is accepted from Chairman & Managing Director, Managing Director & CEO and Executive Director during their tenure in the bank then the additional rate of 1% shall continue till maturity / renewal of term deposit. Executive who retires from our bank after completion of tenor and opt for pension from our bank be considered as Ex staff member of our bank and as such all the benefits as applicable to existing ex-staff for additional rate on deposits be made applicable to them.

Kindly note that the additional interest rate of 1 % to banks staff member is not permitted in following categories-

- 1. NRE / NRO Deposit Account:** Additional interest to banks' staff members or retired staff member is not available for Deposits account opened under NRE/NRO scheme.
- 2. Bulk Deposit (Term Deposit of Rs.1.00 crore & above):** Additional interest to banks' staff members or retired staff member is not available for Deposits account opened under Bulk Deposit.
- 3. Minor account-** Minor account opened under guardianship of staff will not be eligible for additional rate of interest under staff category.
- 4 Resigned / Compulsory Retirement / Termination** - Additional rate of interest is not permissible to ex-staff who resign, retired compulsorily or in consequence of disciplinary action from the services of the bank.

7E) Member Banks may not accept any deposits for a period longer than 10 years, excepting in terms of order of the Competent Courts or in the case of Minors where interests of minors are involved, provided banks are convinced that it is necessary to do so and Individual banks may decide in this matter based on Asset Liability Management policies being followed.

(Based on above the Asset Liability Management Committee (ALCO) in the meeting held on 12.11.2013 has decided to increase the maximum time period of term deposits from 10 years to 20 years in case of term deposits issued in the name of minors for amount below Rs. 1.00 crore, for the time being.)

7F) Interest on deposits for fixed term may be paid, credited, transferred or reinvested with frequency not less than the Quarterly rests. However, payment of monthly interest may be allowed, if required, by discounting the quarterly interest accrued.

7G) The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related

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services shall also be communicated upfront and shall be prominently displayed.

7H) The Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year. Besides, the Bank has statutory obligation to Charge / Deduct Service Tax as well as Transaction Tax as specified / notified by the Govt. of India, from time to time.

7I) Payment of interest on Term Deposit maturing on Sunday/Holiday/Non-Business Working Day

In respect of a Term Deposit maturing for payment on a Sunday or a Holiday or a Non-Business Working Day (or Saturday in case of NRE Deposits) Interest shall be paid at the originally contracted rate on the original principal deposit amount for the Sunday/Holiday/Non-Business Working Day (and also Saturday in case of NRE Deposits), 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.

Chapter No. 8 - Rounding Off Of Transactions

All transactions including Payment of Interest on Deposits/ Charging of Interest on Advances shall 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.

Chapter No. 9 - Customer Information

The information collected from the customers shall not be used for cross selling of services or products by the Bank. If the Bank proposes to use such information, that shall be strictly with the consent of the account holder.

Chapter No. 10 - Secrecy of Customer's Accounts

The Bank shall 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.

Chapter No. 11 - Premature Withdrawal of Term Deposit

The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit.

PREMATURE PENALTY RULES (For Deposits procured before 01.01.2013)

<u>Upto Rs. 5.00 lac</u>	<u>No penalty for premature closure in all maturity slabs.</u>
Above Rs. 5.00 lac including deposits of Rs.	Interest rate payable shall be the rate applicable (normal rate) on the date of original contract, for the period deposit remained with

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15.00 lac and above-	the bank less 1% penalty.
Domestic Term Deposits of Senior Citizens	No premature penalty irrespective of the amount and maturity slab.
In case of premature withdrawal to nominee / legal heirs under Tax Saving Term Deposit Scheme (w.e.f. 09.09.2006) the applicable interest rate shall be as under:	
i) If the period of deposit is 7 to 30 days;	<p>a) If the deposit is accepted prior to 26.12.2006, interest shall be paid at the applicable rate for the period the deposit remained with the bank.</p> <p>b) If the deposit is accepted on or after 26.12.2006, no interest shall be paid if pre- maturely encashed within 7 to 30 days.</p>
If the period of deposit is more than 30 days to less than 5 years	The rate of interest payable shall be as per the normal domestic term deposit, for the period as applicable on the date of Contract/deposit, or the date of payment whichever is less subject to applicable extra benefit to Staff/ Ex-Staff and Senior Citizens and as advised by Head Office from time to time.
1% penalty to be levied on withdrawal of all Term Deposits(including NRE and NRO Deposits) of Rs. 1 Crore and above accepted/renewed w.e.f. 1st August 2013.	
Levying of Penalty of 1% on Premature Withdrawal; for Individual Term Deposits (including NRO and NRE Deposits) Above Rs. 15 Lakhs and for Non-Individuals irrespective of amount; issued/renewed on or after 10.07.2015	
<ul style="list-style-type: none"> • 1% Penalty to be levied on Premature withdrawal of all Term Deposits (including NRE and NRO Deposits) above Rs. 15 Lakhs Issued/renewed on or after 10th July 2015. • For Term deposits of Non-Individuals: 1% penalty is to be levied on Pre-mature withdrawal of all Term Deposits irrespective of amount issued/renewed on or after 10th July 2015. <p>GM (Branch Business/Classic branch(as per vertical)) has been authorized to waive off the penalty on case to case basis. The entire information regarding the Waiver of Penalty Charges shall however be recorded. Further, information on all Waivers of Penalty Charges shall have to be reported to the next higher authority, at regular intervals.</p> <p>The bank has the discretion to disallow premature withdrawal of Term Deposit of Rs. 1.00 Cr and above of all depositors. Bank shall notify such depositors of its policy of disallowing premature withdrawal at the time of accepting such deposits.GM (Branch Business/Classic branch(as per vertical)) shall be authorized to permit/allow pre-mature withdrawal.</p>	

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The entire information regarding the permission for premature withdrawal allowed by GM (Branch Business/Classic branch(as per vertical)) shall be reported to Branch Business Deptt monthly.

Branch business deptt shall report this information to ALCO at monthly intervals.

One day Notice Period is required for premature withdrawal of Rs. 10.00 Crore and above. Bank shall notify such depositors of its policy of one day notice period at the time of accepting such deposits. The General Manager (treasury)/ DGM (treasury) has been authorized to waive the notice period if required.

Chapter No. 12 - Renewal of Term Deposits

12A) Auto Renewal Of Term Deposits On Due Date

The Fixed Deposits are automatically renewed on the date of maturity in case there is specific mandate from the customer in this regard.

In case any instructions is not received from the customer, after giving notice, the deposit will be renewed, excluding deposits like tax saving deposits, Capital gain deposit, Bulk Deposit, Inter Bank Deposit, Online fixed Deposits, Deposits under lien and Variable/Progressive deposits etc, for the same period of time as the matured deposit at the prevailing rate of interest.

12B) Premature Renewal Of Term Deposit

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 as mentioned above, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable, as on the date of deposit, and not at the contracted rate, however without any penalty.

12C) Renewal Of Overdue Term Deposits (Applicable To Cases Where Depositor Has Opted For Non Auto Renewal)

If request for renewal is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity.

As per Circular No.HO/CS&P/5/2010-11/100 dated May 6, 2010.

In cases where the request for renewal of term deposit is received after 14 days from date of maturity of term deposit; interest on overdue period shall be calculated and paid as follows:

a) Interest for the Overdue Period be paid on the amount being renewed (equal to or less than the Maturity Value of the Original Deposit) at the rate as applicable for the period of requested renewal as prevailing on the date of maturity OR on

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the date of request whichever is lower.

b) Overdue interest at the rates as above would be paid only where the request for renewal is received within 10 years from the date of maturity of the original term deposit.

c) Overdue Interest shall be paid at Simple Rate in case original Term Deposit is FDR and on compounding basis if the same is CDR and at Normal Rate of Interest in case of the Deposit placed at Differential Rate of Interest.

d) In cases where request for renewal of term deposit is received after 10 years of the date of maturity of the original term deposit, interest for the overdue period would be paid @ as applicable to Savings Bank accounts as prevailing on the date of maturity OR on the date of request for renewal whichever is lower.

12D) Premature Encashment Of Renewed Term Deposit Where Overdue Interest Has Been Paid

In cases where overdue interest as above is paid and the depositor seeks premature payment of such Term deposit, interest on such deposit be calculated and paid as follows:

At the rate as per existing guidelines for premature payment from the date of maturity of original term deposits.

Excess interest already paid for the period of overdue, if any, be recovered.

As such, branches are advised to manually calculate the interest payable and recoverable in such cases and recover the excess interest already paid for the period of overdue, if any.

12E) Encashment Of Overdue Deposit

In case of encashment of overdue term deposit, interest for the overdue period shall be paid at the rate as applicable for Savings Bank deposits as prevailing on the date of maturity or on the date of request for payment whichever is lower.

Chapter No. 13 - Advances Against Deposits

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor, however, a suitable declaration stating that loan is required for the benefit of the minor, is to be furnished by the guardian. In cases where deposit is held in joint names, the depositors should be informed at the time of opening Term Deposit Account that any loan/ advance against the deposit would require discharge by all the account holders irrespective of the mandate for operation or style of account.

Chapter No. 14 - Safe Deposit Lockers

This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc.

Chapter No. 15 - Nomination in Safe Deposit Lockers / Safe Custody Articles

(i) Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, up to two nominees can be appointed.

(ii) Nomination facilities are available only in the case of individual depositors and not in respect of persons jointly depositing articles for safe custody.

(iii) Section 45ZE of the Banking Regulation Act, 1949 does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the branch in such cases is to ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles on behalf of the minor.

(iv) As regards lockers hired jointly, on the death of any one of the joint hirers, the contents of the locker are only allowed to be removed jointly by the nominees and the survivor(s) after an inventory was taken in the prescribed manner. In such a case, after such removal preceded by an inventory, the nominee and surviving hirer(s) may still keep the entire contents with the same bank, if they so desire, by entering into a fresh contract of hiring a locker.

Chapter No. 16 - Settlement of Claims in Respect Of Deceased Depositors

16a) Settlement of claims in respect of deceased depositors - Simplification of procedure

Banks should adhere to the provisions of Sections 45 ZA to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985.

16b) Accounts with survivor/nominee clause

In the case of deposit accounts where the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the

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survivorship clause ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder represents a valid discharge of the bank's liability provided :

- a) the bank has exercised due care and caution in establishing the identity of the survivor(s)/ nominee and the fact of death of the account holder, through appropriate documentary evidence;
- b) there is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- c) it has been made clear to the survivor(s) / nominee that he would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.

It may be noted that since payment made to the survivor(s) / nominee, subject to the foregoing conditions, would constitute a full discharge of the bank's liability, insistence on production of legal representation is superfluous and unwarranted and only serves to cause entirely avoidable inconvenience to the survivor(s) / nominee and would, therefore, invite serious supervisory disapproval. In such case,

therefore, while making payment to the survivor(s) / nominee of the deceased depositor, the banks should desist from insisting on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee, irrespective of the amount standing to the credit of the deceased account holder.

16c) Accounts without the survivor / nominee clause

In case where the deceased depositor had not made any nomination or for the accounts other than those styled as "either or survivor" (such as single or jointly operated accounts), banks are required to adopt a simplified procedure for repayment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person.

In this context, bank's guidelines in Circular HO/ Rec &Law/02/149 dated 6th June 2012 shall be adhered to.

16d) Premature Termination of term deposit accounts

The account opening form for term deposit contains that in the event of the death of the depositor, premature termination of term deposits would be allowed. The

conditions subject to which such premature withdrawal would be permitted is also be specified in the account opening form.

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16e) Rights of Legal Representatives/ Legal Heirs in cases where Nomination is Registered

Nomination does not extinguish the rights of legal heir/ legal representative. Nomination simply identifies the person to whom Bank should make payment on death of depositor. It does not affect the rights of legal heir acquired by him by Law of Succession. The amount can however be claimed by the legal heirs in accordance with the law of succession governing them.

Chapter No. 17 - Interest Payable on Term Deposit In Deceased Account (Except Under Tax Saving Term Deposit Scheme)

i. Before the Date of Maturity:

When Date of Payment is before the Date of Maturity i.e. Premature withdrawal is requested by the Claimants, Interest shall be paid at the rate applicable as on the Date of Original Contract for the Period Deposit remained with the Bank, without any Penal Charges.

ii. Upto the Date of Maturity:

At the Contracted Rate till the Date of Maturity.

iii. Beyond the Date of Maturity:

a. When Date of Death is before the Date of Maturity and Deposit is Claimed after the Date of Maturity: In the event of the death of the depositor before the date of the maturity of the 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, the bank shall pay simple interest at the applicable rate prevailing on the date of maturity, for the period for which the deposit remained with the bank beyond the date of maturity.

b. In case Date of Death is after the Date of Maturity: The bank shall pay interest at savings deposit rate as prevailing on the date of maturity for the period from the date of maturity till the date of payment.

Balances lying in Current Account standing in the name of a Deceased Individual Depositor / Sole Proprietorship Concern: Interest shall be paid only from 1st May 1983 or from the date of death of the depositor, whichever is later, till the date of repayment to the claimant/s at the rate of interest applicable to Savings Deposit as on the date of payment.

In the case of NRE deposit, when the claimants are residents, the deposit on maturity shall be treated as domestic rupee deposit and interest shall be paid for the subsequent period at a rate applicable to the domestic deposit of a similar maturity.

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Chapter No. 18 - 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.

Chapter No. 19 - Stop Payment Facility

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

Chapter No. 20 - Inoperative/Unclaimed Accounts

- A savings as well as current account shall be treated as inoperative / dormant if there are no transactions in the account for over a period of two years. For the purpose of classifying an account as “inoperative” both the type 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, the service charges levied by the bank or interest credited by the bank shall not be considered.
- The customers shall be intimated (all joint account holders) three months in advance about his/her account falling into inoperative category and the consequences thereof in case no credits/debits are made within stipulated period.
- “Unclaimed deposit accounts” means accounts, which have not been operated upon for ten years (in the case of money deposited for a fixed period the said term of ten years shall be reckoned from the date of the expiry of such fixed period).
- In an effort to play a more pro-active role in finding the whereabouts of the account holders of unclaimed deposits/inoperative accounts, the list of such accounts which are inoperative for ten years or more has been displayed on our Bank’s website. For Individual Customers, the list so displayed on the website contains the names of the account holder(s) and his/her address in respect of unclaimed deposits. For Non Individual Customers, the list so displayed on the website contains the names of the Entity and its address in respect of unclaimed deposits.

Chapter No. 21 - Redressal of Complaints and Grievances

Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances. The details of the internal set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Chief Customer Service Officer (CCSO) Internal Ombudsman or Banking Ombudsman appointed by the Reserve Bank of India.

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Chapter No. 22 - Quoting Special Rate of Interest (DRI Deposits)

- The permission to offer differential rate of interest for the deposits of the same maturity will be applicable to Bulk Deposits of Rs. 1.00 crore and above.
- For deposits below Rs. 1.00 crore same rate will apply.

The bank shall have the discretion to disallow premature withdrawal of Term Deposit of Rs. 1.00 Cr and above of all depositors including individual and Hindu Undivided Families. GM(Branch Business/Classic branch(as per vertical)) shall be authorized to permit/allow pre-mature withdrawal. The entire information regarding the permission for premature withdrawal allowed by GM (Branch Business/Classic branch(as per vertical)) shall be reported to Branch Business Deptt monthly. Branch business deptt shall report this information to ALCO at monthly intervals.

- Bank shall notify such depositors of its policy of disallowing premature withdrawal at the time of accepting such deposits.
- In case of premature withdrawal of deposit, interest will be paid at the rate as per the Card Rate on the date of original contract or date of payment, whichever is less, for the period the deposit remained with the bank with applicable penalty as per Bank's Policy. **GM (Branch Business/Classic branch(as per vertical)) shall be authorized to permit/allow pre-mature withdrawal.**
- One day Notice Period is required for premature withdrawal of Rs. 10.00 Crore and above. Bank shall notify such depositors of its policy of one day notice period at the time of accepting such deposits. **The General Manager (Treasury) / DGM (Treasury)** has been authorized to waive the notice period if required.

Chapter No. 23 - Purchase Of Cheques "At Par"

Keeping in view the operational difficulties faced by the field functionaries, the discretionary powers, for purchase of government cheques "at par" is delegated to Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) subject to the following conditions:

- Cheque purchased facility "at par" shall be permitted only for those cheques drawn by government departments and are utilized for payment of salary to Government Department employees
- Only local cheques are purchased.
- In case the cheque is purchased for issuing a term Deposit, the amount is invested with the bank minimum for 91 days.
- The purchased cheque should be immediately sent for clearing and the same shall not be retained/ detained.
- The concession should be allowed selectively after examining the merits and carrying out the Cost-Benefit analysis, looking into the value of the account/ connection and keeping in view the current market scenario. The sacrifice made by the bank should be duly compensated with revenue accretion from other ancillary

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business/ fee based income of the borrower and the same shall not be permitted in a routine manner.

- The concession should be permitted where the business value of the account is high and there is ancillary/fresh business accruing to the Bank. The conduct of the constituent account must be satisfactory in all respects.
- The concession allowed shall be reviewed by the Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) at Regular intervals on the merits of each case.
- The Regional Office/ CMO shall record a note giving the reasons for allowing the concessions and permission granted must be communicated to the branch.
- All out of pocket expenses actually incurred should invariably be recovered.

Chapter No. 24 - Monitoring and Reporting

- Details of concessions accorded by the Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) should be recorded properly.
- Branches should maintain a separate register to record the details of concessions proposed and allowed to the customers by the Regional Office/CMO.
- Branches should not extend concessions to clients in anticipation of sanction, as the Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) are not delegated with authority to post facto sanction the concessions.
- In case the concessions are sanctioned by Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) on the basis of assured business, the branches should explore all possibilities so that the stipulated business is generated from the client. The Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) should also maintain follow up with the branches and call for the details of additional business generated by the branches in all such cases while reviewing the earlier concessions permitted to the client.
- In case the purchased cheque has been dishonoured and the amount has been devolved on the bank, the branch shall report the matter to the respective Regional Office/CMO for the amount devolved on the Bank and outstanding as at the end of the month. The steps taken for recovery should be outlined by the branch. This will be a monthly reporting and the Loan audit Cell at Regional Office/CMO shall scrutinize this aspect and put up to the Regional Heads/CMO Head (Branch Business)/CMO Head (Classic branch) for necessary action.

Chapter No. 25 - Clarifications

1. The above provisions of the Deposit Policy will not apply to Deposits received by the Bank under Capital Gains Account Scheme 1988 framed by the Govt. of India.
2. Under the Certificate of Deposits scheme.

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3. Payment of Interest on delayed collection of outstation instruments like cheques, drafts, bills TT/MT etc.
