

CITY UNION BANK LTD.,

CENTRAL OFFICE, KUMBAKONAM

POLICY ON INTEREST PAYABLE ON OVERDUE DOMESTIC TERM DEPOSITS WITH EFFECT FROM 01.01.2007

1. Renewal of deposits within six months from the date of maturity:

The depositor shall be given the following two options either to

- renew the deposit from the date of maturity at the rate applicable on the date of maturity or
- renew the deposit from the date of surrendering the deposit receipt at the rate applicable on the date of surrendering the deposit for renewal. In this case the interest rate for the overdue period i.e. the period between the date of maturity and the date of surrendering the deposit receipt for renewal shall be paid at the interest rate prevalent on the date of maturity

2. Renewal of deposits after six months but before the end of two years

a) For renewal of deposits

The deposit can be renewed only from the date of surrendering the deposit receipt for renewal. It cannot be renewed from the date of maturity.

b) Interest rate

- The deposit shall be renewed at the rate of interest prevalent on the date of handing over the deposit for renewal
- The rate of interest for the overdue period be paid at the rate which is the least of the following:
 - a. the rate of interest as on the date of maturity and
 - b. the rate of interest as on the date of handing over the deposit receipt for renewal

3. Renewal of deposits after two years from the date of maturity

➤ Renewal of deposits

The deposit shall be renewed only from the date of tendering the deposit receipt to the bank for renewal

➤ **Interest Rate**

The deposit shall be renewed at the rate of interest prevalent on the date of handing over the deposit receipt for renewal.

➤ **Interest for overdue period**

Rate of interest as applicable to Savings Bank account shall be paid for the overdue period.

The above clause (3) can be relaxed for deposit receipts lodged with the Registrar of Chits, IT purpose and similar other cases, provided a letter from the department was tendered before the date of maturity to the effect that the deposit receipt is held / lodged with them for a specific purpose.

4. Claim by legal heirs

In respect of claim on deposits of the deceased persons by the legal heirs, the rate of interest shall be presently as per our cir. 64/29988/2000-01 dt.27.02.2001.

II. a. POLICY ON INTEREST PAYABLE ON PRE-MATURE WITHDRAWAL OF DOMESTIC TERM DEPOSITS

Whenever a domestic term deposit is requested to be closed before the completion of the period originally agreed, we may pay 1% less than the rate of interest applicable for the period for which the deposit was kept. In case of reinvestment deposits, such interest may be compounded on a quarterly basis. However if the deposit is withdrawn before the expiry of minimum required period (now it is 14 days) interest need not be paid.

b . POLICY ON PRE-CLOSURE OF DEPOSITS FOR AVAILING HIGHER RATE OF INTEREST

The bank shall allow pre-closure of deposits by the depositors for the purpose of placing them again as deposits for the purpose of availing the benefit of hike in interest rate, if any, at any time without reducing the interest by way of penalty provided such deposit is renewed for a period longer than the remaining period of the original deposit. However the interest as applicable for the completed period as on the date of pre-closure shall alone be paid for such deposit before renewal.

5. Manner of calculation of interest for domestic term deposits

- If duration of Term deposits is less than a quarter interest calculation will be made based on actual no. of days divided by 365.
- If duration of a Term deposits is greater than a quarter, interest will be applied for completed quarter using 90/360 and for remaining number of days using actual number of days/365.
- In case of Fixed Deposits interest (Simple Interest) will be paid at regular intervals Viz. monthly, quarterly, half-yearly as opted by the customers.
- In case of Fixed Deposits with monthly interest payment, discounted rate of interest will be applied.
- In case of Cumulative term deposits, interest will be compounded on at the end of every quarter will be added to the principal (after deduction of TDS, if any) and for the next quarter interest will be calculated on this new amount.