



THE PAYYANUR CO-OPERATIVE TOWN BANK LTD. NO.C.827

SAFE DEPOSIT LOCKER POLICY

Our Bank is having safe deposit locker facility in all our nine branches.

We are framing a policy on the systems/procedures regarding the operational conditions and services to be provided to our locker hirers, in order to have more transparency and discipline in our day to day functioning and to keep high standards for a better banking practices.

PROCEDURES:

1. The existing customers of a bank who have made an application for locker facility and who are fully compliant with the customer due diligence criteria may be given the facilities of safe deposit lockers/ safe custody article subject to on-going compliance. The due diligence shall be carried out for all the customers in whatever rights and capacities they may be hiring the locker.

The banks shall obtain recent passport size photographs of locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker and preserve in the records pertaining to locker-hirer being maintained in the bank's branch.

Banks shall obtain our printed specific agreement for safe deposit lockers from the hirer before hiring the locker to him/her.

We have to incorporate a clause in the locker agreement that the locker-hirer/s shall not keep anything illegal or any hazardous substance in the Safe Deposit locker. If the bank suspects the deposit of any illegal or hazardous substance by any customer in the safe deposit locker, the bank shall have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.

At the time of allotment of the locker to a customer, the bank shall enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. A copy

of the locker agreement in duplicate signed by both the parties shall be furnished to the locker-hirer to know his/her rights and responsibilities. Original Agreement shall be retained with the bank's branch where the locker is situated.

2. Locker Rent

Bank may face potential situations where the locker-hirer neither operates the locker nor pays the rent. To ensure prompt payment of locker rent, We have to obtain a Term Deposit, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker in case of such eventuality. However, we shall not insist on such Term Deposits from the existing locker holders or those who have satisfactory operative account. The packaging of allotment of locker facility with placement of term deposits beyond what is specifically permitted above will be considered as a restrictive practice.

If locker rent is collected in advance, in the event of surrender of a locker by a customer, the proportionate amount of advance rent collected shall be refunded to the customer.

If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the bank shall give public notice in two newspapers (including one local daily in vernacular language) in this regard and the customers shall be intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other such emergency situation, banks shall make efforts to intimate their customers suitably at the earliest.

We shall take necessary steps to ensure that the area in which the locker facility is housed is properly secured to prevent criminal break-ins.

The area housing the lockers should remain adequately guarded at all times. The banks shall install Access Control System, if required as per their risk assessment, which would restrict any unauthorized entry and create record of access to locker room with time log. As per their internal security policy, banks may cover the entry and exit of the strong room and the Common areas of operation under CCTV camera and preserve its recording for a period of not less than 90 days.

The security procedures shall be well-documented and the staff concerned shall be properly trained in the procedure. The internal auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.

3. Regular Operations by Customers

The locker hirer and/or the persons duly authorized by him/ her only shall be permitted to operate the locker after proper verification of their identity and recording of the authorization by the officials concerned of the bank. The bank shall maintain a record of all individuals, including the locker-hirers, who have accessed the lockers and the date and time (both check-in and check-out time) on which they have opened and closed the locker and obtain their signature. The ingress and egress register for access to Vault Room by locker-hirers or any other individual including the banks' staff shall be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.

The bank's officer authorizing the locker-hirer to access the locker, after unlocking the first key, shall not remain present when the locker is opened by the locker-hirer. The banks shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.

Banks shall ensure that the Locker Register and the Locker Key Register are maintained in CBS or any other computerized system compliant with the Cyber Security Framework issued by the Reserve Bank. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.

The bank custodian shall check whether the lockers are properly closed post locker operation. If the same is not done, the lockers must be immediately closed, and the locker-hirer shall be promptly intimated through e-mail, if registered or through SMS, if mobile number is registered or through letter so that they may verify any resulting discrepancy in the contents of the locker. The bank custodian shall record the fact of not closing the locker properly in the register and its closure by the bank with the date and time. Further, the custodian of the locker room shall carry out a physical check of the locker room at the end of the day to ensure that lockers are properly closed, and that no person is inadvertently trapped in the locker room after banking hour Banks shall have appropriate systems and

procedures in place to register the nomination, cancellation and / or variation of the nomination, in their books, made by the locker hirers.

4. Settlement of Claims in case of death of a Customer

Our policy for settlement of claims is in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the IBA / NABARD.

The release of contents of safety lockers / safe custody article to the nominee and protection against notice of claims of other persons in accordance with the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

Banks shall settle the claims in respect of deceased locker hirers and shall release contents of the locker to survivor(s) / nominee(s), as the case may be, within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) with reference to nomination, to the bank's satisfaction.

5. Access to the articles in the safe deposit lockers / return of safe custody articles

If the sole locker hirer nominates an individual to receive the contents in the locker, in case of his death, after verification of the death certificate and satisfying the identity and genuineness of such individual approached, the banks shall give access of the locker to such nominee with liberty to remove the contents of the locker, after an inventory was taken in the prescribed manner. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates any other individual(s), in the event of death of any of the locker hirers, the bank shall give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s) after an inventory was taken in the prescribed manner. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship

clause permissible under the provisions of the Banking Regulation Act, 1949, the banks shall follow the mandate in the event of death of one or more of the joint locker-hirers.

In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, similar procedure shall be followed for the articles under safe custody of the bank.

6. Closure and Discharge of locker items

6. This part refers to the breaking open of the locker in a manner other than through the normal access by the customer using her/his original key under any one of the following circumstances:

- (i) If the hirer loses the key and requests for breaking open the locker at her /his cost; or
- (ii) If the Government enforcement agencies have approached the bank with orders from the Court or appropriate competent authority to seize lockers and requested for access to the lockers; or
- (iii) If the bank is of the view that there is a need to take back the locker as the locker hirer is not co-operating or not complying with the terms and conditions of the agreement.

For breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions and with prior approval of HO.

7. Discharge of locker contents at the request of customer

If the key of the locker, supplied by bank is lost by the locker-hirer, the customer (locker hirer) shall notify the bank immediately. An undertaking may also be obtained from the customer that the key lost, if found in future, will be handed over to the bank. All charges for opening the locker, changing the lock and replacing the lost key may be recovered from the hirer. The charges applicable for replacement of lost keys / issue of new password shall be communicated to the locker hirer.

The opening of the locker has to be carried out by the bank or its authorized technician only after proper identification of the hirer, proper recording of the fact of loss and written authorization by the customer for breaking open the locker.

The operation shall be done in the presence of the customer/s and an authorized official of the bank. It has to be ensured that the adjoining lockers are not impacted by any such operations and the contents of the lockers are not exposed to any individual other than the locker-hirer during the break-up or restoration process.

8. Attachment and recovery of contents in a Locker and the Articles in the safe custody of the bank by any Law Enforcement Authority

6.2.1 In case of attachment and recovery of the contents in a locker of a customer or the articles left by a customer for safe custody of the bank by any Authority acting either under the orders of a Court or any other competent authority vested with the power to pass such orders, the banks shall co-operate in execution and implementation of the orders.

6.2.2 The bank shall verify and satisfy itself about the orders and the connected documents received for attachment and recovery of the contents in a locker or articles in the safe custody of the bank. The customer (locker-hirer) shall be informed by letter as well as by email/SMS to the registered email id/mobile phone number that the Government Authorities have approached for attachment and recovery or seizure of the locker or articles deposited for safe custody. An inventory of the contents of locker and articles seized and recovered by the Authority shall be prepared in the presence of such Government Authorities, two independent witnesses and an officer of the bank and shall be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the bank's records or handed over to the customer against acknowledgement.

6.2.3 Banks shall also record a video of the break-open process and the inventory assessment, wherever legally permissible, and preserve the video to produce as evidence in case of any dispute or Court or fraud case in future.

9. Discharge of locker contents by banks due to non-payment of locker rent

Banks shall have the discretion to break open any locker following due procedure if the rent has not been paid by the customer for three years in a row. The bank shall ensure to notify the existing locker-hirer prior to any changes in the allotment and give him/her reasonable opportunity to withdraw the articles deposited by him/her.

Before breaking open the locker, the bank shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email id and mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the bank shall issue public notice in two newspaper dailies (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker.

10. Liability of banks arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer

The bank shall not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer. Banks shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.

11. Liability of banks arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank

It is the responsibility of banks to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoit, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. As banks cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

Insurance of locker contents by the customer

Banks shall clarify in their locker agreement that as they do not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the

customer, they would not be under any liability to insure the contents of the locker against any risk whatsoever. Banks shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

Banks will display updated information on all kinds of charges for safe deposit lockers and safe custody articles on our website.

(This Policy is read and approved by the board of directors in its meeting held on 31/12/2021 vide its decision DBR no 7 /31/12/2021)

