

THE VARACHHA CO-OPERATIVE BANK LTD., SURAT

SAFE DEPOSIT LOCKER POLICY

[REVISION OF POLICY & OPERATIONAL INSTRUCTION FOR SAFE DEPOSIT VAULT / SAFE DEPOSIT LOCKER FACILITY PROVIDED TO THE CUSTOMERS OF OUR BANK]

This policy is based on RBI circular dated 18.08.2021 on Safe Deposit Lockers facility provided by the bank and applicable to both new and existing safe deposit lockers and the safe custody of articles facility with the banks. All our Branches will exercise due care and necessary precaution for the protection of the lockers provided to the customers and will strictly adhered to the procedures, advice as applicable from time to time.

[1] Customer Due Diligence (CDD)

Those who wants to avail locker facility with our bank shall must require to fulfil the CDD criteria as per Know Your Customer (KYC) Directions, 2016 (as updated from time to time). The due diligence shall be carried out for all the joint holders with recent passport size photograph in whatever rights and capacities they may be hiring the locker.

The KYC assessment for the safe-deposit locker customers (either new or existing), should be done at least to the levels prescribed for medium risk or the risk categories attributable to their bank account. Where the lockers have remained inoperative for more than one and three years for high and medium risk categories respectively, banks should contact the locker-hirer and advise them either to operate or surrender the locker, even if the rent are being paid regularly. In case the locker-hirer still neither respond nor operate the locker, branches should send notices by post. Even after, not responded by locker hirer branches should consider break opening the lockers. Branches may allow the locker hirer to continue with the locker in case the locker hirer has some genuine reasons as in the case of NRIs or persons who are out of town due to a transferable job etc.

[2] Locker Allotment

In order to facilitate customers making informed choices, all our branches shall maintain a list of vacant lockers as well as a wait-list in CBS for the purpose of allotment of lockers and ensure transparency in allotment of lockers. Our bank shall acknowledge the receipt of all applications for allotment of locker and provide a wait list number generated in CBS system to the customer, if the lockers are not available for allotment.

[3] Model Locker Agreement

Our bank has adopted the model locker agreement framed by IBA and approved by our board. This agreement shall be in conformity with these revised instructions.

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 will be provided to the locker hirer for the knowledge of his / her rights and responsibilities. Original Agreement shall be retained with the bank's branch where the locker is situated.

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[4] Locker Rent

Our bank may face potential situations where the locker hirer neither operates the locker nor pays the rent. To ensure prompt payment of locker rent, our bank is allowed 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.

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, our bank shall make efforts to intimate our customers suitably at the earliest.

[5] Security of Strong Room/Vault

Our bank shall take necessary steps to ensure that the area in which the locker facility is housed is properly secured to prevent criminal break-ins and secured enough to protect against hazard of rain / flood water entering and damaging the lockers in contingent situations.

The place where the lockers are housed must be structured with RCC. Walls of strong room / vault shall be reinforced concrete of grade minimum RCC 1:1.5 : 3 and thickness shall be minimum 300 mm. The reinforcement shall be minimum 12 mm diameter of steel rods and placed vertically and horizontally at 150 mm centre to centre and distance to from mesh and two meshes shall be staggered apart in such a way so that the reinforcement bars shall be at every 75 mm centre to centre in cross section. Floor and roof shall be 30 cm thickness. The reinforcement shall be minimum 12 mm diameter of steel rods and placed both ways at 150 mm centre to centre from mesh. Necessary opening shall be given for the door and ventilators as recommended by the vault door manufacturer with additional reinforcement.

Our bank shall have a single defined point of entry and exit to the locker room/vault.

The area housing the lockers should remain adequately guarded at all times.

Our bank will 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 180 days. In case any customer has complained to the bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, our bank shall preserve the CCTV recording till the police investigation is completed.

[6] Locker Standards

All the new lockers to be installed by our bank shall conform to basic standards / benchmarks for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards applicable in this regard.

Our bank shall ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitating identification of locker ownership. Further, the

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custodian of the locker shall, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition. Our bank shall permit the locker-hirer to operate the locker only with the key provided by the bank, although there is no restriction in allowing the customer to use an additional padlock of her /his own if there are such provisions in lockers.

[7] Locker Operations

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 (in and out) 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 our bank' 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. Our bank shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.

Our bank shall send SMS alert to the registered mobile number of locker holder prior to allow access in the locker room as a positive confirmation intimating the date and time of the locker operation to avoid unauthorized locker access.

[8] Internal Controls by our Bank

There shall be a system of inter change of locks whenever the locker is surrendered by the hirer. The keys of vacant lockers shall be kept securely. The duplicate master keys shall be deposited with another branch of the bank. There shall be proper record of joint custody of master keys.

Our bank shall conduct surprise periodic verification of surrendered/vacant lockers and their keys by GM/DGM/AGM and maintain a proof of such verification.

Our bank shall ensure that the Locker Register and the Locker Key Register are maintained properly.

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 intimated immediately. 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 hours.

[9] Nomination Facility and Settlement of Claims

Our bank shall offer nomination facility in case of safe deposit lockers in accordance with the provisions of section 45-ZC to 45-ZF of the Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985/Co-operative. Our bank (Nomination) Rules, 1985.

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In case the nominee is a minor, the same procedure as prescribed for the bank accounts shall be followed by our bank. A passport size photo of the nominee attested by the customer may be obtained from the customers, at his/her option and preserved in the records.

Our bank shall have appropriate systems and procedures in place to register the nomination, cancellation and / or variation of the nomination, in our books, made by the locker hirers.

[10] Settlement of Claims in case of death of hirer

Our bank shall devise its own claim formats in terms of applicable laws and regulatory guidelines. On receipt of intimation and proof of death of locker hirer, bank shall ask the nominee to submit the claim form with his/her KYC details. Bank shall allow the nominee to access the locker after due diligence. As regards if locker hired jointly, on the death of any one of the joint hirers, the contents of the locker are only allowed to access jointly by the nominee and the survivor(s). In such a case, the nominee and surviving hirer(s) may still keep the entire contents with the bank, if they so desire, by entering into a fresh contract of hiring a locker.

For release of contents of safety lockers 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 Co-operative Banks (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

Our bank 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 hirer and suitable identification of the claimant(s) with reference to nomination, to the bank's satisfaction.

Board of our bank shall review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

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, our bank 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, our bank shall follow the mandate in the event of death of one or more of the joint locker-hirers.

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Our bank shall, however, ensure the following before giving access to the contents to nominee / survivor:

- (i) Exercise due care and caution in establishing the identity of the survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence;
- (ii) Make diligent effort to find out whether there is any order or direction from Courts/Forums restraining it from giving access to the locker of the deceased;
- (iii) Make it clear to the survivor(s) / nominee(s) that access to articles in the locker is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to them shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

Our bank shall ensure that, the contents of locker, when sought to be removed on behalf of a minor nominee, are handed over to a person who is, in law, competent to receive the articles on behalf of such minor. Further, our bank shall prepare an inventory of the articles in the presence of two independent witnesses, one officer of the bank who is not associated with the locker facility and the claimant (s), who may be a nominee or an individual receiving the articles, on behalf of a minor.

The bank shall obtain a separate statement from the nominee (claimant) or the person competent to receive articles on behalf of the minor, as the case may be, that all the contents in the locker are received and the locker is empty and they have no objection to allotment of the locker to any other customer as per norms.

While giving access to the survivor(s) / nominee(s) of the deceased locker hirer our bank may avoid insisting on the production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/ nominee(s), unless there is any discrepancy in nomination. In this regard, our bank shall take note of above said instructions.

In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate our bank shall ask to legal heir(s) / legal representative of the deceased locker hirer to submit the court order in this regard.

[11] Closure / Break open of locker

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 or hold locker in inoperative since long. In this regard our bank have framed a Board approved **LOCKER BREAK OPEN POLICY** together with a Standard Operating Procedure (SOP) for breaking open the lockers.

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[12] Break open and discharge of locker contents at the request of hirer

If the key of locker, supplied by bank is lost by the locker-hirer, the locker hirer shall notify the bank immediately in writing. An undertaking may also be obtained from the hirer 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.

In such cases opening / break open of the locker has to be carried out by the authorized technician of the locker cabinet supplier company 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 all joint hirers 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.

[13] Attachment and recovery of contents in a Locker by any Law Enforcement Authority

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

Our bank shall verify and satisfy about the orders and the connected documents received for attachment and recovery of the contents in a locker. The customer (locker-hirer) shall be informed telephonically or by letter or 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. 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.

Our bank 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.

[14] Discharge of locker contents due to locker remains Inoperative for a long and/or due to non-payment of locker rent

If the locker remains inoperative for a period of seven years or more even if rent is being paid regularly or if the locker is in operative status but rent remains unpaid continuously for a period of three years, in both situation bank shall have the discretion to break open the locker following due procedure as per board approved Locker Break Open Policy.

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[15] Liability / Responsibility of our Bank

The responsibility owed by our Bank for any loss or damage to the contents of the lockers due to our negligence hence our duty of care includes ensuring proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery.

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. Our bank shall, however, exercise appropriate care to our locker systems to protect our premises from such catastrophes.

It is the responsibility of our bank 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, dacoity, building collapse do not occur in the bank's premises due to our own shortcomings, negligence and by any act of omission/commission. As our bank cannot claim that they bear no liability towards our customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by our employee(s), our bank's liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

[16] Risk Management / Branch Insurance Policy

Our branch premises will be covered with insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, and loss during shifting / merger of branch, etc., affecting contents of lockers.

[17] Insurance of locker contents by the customer

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

[18] Customer guidance and publicity

Our bank shall display the model locker agreement with all the Terms & Conditions and the Standard Operating Procedures (SOPs) on various aspects on our website. Our bank shall ensure that the customers are made aware of the bank's terms and conditions to avail those facilities.

Our bank shall display updated information on all kinds of charges for safe deposit lockers on our websites.

Our bank shall place on our website, the instructions together with the policies / procedures put in place for giving access of the locker to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer. Further, a printed copy of the same shall also be given to the nominee(s) / survivor(s) / legal heir(s).

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As a policy matter, we review and revise the policy suitably as and when required or fresh instructions / guidelines are issued by RBI. The Board of Directors reviewed / revised the **POLICY & OPERATIONAL INSTRUCTION FOR SAFE DEPOSIT VAULT / SAFE DEPOSIT LOCKER FACILITY PROVIDED TO THE CUSTOMERS OF OUR BANK** and approved as **SAFE DEPOSIT LOCKER POLICY** in the Board Meeting held on Dated **09/04/2024** vide Resolution No. 24.

For The Varachha Co-op. Bank Ltd., Surat

General Manager

Chairman