Coastal Local Area Bank Limited

Interest Calculation Methodology on Deposits

Term Deposits Including Recurring Deposits

- **Tenure under 6 months**

  Interest is calculated as **simple interest**, i.e., interest = principal × rate × (days/365), and is paid at maturity.

- **Tenure of 6 months or more**

  Interest is **compounded quarterly**: Every 3 months, earned interest adds to the principal and is reinvested.

  For Term Deposit schemes with monthly interest payout, interest gets calculated at quarterly intervals but is **paid out at monthly intervals** at a slightly reduced (“discounted”) rate than the relative rate of other Term deposit rates.

- **Auto-renewal feature**

  If no payout instruction is given on maturity, the Term Deposit (Other than RD and special term deposit schemes valid for a limited period) automatically gets renewed for the same tenure at prevailing interest rates.

- **Senior citizen benefit**

  Individuals aged 60 + receive an additional interest as decided by the Bank from time to time.

Tax Deducted at Source (TDS)

Tax as applicable is deducted at source from the interest on Term Deposits as per the provisions of Income Tax Act 1961.

Savings Accounts

- **Rate declaration**

  Interest gets credited at the rates as decided by the Bank from time to time.

- Daily balance calculation

  Interest computed daily:

  Daily Interest = Daily Closing Balance × (Annual Rate/365) Summed across the quarter, then credited in **quarterly** cycles.