



Dividend Distribution Policy

i. Regulatory compliance

The Bank can declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time and the provisions of the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended to the extent applicable to the banking companies.

ii. Principles for dividend declaration

The Board will consider the following factors while making any recommendation for dividend:

- Shareholder expectations
- Profits earned during the financial year.
- Past dividend trends.
- Optimal Capital Adequacy Ratio (CAR) subject to regulatory minimum of total and Tier I CAR.
- Expected capital requirements for planned growth
- Additional regulatory requirements of capital in near future (if applicable)
- Cost of raising funds from alternative sources
- Reinvestment opportunities
- Any applicable criteria from our legal or regulatory frameworks.

The objective of the Policy is to appropriately reward shareholders through dividends while retaining the capital required for supporting future growth. The retained earnings of the Bank are expected to be used across general corporate purposes, including organic and inorganic growth.

Since the Bank has only one class of equity shareholders, the dividend declared will be distributed equally among all the Shareholders, based on their shareholding on the record date.

iii. Deviation from the Policy

The Board may recommend special dividend or reduce the rate of dividend under circumstances including but not limited to the following:

- The Bank has reported net loss for the year.
- The credit coverage or capital adequacy metrics of the Bank are sub-optimal.
- The Bank is prohibited from declaring dividend by provisions of the Banking Regulation Act 1949, or by any regulatory guidelines issued by RBI.
- Achievement of specific milestones in the Bank's progress.
- Any other extraordinary circumstances.

iv. Dividend information

Information on dividend paid in last five years including dividend yield and payout ratio will be made available on the website of the Bank.

v. Policy amendment and review

This Policy will be reviewed annually and placed before the Board of Directors of the Bank. The Policy will also be subject to amendments necessitated due to changes in laws, rules, and regulations as and when required. Any changes or revisions to the Policy will be communicated to the Shareholders in a timely manner.

The said Policy will be hosted on the website of the Bank and the same would be disclosed in the Annual Report of the Bank.