



Dividend Distribution Policy (DDP)

Objective:

The objective of the policy is to lay down the criteria to be considered by the Board of directors of the Bank before recommending dividend to its shareholders for a financial year. In compliance with the RBI, GoI and SEBI guidelines and other regulations applicable to the Bank.

Criteria to be considered before recommending Dividend:

The Board will consider following factors recommending dividends;

a) Statutory and Regulatory Compliance;

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

b) The financial parameters that shall be considered while declaring dividend:

- Capital adequacy of the Bank (should be at least more than regulatory minimum requirement and takes care of capital as per the Bank's Board approved capital/ business plan);
- Return on assets (ROA) during the year for which the dividend is declared (should be 0.25% or more and in case of interim dividend, annualised ROA for the immediate preceding period of the running year should be at least 0.25%);
- Distributable profit, after appropriation towards statutory & other mandatory reserves and preferential dividend, if any, is sufficient to pay dividend equivalent to at least 5% of paid up capital;
- All other financial parameters as required to be considered as mandated by the regulator(s)/ the government.

c) Internal and external factors that shall be considered for declaration of dividend:

- Shareholder expectations;
- Bank's capital structure, capital adequacy ratios prevalent as well as future requirements;
- There are no accumulated losses;
- Extent of need to build capital through internal accrual;
- Domestic/ global economic conditions bearing material impact on the Bank's business, profitability, capital requirement and future business strategy.



d) *The circumstances under which shareholders of the Bank may or may not expect dividend:*

- All extant regulatory/ GOI guidelines related to dividend distribution are complied with;
- Capital requirement of the Bank, both regulatory and for future business growth, are met;
- There are no accumulated losses;
- Domestic/ global economic conditions bearing material impact on the Bank's business, profitability, capital requirement and future business strategy.

e) *Utilization of retained earnings:*

- Retained earnings will be appropriated towards covering accumulated losses, building capital as per capital/ business plan and any other need as approved by the Board of Directors from time to time.

f) *Parameters for various classes of shares:*

- Not applicable as there is only one class of shares at present, namely ordinary share capital.

The policy will be available on the Bank's website and will also be disclosed in the Bank's Annual Report.