

Dividend Distribution Policy

1. Introduction

The Company has been making profits since fiscal 2010 and has been paying equity share dividends since fiscal 2012 in accordance with the Companies Act and The Insurance Act. This policy documents the guidelines on payment of dividends, and sets out the key considerations for arriving at the dividend payment decision. The Board will have the flexibility to determine the level of dividend based on the considerations laid out in the policy and other relevant developments.

2. Statutory and regulatory requirements

The Company while proposing equity share dividend will ensure compliance with the provisions of Companies Act, The Insurance Act, the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, and guidelines provided under the section titled "Dividends" in the Articles of Association (AOA) of the Company.

3. Approval process

The Board of Directors of the Company would take into account the following aspects while deciding on the proposal for dividend:

1. Profitability and key financial metrics;
2. Interim dividend paid, if any;
3. Auditors' qualifications pertaining to the statement of accounts, if any;
4. Whether dividend/coupon payments for non-equity capital instruments have been made;
5. Available solvency margin; and
6. Applicable regulatory requirements

The dividend decision would be subject to consideration of any other relevant factors, including, for example:

- External factors including state of the domestic and global economy, capital market conditions and dividend policy of competitors;
- Tax implications and Shareholder expectations

The decision regarding dividend shall be taken only by the Board at its Meeting and not by a Committee of the Board or by way of a Resolution passed by circulation. Final dividend shall be paid only after approval at an Annual General Meeting (AGM) of the Bank. Shareholder approval is not required for payment of interim dividend.

4. Utilization of retained earnings

The Company would utilise the retained earnings for general corporate purposes, including organic and inorganic growth, investments in subsidiary and/or appropriations/ drawdowns as per the regulatory framework. The Board may decide

to employ the retained earnings in ensuring maintenance of an optimal level of solvency margin, meeting the Company's future growth plans, other strategic purposes and/or distribution to shareholders, subject to applicable regulations.

5. Parameters for various class of shares

Currently, the Company has only one class of equity shareholders. In the absence of any other class of equity shares and/or equity shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

There is no explicit regulatory upper limit on dividend ratio for insurance companies provided conditions of "required solvency margin" and surplus in shareholders' fund are met. The Company would follow a maximum limit of dividend ratio of 30% of PAT. The Board of Directors, after reviewing the profit and solvency position, may allow higher dividend in any form, including special dividend.

6. Circumstances under which the shareholders may or may not expect dividend

The Board of the Company may vary the level of dividend or not recommend any dividend based on the regulatory eligibility criteria for recommendation of dividend, including any regulatory restriction placed on the Company on declaration of dividend. There may also be obligations that the Company could have undertaken under the terms of perpetual noncumulative preference shares or debt capital instruments pursuant to applicable regulations which might prohibit the Company from declaring dividend in certain circumstances. The Board of the Company may vary the level of dividend or not recommend any dividend based on the capital and solvency position of the Company. The Board may recommend lower or no dividends if it is of the view that there is a need to conserve capital. The Board may recommend higher dividends, subject to applicable regulations, if the capital and solvency supports a higher distribution to the shareholders.

7. Review

The dividend policy of the Company would be reviewed annually, or earlier if material changes take place in the applicable regulations.