



DIVIDEND DISTRIBUTION POLICY

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Prepared by : Secretarial Department

Approved by: <Sijo Varghese> <Company Secretary>

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Document Contact Details

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Verifier of the policy	Secretarial Department	
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Distribution List

Name

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1. Preface:

This Policy is being adopted and published in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“SEBI LODR”) the provisions of the Companies Act, 2013, (“Companies Act”) and the rules made thereunder, each as amended (“Applicable Laws”).

2. Definitions:

“Applicable Laws” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Companies Act, 2013, the provisions of the Income Tax Act, 1961 (“Income Tax Act”) and the rules made thereunder, each as amended.

“Act” means the Companies Act, 2013.

“BR Act” means Banking Regulation Act, 1949;

“Bank” means CSB Bank Limited.

“Board” means Board of Directors of the Bank.

“Final Dividend” means the Dividend recommended by the Board and declared by the Members at an Annual General Meeting.

“Interim/Special Dividend” means the Dividend approved by the Board during any financial year or at any time during the period from the closure of financial year till the holding of the Annual General Meeting.

“Dividend” includes Final Dividend and Interim/Special Dividend.

“Policy” means Dividend Distribution Policy.

Words and expressions capitalised and not defined herein shall have the meaning respectively assigned to them under the BR Act, Companies Act, 2013, Income Tax Act, 1961 or other applicable laws.

3. Implementation of Policy:

This policy was approved by the Board, in its meeting held on December 17, 2021, pursuant to requirements of Applicable Laws.

4. Objective:

The objective of this policy is to lay down the criteria to be considered by the Board, before recommending dividend to its shareholders, whether it be Interim/Special Dividend or Final Dividend.

Moreover, as per SEBI LODR, the top one thousand listed entities based on market capitalization, as on March 31 of every financial year, are required to formulate a Dividend Distribution Policy which should be disclosed in their annual reports and on their website.

5. Philosophy:

The Bank believes in optimizing the shareholders wealth by offering them various corporate benefits from time to time after considering the Capital to Risk (Weighted) Assets Ratio (CRAR) and reserve requirements subject to regulatory stipulations.

6. Legal framework and regulatory compliance:

The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, (**“BR Act”**), various regulatory circulars, notifications and guidelines issued by RBI from time to time, Companies Act, 2013, Securities and Exchange Board of India Regulations, applicable provisions of the Income Tax Act and other Applicable Laws, each as amended, to the extent applicable to Banking Companies.

Further, the Bank shall declare and disclose the dividend on per share basis only.

The payment of dividend is subject to provisions regarding deduction of tax at source(TDS) at the prescribed rates on the dividend paid, if applicable, as per the Income Tax Act, as amended by the Finance Act, 2020 and as per applicable notifications, circulars, guidelines etc. issued by the Central Board of Direct Taxes from time to time.

7. Unpaid Dividend:

All unpaid dividend shall be treated in accordance with Section 124 of the Companies Act, 2013 and other applicable laws.

8. Financial Parameters, Internal and external factors that shall be considered for declaration of dividend:

The Board shall consider the following internal and external factors while making any recommendation for dividend.

- Financial performance of the Bank for the year for which dividend is recommended
- Growth rate of past earnings;
- Growth rate of estimate profits;
- Shareholder’s expectations;
- Dividend pay-out trends;
- Interim dividend paid, if any;
- Risk effect;
- Optimal Capital Adequacy Ratio subject to regulatory stipulations;
- Auditors’ qualifications pertaining to the statement of accounts;
- Expected capital requirements for planned growth;
- Cost of raising funds from alternative sources;
- Re-investment opportunities;
- Tax implications if any, on distribution of dividends;

- Macro-economic environment;
 - Such other factors and material events which Board may consider; and
- Corporate actions.

9. Circumstances under which shareholders may or may not expect dividend:

The Board may not recommend any dividend, if the eligibility criteria for recommendation of dividend has not been met by the Bank, including any regulatory restriction placed on the Bank regarding declaration of Dividend or if the Board strongly believes that there is a need to conserve capital for growth or other exigencies which will be spelt by the Board. There may also be regulatory obligations that the Bank would have undertaken in the form of dividend stopper clauses in bond issuances which might get triggered in certain circumstances and would prohibit the Bank from declaring dividend.

10. Retained earnings utilization:

The Bank would utilize the retained earnings of the Bank in a manner which is beneficial to the interest of the Bank and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Bank's future business growth/ expansion and strategic plans or such other purpose the Board may deem fit from time to time.

11. Parameters for various classes of shares:

Currently, the Bank does not have any other class of shares except equity shares. The entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders based on their shareholding on the record date fixed for the ascertainment of dividend entitlement.

12. Reporting System:

The recommendation as to Dividend, whether interim or final shall be informed to the Stock Exchange/s in terms of the provisions of SEBI LODR and also to the Depositories.

The Bank shall report the details of Dividend declared and paid as per the format furnished by RBI in its circulars issued from time to time, within a fortnight after declaration of Dividend.

13. Manner of Payment of Dividend:

In terms of Regulation 12 of SEBI LODR, the Bank shall use any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I of SEBI LODR, for the payment of the dividends. Where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques will be issued to the eligible shareholders. Provided further that where the amount payable as Dividend exceeds one thousand and five hundred rupees, the 'payable at par' warrants or cheques shall be sent by speed post.

14. Website updation:

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India or such other authority as may be authorized, from time to time, on the subject matter. The Bank shall place the Dividend Distribution Policy on its website and the relevant web-link shall also be disclosed in the Bank's Annual Report. In case the Policy is revised/amended as mentioned above, the same shall be updated in the website promptly.

15. Conflict in policy:

In the event of a conflict between this Policy and applicable laws, the applicable laws shall prevail.

16. Amendments / Modifications:

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the applicable laws. Such amended policy shall be placed before the Board for approval.