

**CITY UNION BANK LIMITED**  
**DIVIDEND DISTRIBUTION POLICY**

(In terms of Regulation 43A of SEBI Listing Regulations 2015)  
(w.e.f. 01.04.2017)

## **DIVIDEND DISTRIBUTION POLICY**

### **1. Objective**

Securities and Exchange Board of India (SEBI) vide Gazette Notification dated 08<sup>th</sup> July 2016 has amended the SEBI Listing Regulations 2015 by inserting Regulation 43A. As per this regulation our bank is required to formulate a dividend distribution policy.

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Bank including the RBI guidelines for declaration of Dividend from time to time.

### **2. Philosophy**

The Bank always believes in optimizing the shareholders wealth by offering them various corporate benefits from time to time after considering the working capital and reserve requirements subject to regulatory stipulations.

### **3. Effective Date**

The Policy will become applicable from the financial year ending 31<sup>st</sup> March 2017 onwards and the date of implementation of the policy will be from 01<sup>st</sup> April 2017. The effective date for implementation of 1<sup>st</sup> amendment to this policy shall be June 23, 2026.

### **4. Definitions**

Unless repugnant to the context:

**"Act"** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

**"Adjusted Profit After Tax (PAT)"** means PAT of the financial year for which the dividend is proposed to be paid minus 50 % of Net NPA as on March 31 of the financial year for which the dividend is to be paid.

**"Applicable Laws"** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time, Banking Regulation Act 1949 and the rules made there under and such other guidelines / Directions issued by the Reserve Bank of India, which provides for the distribution of Dividend.

**"Bank or CUB"** shall mean City Union Bank Limited.

**"Board"** or **"Board of Directors"** shall mean Board of Directors of the Bank.

**"Dividend"** shall mean Dividend as defined under Companies Act, 2013.

**"Policy or this Policy"** shall mean the Dividend Distribution Policy.

**“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

## **5. Interpretation**

In this Policy, unless the contrary intention appears words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made thereunder or Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

## **6. General Parameters for declaration of Dividend**

Dividend is declared at the Annual General Meeting of the Bank, based on the recommendation of the Board of Directors. Since the company being a Banking company being regulated by the provisions of Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026 dated March 10, 2026..

In line with the philosophy stated above in Clause 2, the Board of Directors of the Bank shall consider the macroeconomic environment prevailing during the year and shareholder expectation with regard to declaration / recommendation of dividend.

### **Financial Parameters**

The Board of Directors while considering the proposal for declaration of dividend or remittance of profit of a bank shall consider the following:

The Board shall invariably look into the following financial parameters by taking a decision on declaration / recommendation of dividend.

- a. Overall Financial performance for the year for which dividend is recommended;
- b. The Basel III capital requirements;
- c. Cash flow required to meet contingencies;
- d. Past Dividend Trends including interim dividend paid during the year, if any.
- e. The divergence in asset classification and provisioning for Non-Performing Assets (NPAs), including its trend, as observed if any, under supervisory findings of the Reserve Bank;
- f. Auditors’ Report to the financial statements, including modified opinion or Emphasis of Matter, for the financial year for which the dividend is proposed;
- g. Current and projected capital position vis-à-vis applicable regulatory capital requirement; and
- h. Long term growth plans.

### **Other Parameters**

- a. Shareholders expectations
- b. Macro-economic environment

## 7. Regulatory Parameters

### a. Eligibility criteria for declaring dividends:

(1) The bank was in compliance with the applicable regulatory capital requirement as at the end of the previous financial year and shall continue to be in compliance as at the end of the financial year during which the dividend is proposed to be paid.

(2) The regulatory capital of the bank shall not fall below the applicable regulatory capital requirement even after the payment of dividend.

(3) The bank incorporated in India shall have positive adjusted Profit After Tax (PAT) for the period for which the dividend is proposed.

(4) The bank shall not be under any explicit restrictions for declaration of dividends or remittance of profits from the Reserve Bank or any other authority.

b. On satisfying the eligibility criteria as specified above, the Bank shall pay dividends subject to following conditions:

A bank incorporated in India which satisfies the eligibility criteria laid down in paragraph (a) above, may declare and pay dividend up to the limits prescribed under Table below, but in aggregate not exceeding 75% of the PAT for the period for which the dividend is being proposed

### **Criteria for maximum permissible range of Dividend Payout Ratio**

Bucket	CET 1 ratio as at the end of previous FY	Dividend allowed as a % of adjusted PAT for the period
B1	Up to $(8 + z)\%$	0
B2	Above $(8 + z)\%$ and up to $(10 + z)\%$	20
B3	Above $(10 + z)\%$ and up to $(12 + z)\%$	30
B4	Above $(12 + z)\%$ and up to $(14 + z)\%$	40
B5	Above $(14 + z)\%$ and up to $(16 + z)\%$	50
B6	Above $(16 + z)\%$ and up to $(17 + z)\%$	60
B7	Above $(17 + z)\%$ and up to $(18 + z)\%$	70
B8	Above $(18 + z)\%$ and up to $(19 + z)\%$	80
B9	Above $(19 + z)\%$ and up to $(20 + z)\%$	90
B10	Above $(20 + z)\%$	100

Note: 'z' in Table 1 refers to the respective applicable D-SIB buffer. 'z' shall be zero for a bank not classified as D-SIB.

## **8. Parameters on 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 dividend entitlement.

## **9. Circumstances under which the shareholders may or may not expect Dividend**

The Bank may or may not declare dividend for a particular year in case it

does not meet any of the eligibility conditions as contained under clause 6 above including any regulatory restrictions placed on the Bank.

## **10. Utilization of retained earnings**

The Bank shall utilize the retained earnings of the Bank in a manner most beneficial to all stakeholders and the banks overall growth.

## **11. Reporting**

The Bank shall report details of dividend declared during the accounting year to the Reserve Bank of India as per proforma furnished in **Annexure I** within a fortnight after declaration of dividend. Apart from this, other reporting matters, if any, under SEBI listing Regulations, Companies Act 2013, Banking Regulation Act 1949 and any other law shall also be complied with.

## **12. General**

The Bank shall update the Dividend Distribution Policy on its website as and when any change is made to it and also, the policy should form part of Annual Report.

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 Exchange Board of India or such other authority as may be authorized, from time to time, on the subject matter.

The Board of the Bank reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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1<sup>st</sup>Amendment version V2: 23-6-2026  
Initial approval version V1: 29-5-2017

## ANNEXURE I

### REPORTING FORMAT TO RBI

Details of dividend declared / profit remitted to its Head Office during the financial year \_\_\_\_\_

Name of the Bank: City Union Bank Ltd.

<b>Accounting Period*</b>	<b>Net Profit for the accounting period (Rs. In Cr.)</b>	<b>Net profit# for determining the Dividend Payout Ratio (₹ crore)</b>	<b>Rate of Dividend (Percent)</b>	<b>Amount of dividend (₹ crore) or Amount of profit / surplus remitted to Head Office and the rate of exchange applied</b>	<b>Dividend Payout ratio (per cent) or Profit / surplus remitted to Head Office as percentage of net profit</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>

**\*Quarter or half year or year ended – as the case may be**

#excluding any exceptional and / or extra-ordinary profits / income, or if audit report by the statutory auditor contains modified opinion that indicates an overstatement of net profit (including 'emphasis of matter'), net unrealised gains on fair valuation of Level 3 financial instruments (including derivatives), reversal of excess provision and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India (as provided in RBI [Commercial Banks – Transfer and Distribution of Credit Risk] Directions, 2025.

'Dividend Payout Ratio (DPR)' means the ratio of the amount of the dividend payable on equity shares (including interim dividend) in a year and the net profit during the year as per the audited financial statements for the financial year for which the dividend is proposed;