

**DIVIDEND DISTRIBUTION POLICY  
OF  
FINO PAYMENTS BANK LIMITED**

**PREAMBLE**

The Board of Directors (the “Board”) of Fino Payments Limited (the “Bank”) has adopted the following policy with regard to dividend distribution (“Dividend Distribution Policy” or “Policy”), in accordance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”), the guidelines of Reserve Bank of India (RBI) (as amended and as applicable to the Bank).

**PURPOSE**

This Policy seeks to outline broad parameters that may be applied for the purpose of recommending / declaring distribution of dividend to the members of the Bank 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.

**REGULATORY FRAMEWORK**

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

**DEFINITIONS**

The terms referred to in the policy will have the same meaning as defined under the Companies Act, 2013 & the Rules made thereunder, the Listing Regulations, Banking Regulation Act, 1949 and guidelines on dividend declaration issued by the Reserve Bank of India (RBI) from time to time.

**CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The Bank shall comply with the relevant statutory requirements that are applicable to the Bank in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Bank, conserve capital for growth, in case of inadequacy of profits or whenever the Bank has incurred losses; whenever the Bank undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital; whenever the Bank undertakes any acquisitions or joint arrangements requiring significant allocation of capital; significantly higher working capital requirement affecting free cash flow; in case being prohibited to recommend/declare dividend by any regulatory body.

The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant. Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy, if any.

**THE FINANCIAL /INTERNAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND:**

The Board shall consider the following financial parameters while declaring dividend or recommending dividend to shareholders:

1. Financial performance of the Bank for the year for which dividend is recommended
2. Interim dividend paid, if any
3. Internal capital planning framework / policy
4. Dividend pay-out trends in the past years
5. Tax implications if any, on distribution of dividends
6. Cost of raising funds from alternate sources of capital
7. Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates of the Bank
8. Cash flow required for meeting tax demands and other contingencies;
9. Regulatory (and growth requirement of) Capital Adequacy;
10. Any other factor not explicitly covered above but which is likely to have a significant impact other factors and/or material events which the Bank's Board may consider

**EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND**

The Board shall consider the following external parameters while declaring dividend or recommending dividend to shareholders:

1. Any significant changes in macro-economic environment affecting India or the geographies in which the Bank operates, or the business of the Bank or its clients;
2. Any political, tax and regulatory changes in the geographies in which the Bank operates including applicability and rate of dividend distribution tax

**UTILISATION OF RETAINED EARNINGS:**

The Bank would utilise 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 in the interest of the Bank and its stakeholders.

**PARAMETERS FOR VARIOUS CLASSES OF SHARES:**

Currently, the Bank does not have any other class of shares (including shares with differential voting rights) other than equity shares. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

**CONFLICT IN POLICY:**

In the event of any conflict between this Policy and the provisions contained in the applicable laws, the provisions of applicable laws shall prevail.

**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 law. Such amended policy shall be placed before the Board for noting and necessary ratification

**REVIEW**

The Dividend Distribution Policy of the Bank would be reviewed annually, or earlier if material changes take place in the applicable regulations.