SBI Cards and Payment Services Limited

Dividend Distribution Policy

May 30, 2026

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DIVIDEND DISTRIBUTION POLICY (Version 12)

1. BACKGROUND OF THE COMPANY

SBI Cards and Payment Services Limited ('The Company') is a non-deposit taking Non-Banking Financial Company ('NBFC- ML') registered with the Reserve Bank of India ('RBI'). The Company is engaged in issuing credit cards and other allied services to consumers in India.

2. PURPOSE OF THE POLICY

The purpose of this policy is to describe the factors, timing, and amount to be considered for Interim and Final dividend. Final Dividend is declared at the Annual General Meeting of the shareholders, based on the recommendation by the Board and such dividend is termed as Final Dividend. The Board may recommend dividend, at its discretion, to be paid to shareholders. The Board may also declare an interim dividend.

3. FACTORS TO BE CONSIDERED BEFORE DECLARING DIVIDEND

a. Internal Factors:

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

i. Supervisory finding of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets.

ii. Qualifications in the Auditor's report to the financial statements.

iii. Long term growth plan including any future capital expenditure plan of the Company.

iv. Regulatory capital requirement.

v. Profits earned during the financial year.

vi. Cost of raising funds from alternate sources.

vii. Cash flow position

viii. Applicable taxes including tax on dividend.

b. External Factors:

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

i. Applicable laws and Regulations including taxation laws.
ii. Economic conditions.
iii. Prevalent market practices.

4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
ii. In the event of higher working capital requirements for business operations or otherwise.
iii. In the event of inadequacy of cash flow available for distribution.
iv. In the event of inadequacy or absence of profits.
v. Under any other circumstances as may be specified by the Companies Act, 2013 RBI guidelines, SEBI regulations or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders.
vi. Prevailing economic conditions.

5. MANNER OF UTILIZATION OF RETAINED EARNINGS

The Board of Directors of the Company may after consideration of the factors as stated above recommend/declare dividend out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of Section 123(2) of the Companies Act, 2013, or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of Section 123(2) and remaining undistributed, or out of both.

Provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.

Provided that the Company may, before the declaration of any dividend in any financial year, transfer such a percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.

Provided further that where, owing to inadequacy or absence of profits in any financial year, the Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the free reserves, such declaration of dividend shall not be made except in accordance with provisions of the Companies Act, 2013 and the rules as may be prescribed in this behalf.

Provided also that no dividend shall be declared or paid by the Company from its reserves other than free reserves.

Provided also that the Company shall not declare dividend unless carried over previous losses and depreciation not provided in the previous year or years are set off against profit of the Company for the current year.

6. OTHER FACTORS TO BE CONSIDERED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has only one class of equity shareholders, the dividend declared will be distributed equally among all the Shareholders, based on their shareholding on the record date.

7. TIMING AND AMOUNT OF DIVIDEND (INTERIM & FINAL)

Board may:

a. Declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

   In case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

b. Recommend final dividend to shareholders for their approval based on review of profits arrived at as per audited financial statements.

8. FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

The declaration of dividend will be after transferring as disclosed in the profit and loss account to statutory reserve as per Section 45 IC of RBI Act and other necessary statutory compliances.

The board may decide upon the amount of dividend (interim/final), on ensuring that the following parameters are met:

a. CRAR shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. TIER I capital at any point of time, shall not be less than 10%. The capital requirement criteria should be met for each of the last three financial years including the financial year for which a dividend is proposed.

b. The Net NPA ratio shall be less than 6 per cent in each of the last three years, including as at the close of the financial year for which a dividend is proposed to be declared.

The total dividend proposed for the financial year should not exceed the ceiling specified in Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025.Currently the maximum dividend payout ratio is restricted to 50%.

Exception: In case previous year criteria are not met and if CRAR for the year under consideration is >15% and net NPA <4%, maximum dividend payout is restricted to 10%.

In case the net profit for the relevant period includes any exceptional and/or extraordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

Explanation: The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.

9. DISCLOSURE AND REPORTING

The Company shall report details of the dividend declared during the financial year as per the format prescribed by RBI, as amended from time to time. The report shall be furnished within a fortnight after the declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank of India, under whose jurisdiction it is registered.

Further, the policy shall be disclosed on the website of the Company and a web link of the same shall be provided in the annual report of the Company along with the changes in the parameters, if any, and the rationale of such change.

10. STATUTORY REQUIREMENTS

The Company shall comply with statutory requirements relating to declaration and payment of dividends. The dividend declaration/payout shall be within the specific and general prudential limits fixed by RBI and in conformity with the provisions of the NBFC guidelines, Companies Act 2013,SEBI Regulations and other applicable laws and guidelines that are issued by the regulators like Reserve Bank of India, Securities Exchange Board of India or any other such body from time to time and Article of Association of the Company.

11. Reference (Regulatory Guidelines & Circulars)

The Following regulatory references has been referred and adhered to while making this policy.

- Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025
- Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025
- Reserve Bank of India (Non–Banking Financial Companies – Transfer and Distribution of Credit Risk) Directions, 2025.

12. POLICY REVIEW

The policy shall be reviewed by the Board once in every year or at earlier intervals, if necessary. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of the policy until the policy is reviewed and approved next time.