



Bandhan
Bank

DIVIDEND DISTRIBUTION POLICY

Last amended on June 25, 2021

1.1. INTRODUCTION:

- 1.1.1. Dividends are commonly defined as the distribution of earnings (past or present) in real assets among the shareholders in proportion to their ownership. The purpose of the Dividend Distribution Policy is to set guidelines for the Bank to decide how much it will pay out to shareholders in the form of dividend.

1.2. OBJECTIVES:

- 1.2.1. The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Bank before recommending dividend to its shareholders for a financial year. The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016.
- 1.2.2. Bank's dividends are generally declared and paid in the fiscal year following the year to which they relate. Under the Indian law, a company pays dividend upon a recommendation by its Board of Directors and approved by majority of the shareholders at the annual general meeting. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.
- 1.2.3. While adopting this policy, Bank reiterates its commitment to its shareholders to maximize shareholders' value, which will be represented as Dividend Payout Ratio or the percentage of earnings paid to shareholders in dividends, calculated as:
 - = Yearly Dividend per share /Earnings per share
 - = Dividend/ Net Income

1.3. CRITERIA TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND:

Before recommending dividend, the Board will consider the following factors:

Statutory and Regulatory Compliance:

The Bank shall declare dividend only after ensuring compliance with the provisions of the Banking Regulation Act, 1949, regulatory guidelines on dividend declaration issued by the Reserve Bank of India (RBI) from time to time, provisions of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and to the extent applicable to Banking Companies.

Financial and other parameters:

- Financial performance of the Bank for the year for which dividend is recommended
- Any interim dividend paid
- Past trends of dividend payout
- Optimal Capital Adequacy Ratio (CAR)
- Reinvestment opportunities
- Corporate actions, if any
- Likelihood of crystallization of contingent liabilities, if any
- Tax implications on dividend distributions, if any
- Macro economic environment
- Regulatory directions, if any

1.4. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Board may not recommend any dividend under, but not limited to the following circumstances:

- The Bank has reported net loss for the year.
- The credit coverage or capital adequacy metrics of the Bank are sub-optimal.
- The Bank is prohibited from declaring dividend by provisions of the Banking Regulation Act 1949, or by any regulatory guidelines issued by RBI or any other regulator.
- Achievement of specific milestones in the Bank's progress or conservation of capital for future growth or any strategic plan.
- Any other extraordinary circumstances.

1.5. UTILISATION OF RETAINED EARNINGS:

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 in the interest of the Bank and its stakeholders.

1.6. 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.

1.7. CONFLICT IN POLICY:

In the event of a conflict between this policy and the extant regulations, the regulations shall prevail.

1.8. POLICY AMENDMENT AND REVIEW

This Policy will be reviewed annually and placed before the Board of Directors of the Bank. The Policy will also be subject to amendments necessitated due to changes in laws, rules, and regulations as and when required. Any changes or revisions to the Policy will be communicated to the Shareholders in a timely manner.

The said Policy will be hosted on the website of the Bank and the same would be disclosed in the Annual Report of the Bank.