



IDBI BANK LIMITED

DIVIDEND DISTRIBUTION POLICY (As revised in March 2026)

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DIVIDEND DISTRIBUTION POLICY

1) OBJECTIVE

- 1.1 To formulate/review Dividend Distribution Policy to comply with regulatory directions. SEBI vide notification dated July 8, 2016, had inserted a new Regulation 43A regarding Dividend Distribution Policy under SEBI (Listing, Obligations & Disclosures Requirement) Regulations, 2015 (“SEBI LODR”). The regulation inter-alia requires that the top 1000 listed entities, based on market capitalization, shall formulate a Dividend Distribution Policy (the Policy) which shall be disclosed on their websites and a web link shall be provided in their annual reports. As the Bank is fulfilling the requirements stipulated by SEBI, it is necessary 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.
- 1.2 The Bank Shall Comply, inter alia, *the Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026, (dated March 10, 2026)*, effective from Financial Year 2026-27.

2) PRINCIPLES FOR DIVIDEND DECLARATION

- 2.1 IDBI Bank Ltd’s (“the Bank”) Issued Capital comprises of only Equity Share capital on which dividend can be paid.
- 2.2 The Bank will aim to declare periodic dividend out of its distributable profits to ensure a regular dividend income and long term capital appreciation for its equity shareholders.
- 2.3 The eligibility criteria as stated in Clause 3 herein below are required to be complied with by the Bank before the Board recommends for declaration of dividend.
- 2.4 Generally, the factors that may be considered by the Board before making any recommendations for the dividend include, but are not limited to, profits earned during the financial year, cost of raising funds from alternative sources, cash flow position, applicable taxes including tax on dividend, compliance with SEBI LODR and other applicable Regulations of SEBI, Companies Act 2013 and its rules and regulations framed thereunder, RBI guidelines, statutory restrictions etc.

- 2.5 The Bank shall comply with all the relevant provisions of the Banking Regulation Act 1949, Companies Act 2013, Rules and Regulation framed thereunder, SEBI Guidelines/Regulations, RBI Guidelines/Circulars, with respect to Dividend declaration, distribution, treatment of unpaid/ unclaimed dividend, etc. before declaration of dividend.
- 2.6 Dividend shall, in the normal course, be declared at the time of adoption of accounts for a completed financial year at the Annual General Meeting by the Shareholders.
- 2.7 The Bank's Board of Directors may, however, declare an interim dividend under exceptional circumstances, illustrative (but not limiting) are given below:
- a) Significantly higher profits or gains during the year;
 - b) Any contemplated mergers or acquisitions or restructuring that are likely to be concluded in the course of the financial year;
 - c) Significant capital issuances or capital restructuring that are anticipated to occur in the financial year;
 - d) The financial year is extended beyond twelve months due to any reason, etc.
- 2.8 While declaring an interim dividend, the Bank's Board shall consider the anticipated financial position for the relevant financial year as a whole and assure itself that, if the interim dividend so declared were the final dividend, all the requirements of this Policy would be satisfied.
- 2.9 The power to declare interim dividend shall vest with the Board of Directors. The power to declare final dividend shall vest with the Shareholders at the Annual General Meeting, based on the recommendation of the Board of Directors.
- 2.10 Perpetual Bonds issued by the Bank (if any) which are in compliance Basel III Capital regulations, as amended from time to time, and the applicable RBI Master Directions on Capital Adequacy (i.e. Bonds that do not have a redemption obligation) are eligible for inclusion in "Additional Tier I Capital" that is required to be maintained by the Bank for the purpose of meeting the Capital Adequacy norms of Reserve Bank of India ("RBI"). The Disclosure document and the Term Sheet of such Basel III Compliant Additional Tier I Bonds incorporates clauses regarding "Coupon Limitation" and "Dividend Stopper". In the event of the Bank declaring a loss, the coupon on such

Bonds, for the relevant financial period, is payable only with the prior permission of RBI. One of the factors taken into consideration by RBI before granting such permission is the level of revenue reserves that the Bank holds and whether they are adequate to cover the amount of coupon to be paid. The Bank shall endeavour to maintain an adequate level of revenue reserves, adequate to cover amount of coupon payment on such bonds and shall ensure that the sufficient surplus is available after declaration of dividend to meet this objective. Further, in the event that the Bondholders are not paid interest at the Coupon Rate, there shall be no payment of discretionary dividend on equity shares until the coupon payments to the Bondholders are made in accordance with terms thereof.

3) ELIGIBILITY CRITERIA FOR DECLARATION OF DIVIDEND AS PER RBI NORMS VIDE CIRCULAR DATED MARCH 10, 2026/ COMPANIES ACT, 2013/BANKING REGULATION ACT, 1949

- 3.1 The Bank should be 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.
- 3.2 The regulatory capital of the bank shall not fall below the applicable regulatory capital requirement even after the payment of dividend. In accordance with Master Circular – Basel III Capital Regulations dated November 29, 2025, Bank is required to maintain Minimum Total Capital Ratio (including Capital Conservation Buffer) of 11.5% and Minimum Common Equity Tier 1 Ratio of 5.5 %.
- 3.3 The Bank shall have positive Adjusted Profit after Tax (PAT) for the period for which the dividend is proposed, where
Adjusted Profit After Tax (PAT) shall be defined as such PAT of the financial year for which the dividend is proposed to be paid minus 50% (Fifty per cent) of Net NPA as on March 31 of the financial year for which the dividend is to be paid.
- 3.4 The Bank should be in
- 3.4.1 Compliance with the provisions of Section 15 (relating to Restrictions as to payment of dividend) and Section 17 of the Banking Regulation Act, 1949 (relating to Reserve Fund)

3.4.2 Compliance with the prevailing regulations/ guidelines issued by RBI, including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to Statutory Reserves, etc.

3.4.3 Compliance with section 123 of The Companies Act, 2013.

3.5 The Bank shall not be under any explicit restrictions for declaration of dividends from the Reserve Bank or any other authority.

4) **QUANTUM OF DIVIDEND PAYABLE**

4.1 If the eligibility criteria, set out in Clause 3 above are fulfilled, the Bank may declare and pay dividends, subject to the following:

4.1.1 The Bank may declare and pay dividend up to the limits prescribed as per the matrix furnished as amended/ modified or substituted by RBI from time to time; the limits prescribed (As per RBI Circular No. RBI/2025-26/387 DOR.ACC.REC.No.427/21.02.067/2025-26) are indicated below.

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%	0
B2	Above 8% and up to 10%	20
B3	Above 10% and up to 12%	30
B4	Above 12% and up to 14%	40
B5	Above 14% and up to 16%	50
B6	Above 16% and up to 17%	60
B7	Above 17% and up to 18%	70
B8	Above 18% and up to 19%	80
B9	Above 19% and up to 20%	90
B10	Above 20%	100

4.1.2 The maximum dividend payable shall be limited to the *lower of* :

- (i) the percentage of Adjusted PAT linked to the CET-1 ratio of the Bank at the end of previous FY falling in particular bucket (B1 to B10 detailed in above table);or
- (ii) 75% of PAT for the period for which dividend is proposed.

4.1.3 The following profits shall not be available for payment of dividend / repatriation of profit by foreign banks operating in India in branch mode:

- (i) Any exceptional and / or extra-ordinary profits / income shall not be available for payment of dividend. *For the purpose of this clause, 'extraordinary profit/income' or 'exceptional profit/income' shall have the same meaning as defined under the applicable Accounting Standards, as reiterated in RBI's Prudential Norms on Declaration of Dividend and Remittances of Profits, 2026.*
- (ii) If the audit report by the statutory auditor contains a modified opinion that indicates an overstatement of the PAT, the same shall not be available for payment of dividend.
- (iii) In terms of Reserve Bank of India (Commercial Banks - Classification, Valuation and Operation of Investment Portfolio) Directions, 2025, a bank shall not pay dividend out of net unrealised gains arising on fair valuation of Level 3 financial instruments (including derivatives).
- (iv) The prudential treatment of reversal of excess provision, dividend payment or remittance of profits by a bank on reversal of such provisions and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India shall be guided by the instructions contained in the Reserve Bank of India (Commercial Banks – Transfer and Distribution of Credit Risk) Directions, 2025.

5) FACTORS TO BE TAKEN INTO ACCOUNT WHILE DECLARING DIVIDEND

- 5.1 The Board, while considering the proposal for declaration of Dividend, shall consider the interests of all stakeholders and the following aspects shall be taken into account while deciding on the proposals for declaring dividend:
- 5.1.1 The interim dividend paid, if any;
 - 5.1.2 The divergence in asset classification and provisioning of NPAs, including its trend, as observed if any, under RBI's supervisory/Risk Based Supervision findings;
 - 5.1.3 Basel III capital requirements; Current and projected capital position vis-à-vis applicable regulatory capital requirement
 - 5.1.4 The Auditors' Report to the financial statements, including modified opinion or Emphasis of Matter, for the financial year for which the dividend is proposed.
 - 5.1.5 Long term Growth plans.
 - 5.1.6 Anticipated investments in Subsidiaries and Associates;
 - 5.1.7 Anticipated Regulatory changes with respect to Capital Adequacy and other prescriptions;
 - 5.1.8 Prevailing industrial/ economic environment and its expected impact on Bank's performance and capital position;
 - 5.1.9 Such other factors and/or material events which the Bank's Board may consider;
- 5.2 The Bank shall comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended/ modified/substituted from time to time.
- 5.3 The Bank shall continue to meet the applicable minimum regulatory capital requirements after dividend payment. While declaring dividend on equity shares, it shall be the responsibility of the Board to inter-alia consider the current and projected capital position of the Bank vis-à-vis the applicable capital requirements and the adequacy of provisions, taking into account the economic environment and the outlook for profitability.

6) CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

6.1 The Board of the Bank may not recommend any dividend or may recommend a lower payout for a given financial year under one or more of the following circumstances:

6.1.1 If the Bank does not meet the eligibility criteria as per Clause 3 above, no special dispensation will be granted by the RBI in such cases for declaration of dividend.

6.1.2 Bank has weak capital adequacy metrics.

6.1.3 Bank has significant expansion plans.

6.1.4 Restriction on payment of dividend imposed by RBI or any other regulator, if the Bank is found to be non-compliant with the applicable laws, regulations / guidelines issued by the Reserve Bank.

6.1.5 Any other extraordinary circumstances bearing material impact on the Bank's business, profitability, capital requirement and future business strategy.

7) UTILISATION OF RETAINED EARNINGS

7.1 The retained earnings will be used for the Bank's long term growth plans, capital requirements or as per the decision of the Bank's board, for the benefit of the Bank and its stakeholders or for the compliance of instructions/guidelines received from RBI.

8) PARAMETERS FOR VARIOUS CLASSES OF SHARES

8.1 At present, the Bank has only one class of shares i.e. equity shares. In absence of varied class of shares, a single set of parameters has been prescribed for declaring/ distribution of dividend.

9) AMENDMENTS/ MODIFICATIONS

9.1 The policy will be modified in accordance with the guidelines/ clarifications as may be issued from time to time by any relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this policy. Any exceptions to the Dividend Distribution Policy must be consistent with applicable regulations and must be approved in the manner decided by the Board of Directors.

10) REVIEW OF POLICY

10.1 The Policy shall be reviewed annually or as and when regulatory changes take place. In the event of a conflict between the Policy and the Regulatory Guidelines, the Regulatory Guidelines will prevail. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

11) DISCLOSURES

11.1 The Policy shall be hosted on the website of the Bank and the same would be disclosed in the Annual Report of the Bank. The Policy shall be updated on the website as and when any change is made in the policy.

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Appendix**List of Abbreviations:**

SEBI	Securities and Exchange Board of India
LODR	Listing Obligations and Disclosure Requirement
RBI	Reserve Bank of India
CRAR	Capital to Risk-weighted Asset Ratio
PAT	Profit After Tax
NPA	Non-Performing Assets
CET 1	Common Equity Tier 1
Adjusted PAT	PAT minus 50% of Net NPA as on March 31 of the FY for which dividend is proposed
DPR	Dividend Payout Ratio