



DIVIDEND DISTRIBUTION POLICY

1. NEED AND OBJECTIVE OF THE POLICY:

Securities and Exchange Board of India (SEBI) has, on July 08, 2016, notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015}, which requires the top five hundred listed entities based on market capitalization, calculated as on March 31 of every financial year, to formulate a Dividend Distribution Policy. The said Policy is required to be disclosed in the Annual Report and on the website of the listed entities.

Our Bank ranks at 292 amongst the top 500 listed entities based on market capitalization on NSE as on 31.03.2017. As such, in compliance of the Regulation 43A of SEBI (LODR) Regulations, 2015 our Bank is required to frame a Board approved Dividend Distribution Policy.

The objective of the policy is to enable the investors to take a well informed decision regarding investment in the capital market.

2. DEFINITIONS:

Dividend	Dividend includes interim dividend. In common parlance, 'Dividend' means the profit of the Bank, which is not retained in the business and is distributed among the shareholders in proportion to the paid up amount of the shares (face value) held by them.
CRAR	It is the ratio of the Bank's Capital to its Risk Weighted Assets.
Dividend Payout Ratio	Dividend payout ratio is calculated as a percentage of dividend payable in a year (excluding dividend distribution tax) to Net Profit during the year.
Board	"Board" means Board of Directors of the Bank constituted under the provisions of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.



3. TITLE OF THE POLICY:

The Policy will be known as “**Allahabad Bank-Dividend Distribution Policy**”.

4. GUIDING FACTORS OF THE POLICY:

Being a Bank constituted under the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the guidelines/ directives received/to be received by the Bank from the Government of India and guidelines of Reserve Bank of India with respect to distribution of dividend by the Bank is/shall be the guiding factors for the Dividend Distribution Policy of Bank.

5. GENERAL PRINCIPLES OF THE BANK REGARDING DISTRIBUTION OF DIVIDEND:

The intent of the Bank is to reward its shareholders by sharing a portion of the profits, whilst also ensuring that sufficient funds are retained for growth of the Bank. The dividend for each year would be recommended by the Board at its discretion within the set guidelines of Government of India and Reserve Bank of India and after taking into account the financial performance of the Bank, its future plans, internal and external factors, statutory restrictions, etc., for declaration by the shareholders in General Meeting. The Board may also declare interim dividend at its discretion.

6. GOVERNMENT OF INDIA GUIDELINES FOR DIVIDEND PAYMENT:

In terms of Government of India, Ministry of Finance Guidelines vide their letter No. F. No. 10/3/2010-BOA dated 13th April, 2010, the Bank is required to pay a minimum dividend @ 20% on the paid up share capital or 20% of post tax profit, whichever is higher and in case Bank is not able to pay the minimum dividend as above, the Bank is required to seek specific prior permission of the Government of India

7. RESERVE BANK OF INDIA GUIDELINES FOR DIVIDEND PAYMENT:

Reserve Bank of India vide Circular No. RBI/451/2005 DBOD. NO. BP.BC. 88/21.02.067/2004-05 dated 4th May, 2005 advised that prior approval of Reserve Bank of India is not necessary for declaration of Dividend, if the Bank complies with the specified eligibility criteria regarding capital adequacy, Net NPA, Compliance of provision of Sec. 15 & 17 of Banking Regulation Act, and makes provision for impairment of assets, staff benefits, transfer of profit to reserve etc as per RBI guidelines.



RBI in their aforesaid circular have further stipulated that the dividend should be paid out of the current year's profit.

The matrix of criteria for maximum permissible range of Dividend pay out ratio as detailed below has also been stipulated in the aforesaid RBI circular:

Category	CRAR	Net NPA Ratio			
		Zero	More than Zero but less than 3%	From 3% to less than 5%	From 5% to less than 7%
		Range of Dividend Pay out Ratio (% of Profit after Tax)			
A	11% or more for each of last 3 years	Up to 40	Upto 35	Upto 25	Upto 15
B	10% or more for each of last 3 years	Upto 35	Upto 30	Upto 20	Upto 10
C	9% or more for each of last 3 years	Upto 30	Upto 25	Upto 15	Upto 5
D	9% or more in the current year	Upto 10		Upto 5	NIL

8. INTERNAL AND EXTERNAL FACTORS FOR DIVIDEND DISTRIBUTION:

The dividend payout decision of the Bank will also depend on certain external factors such as the state of the economy of the country, statutory and regulatory provisions, tax regulations including the treatment of deferred tax assets etc., as may be applicable at the time of declaration of the dividend. Apart from the aforesaid external factors, Board will also take into account various internal factors, such as the bank's long term growth plans, future capital requirements, replacement of capital assets, the interim dividend paid, the findings of the Reserve Bank with regard to divergence in identification of NPAs, if any, shortfall in provisioning, the auditors' qualifications pertaining to the statement of accounts, etc. The decision of the Board regarding dividend shall be final.



9. UTILISATION OF RETAINED EARNINGS:

The retained earnings will mainly be utilized for the purpose of the Bank's growth plans, improvement in CRAR and such other purposes as per the guidelines issued by RBI and Government of India from time to time.

10. PROVISIONS WITH REGARD TO VARIOUS CLASSES OF SHARES:

The Bank currently has only one class of shares, namely Equity Shares. In case of issuance of any other class of shares in future, the parameters shall be decided suitably by the Bank at appropriate time. However, Bank shall follow the guidelines as applicable for preference shares, if raised.

11. MANNER OF PAYMENT OF DIVIDEND:

As per Regulation 12 of SEBI (LODR) Regulations, 2015, the Bank shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of the dividends. Where it is not possible to use electronic mode of payment for any reason, 'payable-at-par' warrants or Demand drafts will be issued to the eligible shareholders.

12. DISCLOSURE AND REPORTING:

- a) The Policy will be disclosed on the website of the Bank and a web link shall be provided in the Annual Report.
- b) The Bank shall report the details of dividend declared during the accounting year to RBI as per the prescribed proforma (Annexure I) and timeline specified by RBI (currently within a fortnight after declaration of dividend).
- c) The Bank shall declare and disclose the dividend on per share basis only as specified under SEBI (LODR) Regulations, 2015.

13. VALIDITY OF THE POLICY:

This Policy will be in force for 3 (three) years or till the time it is amended or reversed by the Board, whichever is earlier. The Board of



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the Bank shall be the competent authority to revise or amend or modify or annul any or all of the provisions contained in this Policy at any time or from time to time.

In the event of receipt of any regulatory guidelines/instructions, such guidelines/instructions will be deemed to be part of the Policy.

On review, all such changes shall be incorporated in the Policy document and put up before the Board.

In emergent situations, subject to ratification by the Board, Managing Director & CEO, or in her/his absence, Executive Director/s will be the competent authority to effect necessary changes in this Policy.



Annexure- I

Reporting Format to RBI

Detail of dividend declared during the financial year ended _____

Name of the Bank: Allahabad Bank

Accounting Period*	Net Profit for the accounting period (Rs. in cr)	Rate of dividend (Rs. per share and %)	Amount of dividend (excluding dividend tax) (Rs. in cr)	Payout Ratio
1	2	3	4	5

* Quarter or half year or year ended, as the case may be