RBL BANK LIMITED

DIVIDEND DISTRIBUTION POLICY

(VERSION 2)

Effective Date – July 19, 2019

1. Introduction

The Securities and Exchange Board of India ("SEBI") vide its notification dated July 8, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), by inserting a fresh regulation 43A 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 Policy") which shall be disclosed in their annual reports and on their websites.

As the Bank is one of the top five hundred companies as on March 31, 2017, we are required to frame a dividend distribution policy, based on the parameters specified in the SEBI Regulations.

This Policy shall be known as "RBL Bank Limited - Dividend Distribution Policy" ("the Policy"). The Policy of the Bank is aimed at balancing the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth.

2. Regulatory compliance

The Bank can declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies Act, 2013, the Rules made thereunder and the SEBI Regulations, as amended to the extent applicable to the banking companies.

3. Principles for dividend declaration and Approval process

The Board will consider the following factors while making any recommendation for dividend:

- Shareholder expectations
- Profits earned during the financial year.
- Past dividend trends, including interim dividend, if any.
- Optimal Capital Adequacy Ratio (CAR) subject to regulatory minimum of total and Tier I CAR.
- Expected capital requirements for planned growth
- the Bank's capital position and requirements as per Internal Capital Adequacy Assessment Process (ICAAP) projections and regulatory norms
- Additional regulatory requirements of capital in near future (if applicable)
- Cost of raising funds from alternative sources
- Any applicable criteria from the legal or regulatory frameworks.
- External factors including state of the domestic and global economy, capital market conditions and dividend policy of competitors
- Tax implications including applicability and rate of dividend distribution tax

The objective of the Policy is to appropriately reward shareholders through dividends while retaining the capital required for supporting future growth. To meet this objective and taking past trends into consideration, the Bank may maintain a dividend pay-out (excluding Dividend Distribution tax) in each financial year in the range of 0-20%.

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

The retained earnings of the Bank are expected to be used across general corporate purposes, including organic and inorganic growth.

The decision regarding dividend shall be taken only by the Board at its Meeting and not by a Committee of the Board or by way of a Resolution passed by circulation.

Final dividend shall be paid only after approval at an Annual General Meeting of the Bank. Shareholder approval is not required for payment of interim dividend.

4. Deviation from the Policy

The Board may recommend special dividend or reduce the rate of dividend under circumstances including but not limited to the following:

- 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 or by any regulatory guidelines issued by RBI.
- Achievement of specific milestones in the Bank's progress.
- Any other extraordinary circumstances.

5. Dividend information

Information on dividend paid in last five years including dividend yield and payout ratio will be made available on the website of the Bank.

6. Manner of Payment of dividend

As per Regulation 12 of SEBI (LODR) Regulations, the Bank shall use any of the electronic modes 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, 'payable-at-par' warrants or Demand drafts will be issued to the eligible shareholders.

7. Policy amendment and review

This Policy will be in force till such time it is not amended or revoked by the Board. The Policy will 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 updated on the Bank's website. In the event of variance between the Policy and Regulatory changes, the Regulatory changes shall override the Policy till the Policy is amended to reflect such Regulatory changes.

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.