

## **DIVIDEND DISTRIBUTION GUIDELINES**

As per the clarification received from the Reserve Bank of India (RBI) through Indian Bank's Association (IBA) vide letter dated 16.04.2026, Banks are advised that dividend for FY 2025-26 shall be declared in accordance with Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2025 (Ref - RBI/DOR/2025-26/168 DOR.ACC. REC. 87 /21-02-067/2025-26 dated 28.11.2025). Further, Bank are advised to follow Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026 (Ref - RBI/2025-26/387 DOR.ACC.REC.No.427/ 21.02.067/2025-26 dated 10.03.2026) for declaration of dividend for FY 2026-27.

RBI in their aforesaid direction dated 28.11.2025 have stipulated factors to be considered by Board while deciding on the proposal of dividend, eligibility criteria to be fulfilled for declaration of dividend, quantum of dividend payable, reporting system etc. 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	Capital to Risk Weighted Assets Ratio (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	Upto 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

The Copy of Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2025, can be accessed from this link - [https://www.rbi.org.in/Scripts/BS\\_ViewMasDirections.aspx?id=13142](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=13142)