

## Approval Note Sheet

<b>Name of Document</b>	<b>Dividend Declaration and Distribution Policy</b>
<b>Document Owner</b>	<b>Finance and Accounts Division (FAD)</b>
<b>Developed By</b>	<b>Process Management Office</b>



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**Disclaimer:**

1. Method of revision/development was in combination of meeting, person to person and group discussions and through email.
2. After the end of reviewing final draft, no further observation/feedback was received from any stakeholder. Hence, this version is considered as 'final version' of "**Dividend Declaration and Distribution Policy**".

**Signatory Sheet**  
**Dividend Declaration and Distribution Policy**

Sign-off Initiation Date: December 6, 2021

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## 1. Introduction

The Dividend Declaration & Distribution Policy (“the policy”) is formulated to comply with the guidelines of Bangladesh Bank on dividend declaration and the provisions of the directive of the Bangladesh Securities and Exchange Commission issued under reference No. BSEC/CMRRCD/ 2021-386/03 dated, 14 January 2021 on dividend distribution and the policy shall come into force with immediate effect.

## 2. Objective

The objective of this policy is to comply with the guidelines of Bangladesh Bank and the directives of Bangladesh Securities and Exchange Commission (BSEC) along with the factors to be considered by the Board of Directors of the Bank before recommending any dividend (interim/final) to its shareholders for a financial year, mode & procedures of dividend payment/credit and management of the unclaimed dividend.

## 3. Dividend Declaration Policy

The Board of Directors of the Bank may declare/recommend interim or final dividend based on the audited financial statements. The Bank shall have to comply with the Rules and Regulations, Notifications, Orders, Guidelines issued by Bangladesh Bank, BSEC, Stock Exchanges and other regulatory authorities and also have to obtain necessary approvals and/or clearances, wherever applicable, before and/or after recommending any dividend. However, no stock or bonus share shall be declared as interim dividend.

Dividend declared or recommended by the Board shall be approved by the shareholders in an Annual General Meeting (AGM). The shareholders’ approved dividend will not exceed the amount recommended/declared by the Board of Directors.

## 4. Restriction on Dividend Payment

Dividend shall be paid only from the profit of the year and/or any other undistributed profit or retained earnings of the Bank.

## 5. Entitlement of Dividend

The shareholders whose names would appear in the Register of Members and/or Depository Register of the Bank on the “Record Date” fixed by the Bank shall be entitled to the dividend upon approval of the dividend in the AGM.

## 6. Payment of Dividend

The Bank shall pay off the dividend to its shareholders within 30 (thirty) days from the date of declaration or approval as the case may be. Mode and procedures of dividend payment shall be as follows:

### A. Cash Dividend:

Cash dividend shall be distributed in the following manner:

- i) The Bank shall maintain the amount equivalent to the declared cash dividend payable for the concerned year in a separate bank account within 10 (ten) days of declaration;
- ii) The Bank shall pay the cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the Depository Participants (DPs) through Bangladesh Electronic Funds Transfer Network (BEFTN);
- iii) The Bank may pay the cash dividend through bank transfer, or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
- iv) In case of margin loan and claim by loan provider, the Bank shall pay cash dividend to the Consolidated Customers' Bank Account (CCBA) or to the separate bank account of the Merchant Banker or Portfolio Manager through BEFTN;
- v) In case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall be transferred through further BEFTN on receipt of request from the concerned shareholder(s) providing his/her/their updated bank account details;
- vi) The Bank shall pay the cash dividend through the security custodian following the Foreign Exchange Rules & Regulations for non-resident sponsor, director, shareholder or foreign portfolio investor (FPI);
- vii) The Bank shall send a short message service (SMS) to the mobile number or email of the shareholders after disbursement of cash dividend as intimation; and
- viii) The Bank shall send reminder through e-mail / SMS / post in case of non-deposit of cash dividend and non-availability of information of the shareholder.

#### **B. Stock Dividend:**

Stock dividend shall be distributed in the following manner:

- i) The Bank shall credit the stock dividend to the BO accounts of the shareholders within 30 (thirty) days of record date fixed for the purpose of determination of entitlement of such bonus shares or stock dividend after obtaining clearance from the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank, Stock Exchanges (DSE & CSE) and the Central Depository Bangladesh Limited (CDBL).
- ii) The Bank shall maintain a Suspense BO Account for crediting the non-distributable stock dividend or bonus shares where BO account of the shareholder is not available, or BO account is found inactive at the time of stock dividend disbursement.
- iii) The Bank shall credit the corporate benefit in terms of shares accrued on undistributed or unclaimed stock dividend or bonus shares to the Suspense BO Account.
- iv) The Bank shall, upon receiving application from the allottee and after proper verification of the shareholder's identity and his/her/their entitlement, credit the bonus shares lying with the Suspense BO Account held under Block Module to the BO account of the allottee within 15 (fifteen) days of receiving application with an intimation to the Commission and/or the Exchange(s).

#### **7. Payment of Unclaimed Cash and Stock Dividend**

Unclaimed or unpaid cash and stock dividend shall be settled in line with the directives of Bangladesh Bank and Bangladesh Securities and Exchange Commission.

## 8. Deduction of Tax

Tax will be deducted at source as per applicable tax laws.

## 9. Compliance Report to Commission and the Exchange(s)

The Bank shall submit a compliance report to the Commission and the exchange(s) in a specific format (Annexure A) in respect of the above mentioned provisions within 7 (seven) working days of completion of dividend distribution.

The Bank shall publish the compliance report on the official website.

## 10. Conflict and Amendment of the Policy

In the event of any variation or inconsistency between the provisions of this policy and any amendments, clarifications, circulars, notifications, or guidelines issued by the regulatory bodies or authorities, then such amendments, clarifications, circulars, notifications, or guidelines shall prevail over this policy and the provisions of this policy shall be deemed to have been amended so as to be read in consonance with such amendments, clarifications, circulars, notifications, or guidelines.

The policy would be modified in due course to make it consistent with the regulations and such amended policy shall be placed before the Board for noting and necessary ratification.

## 11. Disclosure of the Policy

The policy will be made available on the Bank's website and will also be disclosed in the Bank's Annual Report.

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