

# DIVIDEND DISTRIBUTION POLICY

## Preface

This Dividend Distribution Policy of AB Bank Ltd. is framed and approved by Board of Directors of the Bank in compliance with Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2021-386/3-dated, 14 January 2021.

The Policy is aimed to set out the criteria and parameters, which the board of directors of the Bank shall take into consideration at the time of recommendation for dividend.

The Board of Directors may declare interim dividend and recommend final dividend complying the Companies Act, 1994; the Bank Company Act, 1991 and provisions of all Rules, Regulations, Notifications, Orders, Guidelines, etc. in force or to be enforced and issued or to be issued from time to time by Regulatory Authorities.

## Effective Date

This Dividend Distribution Policy is applicable with effect from 27<sup>th</sup> May 2021.

## Parameters to be considered for declaration of dividend:

The Board of Directors of the Bank will consider the following internal or external parameters while recommending dividend:

1. Financial performance and growth opportunities of the Bank.
2. Positive impacts on capital market
3. Dividend payout trend of the Bank
4. Capital to Risk Weighted Assets Ratio (CRAR) position of the Bank
5. Tax implication
6. Economic factors
7. Any other Regulatory requirements

For fixing the dividend payout ratio, the Board needs to consider the operating results of the Bank and the Shareholders return as well. Dividend should be paid out of Divisible profit of the Bank. If the eligibility criteria for recommendation of dividend has not been met by the Bank or any threshold has been fixed by the Regulators or any restriction has been imposed by the Regulatory Authorities; the Board of Directors of the Bank may recommend dividend within the threshold or may not recommend any dividend according to restrictions.

## Procedure of declaration/recommendation of dividend

### Interim Dividend

The Bank shall notify the Exchange and the Commission in advance the date and time of its board of directors'

meeting specially called for consideration/adoption of its quarterly financial statements and for declaration of any entitlement (interim dividend) for the shareholders before 3 (three) working days of holding such meeting:

Provided that no stock/bonus entitlement shall be declared as interim dividend and Provided that the decision about recommending dividend and entitlement for such dividend cannot be changed.

### Annual Dividend/ Final Dividend

The Bank shall notify the Exchange and the Commission in advance the date and time of its board of directors' meeting specially called for consideration/adoption of its annual audited financial statements and for declaration of any entitlement for the shareholders before 7 (seven) days of holding such meeting.

The Board of Directors while considering/adopting annual audited financial statements shall, in the same Board of Directors' meeting also fix the date of the relevant annual general meeting and take specific decisions with regard to (a) recommending or not recommending dividend for the shareholders on the basis of said financial statements; and (b) the shareholders who shall be entitled to such dividend, if recommended:

Provided that the decision about recommending or not recommending dividend and entitlement for such dividend, if recommended, cannot be changed prior to holding of the annual general meeting and no dividend shall be paid other than out of profits of the year or any other undistributed profits.

Dividend is required to approve by the shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board. All requisite approvals and clearances, where necessary as applicable, are obtained before recommendation and approval of dividend.

### Entitlement to Dividend

Only the shareholders of the Bank whose names appear in the depository register maintained with Central Depository Bangladesh Ltd and or members register of the Bank. on the record date fixed by the Bank shall be entitled to receive the dividend.

### Payment of Dividend

The Bank should maintain detailed information of Beneficiary Owners (BO) account, bank account, mobile phone number, email and address of the shareholder as maintained with the Depository Participants (DP) by itself or by appointing an agent for the purpose of proper distribution of dividend. These information shall be kept confidential.

Annual Dividend shall be paid off within 30 days from the date of its declaration in the Annual General Meeting or General Meeting of the Bank, as the case may be; and Interim Dividend shall be paid off within 30 days of record date. Provided, however, that the period of 30 days shall not apply in case where- (i) there is a dispute regarding to right to receipt the payment; or (ii) the dividend has been fully adjusted by the company against any sum due to it from the shareholders; or (iii) there is any restraint order by any court of law.

### a) Cash dividend

Cash dividend shall be distributed in the following manner and procedures, namely:-

- (i) Within 10 (ten) days of declaration of cash dividend by the board of director of the Bank an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the Bank dedicated for this purpose;
- (ii) The Bank shall pay off cash dividend directly to the bank account of the entitled shareholder or unit holder as available in the BO Account maintained with the depository participant (DP), or the bank account as provided by the shareholder or unit holder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN):  
Provided that the Bank may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
- (iii) The bank, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN:

Provided that if the stock broker or merchant banker or portfolio manager fails to provide detailed information (e.g., BO account number, bank account number, intention, etc. of the client or customer including CCBA to the Bank for such claim, then the Bank shall immediately inform Bangladesh Securities & Exchange Commission.

- (iv) The bank, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall end it by registered post to the shareholder or unit holder;

- (v) The Bank shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;

- (vi) The bank, immediately after disbursement of cash dividend subject to deduction of Advance Income Tax or other tax, if applicable, and also after issuance of a certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder or unit holder;

- (vii) The Bank shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or mane-wise or folio number-wise of the shareholder or unit holder; and shall also disclose the summary of aforesaid information in the manner report and shall also report in the statements of financial position (Quarterly/ annually) as a separate line item 'Unclaimed Dividend Account':

Provided that the Bank shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the Bank as maintained for this purpose within 1 (one) year from the date of declaration or record date, as the case may be.

### b) Stock dividend or bonus shares

The Bank shall credit stock dividend or bonus shares directly to the BO Account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration in Annual General Meeting/General Meeting or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL).

### Compliance of law

The Bank shall comply with all laws, rules, regulations and other legal requirements having force of law for recommending dividend, be it cash dividend or stock dividend, including compliance of Regulation 46 of ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, 2003 for issuance of stock dividend or bonus shares.

## The procedures to follow for ascertaining rightful ownership of dividend

The Bank shall follow the following procedures for ensuring the rightful ownership:

- (i) The Bank shall send at least 3 (three) reminders to the entitled shareholders;
- (ii) The Bank shall maintain detail information of unpaid or unclaimed dividend and rationale thereof. Unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remain, shall be transferred to a separate bank account named 'Unclaimed Dividend Account' within one year from the date of approval.
- (iii) In case of stock dividend or bonus shares, the Bank shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares. The said suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the bank:

Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the said Suspense BO Account.

- (iv) The Bank shall, upon receiving application from the allottee and/or after proper verification of identity and his entitlement, credit the cash dividend/bonus shares lying with the said Unclaimed Dividend Account in favour of the shareholder or the said Suspense BO Account to the BO Account of the allottee, as the case may be, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the Commission and the exchange(s);
- (v) Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established with finality.

## Unpaid/Unclaimed dividend

- (i) The Bank must not forfeit any unclaimed cash or stock dividend till the claim becomes barred by the law of land in force. Unclaimed dividend is paid off as per procedure set by the Bangladesh Securities and Exchange Commission and the Stock Exchanges.
- (ii) If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3

(three) years from the date of declaration or record date, as the case may be, shall be transferred by the Bank to the Fund as directed or prescribed by the Commission under the law of the country:

Provided that the Bank shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the Commission under the law of the country:

Provided further that if any shareholder or unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Bank shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission under the law of the country.

Provided however that the claim becomes barred by the law of land in force, the Bank shall claim back the said cash dividend from the fund upon forfeiture of the same.

- (iii) If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund as mentioned in the preceding clause.

Provided that the Bank shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission under the law of the country:

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (fifteen) days of receiving such claim, the Bank shall, after proper verification of the claim, recommend to the manager of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund and the manager of the Fund shall pay off or transfer such stock dividend or bonus shares to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the Commission under the law of the country.

Provided however that after the claim becomes barred by the law of land in force, the Bank shall claim back the said stock dividend or bonus shares from the fund upon forfeiture of the same.



### **Maintenance of record.**

The Bank, by itself or by appointing an agent, shall maintain detailed information of BO Account, bank account, mobile phone number, email and address of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend:

Provided that the Bank and its agent shall keep confidentiality of information. Any officer of the Bank shall personally be liable to indemnify the Bank for any loss or damage the Bank sustains due to breach of confidentiality of information of the shareholder or unit holder in this regard.

### **Updating Record**

The Bank shall update its record upon receiving any information regarding the BO Account, bank account, mobile phone number, email and address of the shareholder or unit holder from CDBL (Central Depository Bangladesh Ltd.) or its DP (Depository Participants) for the purpose of proper distribution cash dividend or stock dividend and other compliances:

Provided that in case of holding of paper share, the issuer shall update the information as above.

### **Clarification**

The Bank shall seek clarification from Bangladesh Securities & Exchange Commission in the event of any confusion or difference of opinion on any matter whatsoever

regarding the part of this Policy adopted as per direction of Bangladesh Securities & Exchange Commission under Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021; and the decision of Bangladesh Securities & Exchange Commission shall be final and binding on the Bank.

### **Compliance Report**

The Bank shall submit a compliance report to Bangladesh Securities & Exchange Commission as well as Stock Exchanges in the specified format prescribed under Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021.

### **Amendment**

The board of directors shall review an update, if needed, once in a year before each Annual General Meeting.

### **Disclosure**

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