

Dividend Distribution Policy

BRAC Bank Limited

Procedure Title	Dividend Distribution Policy
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Function/Role (Level 2)	Company Secretariat
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Introduction

The Dividend Distribution Policy of BRAC Bank Limited has been developed based on the principle, best practice in the industry and following the guidelines of the regulatory bodies. The policy is set to ensure proper dividend payment by the Bank to the Shareholders. Bangladesh Securities and Exchange Commission (BSEC) has made mandatory for the listed Company to have a dividend distribution policy and also to disclose it in the Company's website and in the Annual Report.

Objective of the Dividend policy

- The Dividend policy will guide us to distribute dividend to its shareholders to meet the regular income stream at the same time maintaining Banks required strategic and regulatory capital to support the business growth while planning for the dividend payment;
- This dividend policy is pursued ensuring the adequate capital resources for future business growth and investment opportunities as well as adverse situations;
- The policy frame dividend payment by considering the strategic plans, risk appetite including to pay sustainable dividends over the year, consistent with our capital management objectives and capital requirement for the long-term growth prospects;
- Considered the tool for capital planning is the annual Internal Capital Adequacy Assessment Process (ICAAP) through which we assess our projected capital supply and demand relative to regulatory requirements and our capital targets;
- The policy will support management to decide optimum dividend combination complying with the relevant regulations.

The Regulations impacting on dividend policy

The Bank complied with the provisions and requirements of the following laws and regulations from various Regulatory bodies in Bangladesh

- i) The Bank Company Act, 1991, and amendment thereon;
- ii) The Companies Act, 1994;
- iii) The circulars, rules and regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules, regulations and other directive;
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The listing regulation of Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE)
- vii) The rules and regulation of the Central Depository of Bangladesh Limited (CDBL).

The factors to be considered before dividend proposal and recommendation:

- a) Statutory and Regulatory Compliances:** The Company shall propose and declare dividend by ensuring compliance with the Regulatory guidelines on dividend declaration and other directives from Bangladesh Bank, Bangladesh Securities and exchange Commission.

Like any amount of cash dividend exceed 20%, require transfer the same amount equivalent to exceed 20% to dividend equalization fund and minimum dividend payment as per BB.

b) Financial Criteria:

- The Profit after tax for the year, retained earnings of banks as at the end of year with the adjustment for the restriction income/ profit from the declaration for which dividend recommended
- A statements on availability of profit for the distribution will be prepared and placed before Board by Finance
- The Internal capital planning framework/policy. It is our practice to keep 2% above the required regulatory capital in bank.

- The income tax implication on dividend payment both on banks and on the shareholders hand;
- The available alternative sources of capital and the relevant cost of fresh capital

c) Other Factors:

- The shareholder expectation including minority Shareholders
- The Macro-Economic environment in Bangladesh
- The consistency in dividend payment trend.

Entitlement of Dividend

The Shareholders whose names would appear in the Register of Members of the Bank on the Record Date for the respective year are entitled for dividend and to attend the AGM.

Payment of Dividend

The combination of cash and stock dividend will be determined based on the capital retention requirement and tax implication on the combination of dividend.

Where require, necessary approval for the dividend payment from both BB and BSEC will be obtained before final dividend decision in AGM by the shareholders

The company shall pay off the annual /final dividend within 30 (thirty) days of approval of Annual General Meeting subject to clearance of Bangladesh Bank, Stock exchange(s) and the Central Depository Bangladesh Limited (CDBL).

Cash Dividend payment process:

- The equivalent amount of cash dividend declared for the concerned year shall be transferred to a separate bank account of the Bank within 10 days of declaration of cash dividend by the board of directors of the bank,
- The bank shall pay off the cash dividend directly to the bank account of the eligible shareholder as available in the BO account maintained with depository participant (DP), or the bank account as provided by the shareholder in paper form, through BEFTN
- 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;
- The Bank, upon receiving the claim on cash dividend from a stock broker or a merchant 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.
- 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, upon request of the Shareholders, shall issue cash dividend warrant and shall send it by post to the shareholder
- 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 regulation in this regard or directed by the Regulatory bodies
- The Bank, immediately after disbursement of cash dividend and issuance 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

Stock Dividend payment process:

- The Bank follow the provision of para 46 of the Depository Rules for issuance of Bonus shares:
- The Bank will maintain a suspense BO account for undistributed or unclaimed stock dividend or bonus shares
- The sale proceeds of fractional shares shall be paid as per guidelines of Bangladesh Securities and Exchange Commission (BSEC)
- The Bank shall, upon receiving application from the allottee and after proper verification of identity and his/her entitlement, credit the bonus shares lying with Suspense BO account to the BO Account of the Allottee.

Income taxation on Dividend

The withholding tax applicable at source on dividend will be deducted and deposited to Government Exchequer as per the applicable laws of land.

Unclaimed/unpaid dividend

The Company shall follow the Rules and Regulations of the respective regulatory bodies to pay the unclaimed/unpaid cash/stock dividend.

Dividend Information

The Bank maintains detailed information of unpaid or unclaimed dividend and rationale thereof as per BO account number wise or name wise or folio number wise of the Shareholder and shall also disclose the summery of aforesaid information in the website of the Bank.

Review and update in future:

If there are any changes in the regulation regarding dividend payment, will be adopted with our policy automatically otherwise will require approval from the Board for any changes in the policy.