

DIVIDEND DISTRIBUTION POLICY

This Policy is formulated in compliance with the Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021 of Bangladesh Securities and Exchange Commission. This policy is effective from 31 March 2021 being the date of its approval by the Board of Directors of the Bank.

The Policy is aimed to lay down the criteria and parameters that are to be considered by the Bank while declaration and distribution of the dividend.

The Board of Directors may declare interim dividend/recommend final dividend complying the Companies Act, 1994 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.

Parameters to be considered for declaration of dividend

In determining dividend payment, Shahjalal Islami Bank PLC. takes into consideration of its operating results as well as long-term returns to shareholders. Dividend is paid out of the profit of the Bank. If there is a profit after its annual closing, the Bank first sets aside funds required for provision for investments & others as well as taxes before appropriating 20% of the profit before tax toward its statutory reserve. Dividend payable to the shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

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

1. Current & prospective financial performance including Bank's NPI (NPL) ratio
2. Past dividend payouts
3. Current & prospective capital adequacy of the Bank (CRAR ratio) including future regulatory requirements for minimum CRAR
4. Growth & investment opportunities
5. Tax implication
6. Macro & micro economic factors including regulatory requirements

7. Circumstances under which shareholders may or may not expect dividend:

The Board of Directors of the Bank may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Bank, including any restriction imposed by the Regulatory Authorities.

Procedure of declaration/recommendation of dividend

Dividend is approved by the shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board.

Dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee before approval of the Board. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

Entitlement to dividend

Only the shareholders of the Bank whose names are appeared in the Register of Members and/or Depository Register of the Bank on the record date fixed by the Bank are entitled to the dividend.

Payment of dividend

Shahjalal Islami Bank PLC. pays off the dividend to its shareholders within thirty days of approval.

The Bank 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) for the purpose of proper distribution of dividend and also keep confidentiality of information.

1. Cash dividend

In order to pay off the cash dividend in due time to the shareholders of the Bank, an amount equivalent to the declared cash dividend payable for the concerned year is kept in a separate bank account within 10 days of declaration. The Bank pays off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the DP or the bank

account as provided by the shareholder through Electronic Transfer within thirty days of approval after deducting applicable tax at source. After disbursement of cash dividend intimation is sent through a short message service (SMS) to mobile number or email of the shareholders.

In case of margin client having debit balance or margin loan of stock broker or merchant banker or portfolio manager, the Bank pays off cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of merchant banker or portfolio manager through Electronic Transfer in order to account for such dividend immediately in the individual client's portfolio account.

In case of non-availability of bank account information or not possible to distribute cash dividend through Electronic Transfer or any electronic payment system, the Bank issues cash dividend warrant and send it to the shareholder by post.

The Bank pays off cash dividend to non-resident sponsor, director, shareholder through security custodian in compliance the rules or regulations in this regard.

2. Stock dividend

In case of stock dividend, Shahjalal Islami Bank PLC. credits stock dividend (Bonus Share) directly to the

BO account within 30 days of approval subject to the clearance of the exchange(s) and CDBL complying rules and regulations in this regard.

Unpaid/Unclaimed dividend

Shahjalal Islami Bank PLC. maintains detailed 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, are transfer to a separate bank account named 'Unclaimed Dividend Account' within one year from the date of approval. In case of non credited stock dividend through Corporate Action due to closure of BO ID or any other reasons, the bonus shares are kept in 'Dividend Suspense Account'. The Bank does 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.

Review

The policy would be reviewed on an annual basis or as and when the need arises. Amendments (if any) would be approved by the Board.

Disclosure

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