

Dividend Distribution Policy of FSIBL

Dividend Distribution Policy of First Security Islami Bank Limited (FSIBL) is a set of guidelines under which declaration and payment of dividend are made and governs other related matters thereto. This policy is formulated for ensuring proper distribution of declared dividend both Interim and Final to the eligible shareholders of the Bank. The Board of Directors of the Bank in its 233rd Meeting held on May 11, 2021 has approved the policy upon recommendation by the Management Committee (MANCOM) of the Bank after its review.

Procedure for payment of dividends

Dividend will be recommended by the Board of Directors based on the audited Financial Statements of the Bank and necessary notes and comments thereof. Before declaration of dividend all requisites clearance and approval shall be taken from the concerned authorities. The shareholders of the Bank in an Annual General Meeting will approve the dividend based on the recommendation of the Board of Directors. The shareholders can approve lower rate of dividend than that of the recommendation of Board of Directors but can't exceed the rate that recommended for.

The Board of Directors can neither recommend nor paid dividend other than out of profits of the year or any other undistributed profits of the Bank. No dividend shall be recommended out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the Bank, if any, through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

Interim dividend

Based on audited Financial Statements of the Bank, the Board of Directors of the Bank will take decisions in regard to recommendation of interim dividend for the shareholders of the Bank, declare record date for the same and will take necessary approval from the concerned regulatory bodies. Interim dividend cannot be declared as stock or bonus shares.

The Board of Directors may, from time to time, declare interim dividend to the shareholders as appears to the Board to be justified by the profits of the Bank. The decision about recommending interim dividend and entitlement for such dividend cannot be changed.



Final Dividend

The Board of Directors of the Bank shall recommend final dividend for the shareholders on the basis of audited annual Financial Statements and declare the shareholders who will be entitled to such dividend. The decision about recommending or not recommending final dividend and entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed prior to holding of the Annual General Meeting.

The Board of Directors may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board of Directors will provide rationale in the Annual Report.

In case of declaration of stock dividend for the year, the Bank shall explain and disclose in the Annual Report the reason for declaring stock dividend and utilization of such retained amount as capital.

Entitlement of dividend

The shareholders whose names would appear in the Register of Members of the Bank and/or in the Depository on the 'Record Date' would be entitled to receive the interim dividend of the Bank.

The shareholders whose names would appear in the Register of Members of the Bank and/or in the Depository on the Record Date would be entitled to join in the Annual General Meeting and entitled to receive the final dividend of the Bank.

Payment of dividend

FSIBL shall pay off the interim dividend to the entitled shareholders within 30 (thirty) days of record date. It will pay off the final dividend to the entitled shareholders within 30 (thirty) days from the date of approval in an Annual General Meeting by the shareholders.

Payment of cash dividend

Cash dividend shall be paid off to the entitled shareholders observing the following rules:

❖ An amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of FSIBL within 10 (ten) days of declaration of cash dividend by the Board of Directors of the Bank.



- ❖ FSIBL shall pay off cash dividend directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholders in paper form through Bangladesh Electronic Funds Transfer Network (BEFTN).
- ❖ FSIBL 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.
- ❖ 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. FSIBL 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.
- ❖ FSIBL shall collect detailed information (e.g., BO account number, code number, bank account number, intention etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) from the stock broker or merchant banker or portfolio manager after their account for such claimed dividend in the individual client's account.
- ❖ In case of non-availability of bank account information or if not possible to distribute cash dividend through BEFTN or electronic payment system, FSIBL shall issue cash dividend warrant and shall send it by post to the shareholders.
- ❖ FSIBL shall pay off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard.
- ❖ FSIBL shall intimate to the shareholder 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 immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable.
- ❖ FSIBL shall maintain detailed information of unpaid or unclaimed cash dividend and rationale thereof, as per BO account (number-wise or name-wise or folio number-wise)



of the shareholders, and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/Annually) as a separate line item 'Unclaimed Dividend Account'. FSIBL shall publish the year-wise summary of its unpaid or unclaimed cash dividend in the website.

❖ FSIBL shall transfer 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 01 (one) year from the date of declaration or approval or record date, as the case may be.

Stock dividend

FSIBL shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholders, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL). FSIBL shall follow the provisions of প্রবিধান ৪৬ of the ডিপজিটির (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares.

FSIBL shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- FSIBL shall send at least 3 (three) remainders to the entitled shareholders.
- ❖ The 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 purposed of allotting the bonus shares as and when the allottee approaches to the Bank.
- ❖ Any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.
- ❖ FSIBL shall, upon receiving application from the allottee and after proper verification of indemnity and his/her entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the



Bangladesh Securities and Exchange Commission (BSEC) and Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (DSE).

Any voting right on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholders is established.

Payment of unclaimed or unpaid cash dividend and stock dividend

FSIBL shall follow the below mentioned rules and regulations in regard to payment of unclaimed or unpaid cash dividend and stock dividend to the entitled shareholders:

- ❖ FSIBL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of the land in force.
- ❖ 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 approval or record date, as the case may be, shall be transferred by FSIBL to the Fund as directed or prescribed by the Commission.
- ❖ FSIBL shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the Commission.
- ❖ If any shareholders claims his/her cash dividend after transfer of such cash 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.
- ❖ 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 approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund.
- ❖ FSIBL 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.



- ❖ If any shareholders claims his/her 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.
- ❖ FSIBL, by itself or by appointing an agent, shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the shareholders for the purpose of proper distribution of cash dividend or stock dividend and shall maintain confidentiality of information.
- ❖ FSIBL shall collect update information of BO account, bank account, mobile number, email address and contract address of shareholders at least once in a year from CDBL for the purpose of proper distribution of cash dividend or stock dividend and other compliances. The Bank shall update information in every year in case of paper shares.

Submission of dividend distribution compliance report

FSIBL shall submit a dividend distribution compliance report to BSEC, DSE & CSE in a specific format issued by the regulator(s) within the stipulated time of completion of dividend distribution. FSIBL shall also publish the compliance report in its website.