

DIVIDEND DISTRIBUTION POLICY 2021

Introduction:

This policy is formulated in compliance with the Directive No. BSEC/CMRRCD/2021-386/03 of Bangladesh Securities & Exchange Commission (BSEC) dated January 14, 2021.

Purpose:

The purpose of the policy is to comply with the Directives of Bangladesh Securities & Exchange Commission (BSEC). So this Dividend distribution policy 2021 is formulated and shall be disclosed in the Annual Report & official website of Al-Arafah Islami Bank Limited.

Manner and Procedure of Dividend Distribution:

In case of Cash dividend: -

- i) Within 10 (ten) days of declaration of cash dividend by the Board of directors, the declared cash dividend payable for the concerned year shall be kept in the separate bank account of Al-Arafah Islami Bank Ltd. dedicated for this purpose only;
- ii) Cash Dividend shall be paid directly to the bank account of 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 through Bangladesh Electronic Fund Transfer Network (BEFTN). The bank may pay off such cash dividend through bank transfer or any other electronic payment system as recognized by Bangladesh Bank if not possible to pay off through BEFTN;
- iii) Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client, the bank shall pay off such cash dividend to the Consolidated Customer's Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;
- iv) In case of non-availability of a valid bank account or non-possibility to distribute dividends through BEFTN/other electronic system, it will have to be distributed in the form of dividend warrants and send by post to the respective shareholders address;
- v) The bank shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investment (FPI) through the security custodian in compliance with rules or regulations in this regard;
- vi) A separate bank account will be maintained from which all the dividend payment can be made.

In case of stock dividend:-

- i) Stock dividend shall be directly credited to the BO accounts respective shareholders within 30 days of AGM (final approval) or record date as the case may be;
- ii) Undistributed stock dividend shall be kept in Suspense BO Account under the Block Module of CDBL system;
- iii) The sale proceeds of fractional bonus dividend shall be paid off as per circular of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Unpaid or unclaimed or unsettled cash/stock dividend:

The summary of unpaid or unclaimed and unsettled cash or stock dividends shall be disclosed in the Annual Report and settled as per instructions of Bangladesh Securities & Exchange Commission (BSEC) from time to time. Any voting rights on undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

Deduction of Tax:

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

Amendments/Modifications:

To the extent of any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law of the land. Such amended policy shall be placed before the board for approval.

Discloser Policy:

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