

# DIVIDEND DISTRIBUTION POLICY OF JAMUNA BANK PLC.



## 1. Introduction

This Dividend Distribution Policy sets out the guiding principles, regulatory framework and internal governance standards for declaration and distribution of dividends by Jamuna Bank PLC “the Bank”. The Policy aims to ensure that dividend decisions are prudent, transparent, sustainable and fully compliant with applicable laws, regulations and supervisory instructions issued by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges from time to time.

The Board of Directors shall have the discretion to determine the nature and quantum of dividend, subject to regulatory eligibility and the considerations outlined in this Policy.

## 2. Objective

The objective of this Policy is to define the criteria, conditions, and process to be considered by the Board of Directors before recommending dividend (cash and/or stock) to the shareholders of the Bank for any financial year.

## 3. Authority and Governance

- 3.1 The authority to recommend dividend rests exclusively with the Board of Directors of the Bank and shall be exercised only at a duly convened Board Meeting. Dividend shall not be declared by any Committee of the Board or by resolution passed by circulation.
- 3.2 Final dividend shall be paid only after approval of the shareholders at the Annual General Meeting (AGM).

**Interim dividend**, if any, may be declared by the Board in accordance with applicable laws and regulations and does not require shareholder approval.

## 4. Regulatory and Legal Compliance

Jamuna Bank PLC is a public limited company incorporated under the Companies Act, 1994 and licensed under the Bank Company Act, 1991 (as amended).

Dividend declaration and distribution shall strictly comply with:

- Bank Company Act, 1991 (as amended up to 2023).
- Companies Act, 1994 and rules made there under.
- Bangladesh Bank circulars, guidelines and instructions on dividend declaration (including capital adequacy-linked payout limits).
- BSEC Dividend Distribution related rules/regulations/directives and subsequent amendments.
- Listing Regulations of Dhaka Stock Exchange PLC (DSE) and Chittagong Stock Exchange PLC (CSE). and
- Any other applicable laws or regulatory directives in force at the time of declaration.

## 5. Principles for Dividend Declaration

In recommending dividends, the Board shall consider, inter alia, the following factors:

- Financial performance and distributable profit of the Bank for the relevant financial year.
- Any interim dividend already declared and paid.
- Historical dividend trends and consistency of payout.
- Capital to Risk Weighted Asset Ratio (CRAR), Tier-1 capital adequacy and compliance with minimum regulatory capital requirements, including the Capital Conservation Buffer.

- Dividend payout limits prescribed by Bangladesh Bank based on post-dividend CRAR.
- Projected capital requirements to support business growth, expansion and strategic initiatives.
- Anticipated future regulatory capital requirements, if any.
- Ratio of classified loans and investments to total loans and investments.
- Compliance with Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements, with no shortfall.
- Whether the Bank has availed any deferral facility from Bangladesh Bank for maintaining regulatory provisions or meeting related expenses.
- Cost and availability of alternative sources of funding.
- Tax implications associated with dividend distribution.
- Availability of reinvestment opportunities and the need for earnings retention.
- Ongoing or proposed corporate actions, including mergers, acquisitions, restructuring or investments in subsidiaries and associates.
- Any legal, regulatory or supervisory restrictions on dividend declaration.
- Any other material factor or event deemed relevant by the Board.

**External Factors:**

The Board shall also consider:

- Shareholder expectations.
- Domestic and global macro-economic conditions.
- Capital market conditions and dividend practices of peer banks.

Since the Bank has only one class of equity shares, dividends shall be distributed equally among all shareholders in proportion to their shareholding as on the record date.

## 6. Circumstances affecting Dividend Expectation

The Board may vary the level of dividend or may not recommend any dividend in circumstances including, but not limited to:

- Weak capital and reserve position of the Bank.
- Non-fulfillment of regulatory eligibility criteria or imposition of regulatory restrictions on dividend declaration.
- Restrictions arising from terms of perpetual non-cumulative preference shares or debt capital instruments.
- The need to conserve capital in the interest of financial stability and long-term growth of the Bank.
- Compliance with Bangladesh Bank’s dividend policy (e.g., classified loan ratio, provision shortfall, etc.) from time to time.

## 7. Dividend Distribution Process

### 7.1 Timeline of payment

The Bank shall pay off the annual or final dividend to the entitled shareholder, within 30 (Thirty) days (or the days as advised by the regulatory bodies from time to time) of approval, provided that interim dividend shall be paid off to the entitled shareholder, within 15 (Fifteen) days (or the days as advised by the regulatory bodies from time to time) of record date.

### 7.2 Cash dividend distribution procedure

- i) In the event of declaration of annual or final cash dividend, the Board shall ensure that the total declared amount is transferred to a separate bank account (Dividend Account) maintained solely for dividend payment. This transfer must be completed At least 1 day prior to the AGM date.

Provided that if the dividend amount subsequently approved (approved amount) at the AGM is less than the declared amount, the issuer may withdraw the difference between the declared amount and the approved amount from the dividend account and transfer the amount so withdrawn to other accounts of the issuer maintained in accordance with applicable laws and internal financial controls.

- ii) In the event of declaration of interim cash dividend, the BOD of the issuer shall ensure that the amount declared as interim cash dividend is transferred and kept in the dividend account. Such transfer shall be made within 15 (fifteen) days from the record date of the interim cash dividend as declared by the BOD of the issuer.
- iii) The Bank shall pay off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP) or the bank account as provided by the shareholder 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.

- iv) The Bank, upon receiving the claim in 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.
- v) The Bank, in case of incomplete information of bank account or if not possible to distribute cash dividend through any electronic payment system, shall issue cash dividend warrant.
- vi) The Bank 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.
- vii) The Bank immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, shall intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provide in the BO account or as provided by the shareholder or unit holder.

### 7.3 Bank Account Restrictions

- i) The Dividend Account shall not be maintained with any bank where a common director exists between the Bank and that bank.

- ii) As a banking company, the Dividend Account shall be maintained with a different bank, distinct from the Bank itself.

#### **7.4 Certificate of Transfer**

The Bank shall obtain a certificate from the concerned bank confirming the transfer of the declared amount to the Dividend Account. This certificate shall be attested by the Managing Director/CEO, Chief Financial Officer and Company Secretary, presented at the AGM and submitted to the relevant stock exchange(s).

#### **7.5 Stock Dividend Distribution**

- i) The Bank shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30(thirty) days (or the days as advised by the regulatory bodies from time to time) of declaration or approval or record date, as the case may be complying all existing rules and regulations in their regard.
- ii) The Bank 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.
  - a. The Bank shall send at least 3 (three) reminders to the entitled shareholder.
  - b. 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 purpose of allotting the bonus shares as and when the allottee approaches to the issuer.

#### **7.6 Unclaimed Dividend Management**

- i) The Bank shall maintain 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 or unit holder 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) in a separate line item as 'Unclaimed Dividend Account.
- ii) Unclaimed cash/stock dividend shall not be forfeited until legally barred.
- iii) Unclaimed dividend shall be transferred to the fund as prescribed by the Bangladesh Securities and Exchange Commission, in strict compliance with its applicable directives, subject to the mechanism prescribed for shareholders to claim such amounts.

#### **7.7 All other regulatory requirements relating to distribution of dividends to be complied**

### **8. Compliance Reporting**

- 8.1 The Bank shall submit a compliance report to BSEC and stock exchanges in the prescribed format within 7 working days of dividend distribution completion and publish it on the Bank's website.
- 8.2 Banks also submit a report, signed by the Managing Director/CEO, to the concerned Division of Bangladesh Bank within 7 (seven) days of declaring the dividend, following the specified format.

## **9. Dividend information**

Information on dividend paid in the last 3 years, including dividend yield and payout ratio, shall be made available on the Bank's website.

## **10. Policy amendment and review**

This policy shall be reviewed periodically by the Board to ensure regulatory compliance. Any amendment shall be disclosed on the Bank's website and in the Annual Report.