

DIVIDEND DISTRIBUTION POLICY

1. Introduction and Objective

This Policy has been framed in accordance with Bangladesh Securities and Exchange Commission (BSEC) directive no-BSEC/CMRRCD/2021-386/03 dated 14 January 2021 and amendments thereto. The Board will have the flexibility to determine the level of dividend based on the considerations laid Out in the policy.

The objective of this policy it to set out the principles and criteria to be considered by Board of Directors before distributing dividend to the shareholders of Federal Insurance Company Limited (FICL or the Company) for a financial year.

2. Criteria and Approval for Dividend distribution

i. Statutory and Regulatory requirements

The Company shall declare and distribute dividend only after ensuring compliance with the provisions of Companies Act,1994,the Insurance Act 2010.Income Tax Ordinance 1984 and amendments thereto, Dhaka /Chittagong Stock Exchange (Listing) Regulation 2015 and other relevant regulations made by BSEC and amendments thereto, and guidelines provided in the Articles of Association (AoA) of the Company.

ii. Financial Criteria:

- a) Profit earned during the financial year;
- b) Accumulated reserves;
- c) Investment required for the Company;
- d) Expected future capital/liquidity requirements;
- e) Target solvency requirements;
- f) Interim dividend paid, if any; and
- g) Other factors and/or material events which the Board may consider.

iii. The decision regarding dividend shall be taken only by the Board at its Meeting and not by a Committee of the Board or by way of a Resolution passed by circulation, Final dividend shall be paid Only after approval at an Annual General Meeting (AGM) of the Company. Shareholder approval is not required for payment of interim dividend.

3. Category and types of Dividends

Articles of Association of the Company provides two forms of Dividend –Final & Interim:

i. Final Dividend : The Board of Directors shall have the power to recommend final dividend to the Shareholders for their approval at the General Meeting of the Company.

ii. Interim Dividend: The Board of Directors may declare interim dividend during any financial at any time during the period before closure of financial year as in their judgment the Position of the Company justifies. Provided that no bonus/stock share will be declared as interim dividend. The Company shall declare two types of dividend-

- i. Cash Dividend
- ii. Stock Dividend/Bonus shares

4. Process for declaration and distribution of Dividend

The Board of Directors recommend/declare and distribute dividend as per the provisions of Companies Act, 1994 Articles of Association of the Company and BSEC's guidelines/notifications.

- (i) Interim dividend will be paid off to the entitled shareholders within 30 days of record date.
- (ii) Final dividend will be paid within 30 days approval of shareholders at the Annual General Meeting.
- (iii) The Company shall ensure that the amount of cash dividend shall be deposited in scheduled bank in a

Separate account within stipulated time specified by the regulators and pay directly to the bank or account of entitled shareholder as available in BO account maintained with Depository Participant (DP) Provided by shareholder in paper form through Bangladesh Electronic Funds Transfer Network (BEFTN). In case of margin loan, cash dividend will be pay off to Consolidated Customers Bank account (CCBA) as provided by the merchant banker or portfolio manager within stipulated time prescribed by the Company.

(iv) Undistributed/ unclaimed cash dividend shall be deposited in a scheduled bank in separate account and dividend including interest thereon for a period of 3 years from the date of declaration or approval Shall be transferred to the fund as directed or prescribed by BSEC.

(v) The Company shall credit stock dividend or bonus shares directly to the BO account or issuer bonus Share certificate of the entitled shareholder, as applicable, within 30 days declaration or approval, as the case may be, subject to clearance of the Dhaka Stock Exchange Ltd, Chittagong Stock Exchange Ltd and Central Depository Bangladesh Ltd.(CDBL)

(vi) Undistributed bonus shares shall be held in a Suspense BO account under Block Module with CDBL and Unclaimed bonus shares for a period of 3 years from the date of declaration or approval shall be Transferred in dematerialised form to the BO account as directed or prescribed by BSEC.

5. Circumstances under which the shareholders may or may not expect Dividend

The Board of the Company may vary the level of dividend or not recommend any dividend based on regulatory eligibility criteria or restriction placed on the Company for recommending dividend. The Board may recommend lower dividend or not recommend any dividend based on capital and solvency position, need to conserve capital or funds required for contingencies or unforeseen future events. The Board may recommend higher dividends, subject to applicable regulations, if the capital and solvency margins support a higher distribution to shareholders.

6. Review and Modifications

The Board shall review this policy on annual basis or as and when required by the law. The board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 1994 and BSEC's Regulations/Notification or Guidelines etc.

7. Limitation and Amendments

In the event of any conflict between the provisions of this Policy and of the Companies Act'1994 or Listing Regulations or BSEC's guidelines or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, or rules shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

8. Disclosure

The Company shall make appropriate disclosures as required under the BSEC,s guideline/directive dated 14 January 2021.