

DIVIDEND DISTRIBUTION POLICY

1.0 Preamble

The Board of Directors (the “Board”) of Eastland Insurance Company Limited (the “Company”), shall adopt this Dividend Distribution Policy.

Policy (“Policy”) in accordance with the requirements prescribed under Directive No. BSEC/CMRRCD/2021-386/03, dated: January 14, 2021 of the Bangladesh Securities and Exchange Commission. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to its shareholders.

‘EICL’ means ‘Eastland Insurance Company Limited’.

2.0 Introduction

Dividend is the payment made by a Company to its shareholders, usually in the form of cash or stock. The profits earned by the Company can either be retained in business & or may be used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits as reserve for exceptional loss and balance of profit after tax may be disbursed among its shareholders as `dividend`. This policy aims to reconcile between all these divergent needs. The term “Dividend” refers to the share of the profits of a company that is being distributed amongst the entitled members of the company. In other word, Dividend is a part of the profit after tax distributed among the shareholders of the Eastland Insurance Company.

A Dividend Distribution Policy is the policy that EICL uses to structure its dividend payout to shareholders aims to distribute handsome proportion of the distributable net profit after tax & reserve of exceptional loss as cash and/or stock for each accounting year as long as the entire net distributable period profit calculated within the framework of the capital market regulations can be met from the existing sources in its statutory accounts. This policy depends on the financial position of EICL other funding needs related to the investments to be made, conditions in the sector, condition in the economic environment. The dividend rate is reviewed annually by the Board of Directors depending on national and global economic conditions, medium and long-term growth and investment strategies and cash needs of EICL in the relevant profit distribution period. The General Meeting may decide to distribute dividends or allocate some or all of the net profit to extraordinary reserves. In case the Board of Directors proposes not to distribute the profit to the General Meeting, the shareholders are informed about the reasons of this situation and the way of using the undistributed profit. A separate resolution is made for each fiscal period by the Board of Directors regarding the dividend and this dividend proposal is disclosed to the public in accordance with the legislation and is announced on the company website. The General Meeting may accept or reject the proposal.

Dividend is distributed equally to all existing shares as of the distribution date, regardless of their issuance and acquisition dates. Distribution of dividend begins on the date to be determined by the Board of Directors provided that it is authorized by the General

Meeting, at the latest by the end of the year in which the General Meeting is held. The Bank may consider distributing dividend advances or paying dividends in equal or different installments in accordance with the applicable rules and regulations of the land.

3.0 Scope

This Policy applies to payment of interim and final dividend by the bank to its shareholders.

4.0 Approach

The Company's dividend payout will be determined based on available financial resources, investment requirements, long term growth strategies, internal and external factors and taking into account optimal shareholder return. The Board of Directors shall refer to the policy while declaring/ recommending dividends on behalf of the Company.

5.0 Purpose

The purpose of the policy is to line with the company's medium and long-term strategies, investment and financial plans, the state of the country's economy and the industry, and keeping the balance between the expectations of our shareholders and the needs of EICL, into consideration.

6.0 Authority

In accordance with the all Rules, Regulations, Notifications, Orders, Guidelines, etc. in force or to be enforced and issued or to be issued the recommendation of dividend is determined with the proposal of the Board of Directors and the ultimate decision taken in the General Meeting.

In other word, Dividends will generally be recommended by the Board of Directors once a year, after the announcement of the full year financial positions and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the regulators laws. The Board of Directors may also declare interim dividends as may be permitted by the by the regulators laws.

7.0 Classes of Shares

EICL currently has only one class of shares - Ordinary Equity Shares.

8.0 Types of Dividend

Dividend is the share of profits that is distributed to shareholders in the bank and the return that shareholders receive for their investment in the bank. The bank's management must use the profits to satisfy its various stakeholders, but equity shareholders are given first preference as they face the highest amount of risk in the bank. A few examples of dividends include:

Cash Dividend: A dividend that is paid out in cash and will reduce the cash reserves of EICL

Stock Dividend: A stock dividend is an increase in the number of shares of EICL with the new shares being given to shareholders in lieu of cash dividend.

9.0 Forms of Dividend

Interim dividend: "Interim Dividend" means the Dividend declared by the Board of Directors at any time during a year before the closing of the year. In other word, interim dividend refers to the dividend that paid any time between two Annual General Meetings from any abnormal/ exceptional/ supersize profit of the company.

Final Dividend: A stock dividend is an increase in the number of shares of EICL with the new shares being given to shareholders. In other word, final dividend refers to the dividend that usually paid annually on per share basis, being proposed by board of directors and approved by the members.

Special Dividend: Property dividend refers to a dividend paid to investors in the form of assets and not cash or stock.

10.0 Declaration of Dividend

The Board reserves the right to declare interim dividend/ final recommend dividends to the shareholders during any financial year out of the surplus in the statement of profit and loss and/ or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 1994 and other applicable laws and conditions.

a. Annual Dividend-

a) Dividend should be approved by the Members at an Annual General Meeting on the basis of recommendation of the Board.

b) The recommendation for Dividend should not be made by any Committee of the Board or by way of a 'Resolution by Circulation'.

c) Unless the Dividend has been recommended by the Board, the Members in General Meeting cannot on their own, declare any Dividend.

d) The Audit Committee should consider the financial statements before submitting to the Board.

e) Dividend should be recommended by the Board after consideration and approval of the financial statements. All requisite approvals and clearances, where necessary as applicable, should be obtained before declaration of Dividend.

f) Members may declare a lower rate of Dividend than what is recommended by the Board. The amount or rate of Dividend recommended by the Board cannot be increased by the Members.

g) Dividend should relate to a financial year.

h) No Dividend should be declared on equity shares for previous year(s) in respect of which annual financial statements have already been adopted at the respective Annual General Meeting(s).

b. Interim Dividend-

- a) Interim Dividend should be declared by the Board of Directors ‘
- b) Declaration of Interim Dividend should not be made by any Committee of the Board or by way of a Resolution by Circulation;
- c) Interim Dividend should be a part of the Final Dividend. The Audit Committee should review the periodic financial statements which should then be submitted to the Board.

11.0 Dividend out of Profit

a) Dividend should be paid out of the profit of the bank/company for the financial year or out of profit(s) for the previous financial year(s).

b) Dividend, being a portion of the profits of the bank/company, is distributable amongst the Members of the bank/company in accordance with the provisions of the Act. The Act requires a bank/company to prepare a profit and loss account or income statement which should give a true and fair view of the profit or loss of the bank/company for a financial year.

c) Dividend should not be declared out of the Share Premium Account or the Capital Reserve Account or Revaluation Reserve Account or out of profit earned prior to the incorporation of the company.

d) Revaluation Reserve is neither profit of the business nor created out of such profit, and hence cannot be applied in the payment of Dividend. Profit earned prior to incorporation is one type of capital reserve and hence it should not be applied for distribution as dividend.

e) Where applicable, no Dividend should be declared unless the prescribed percentage of profit is transferred to reserve(s).

Interim Dividend

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- b) Declaration of Interim Dividend should not be made by any Committee of the Board or by way of a Resolution by Circulation.
- c) Interim Dividend should be a part of the Final Dividend. The Audit Committee should review the periodic financial statements which should then be submitted to the Board.

12.0 Dividend out of Reserves

a) In a year in which the profits are inadequate, the bank/company may declare and pay Dividend out of Free Reserves.

b) Interim Dividend should not be declared out of reserves.

13.0 Entitlement to Dividend

a) Only the Members of the Company are entitled to receive Dividend.

b) Dividend should be paid-

(i) in respect of shares held in electronic form, to those members whose names appear as Beneficial Owners (BO) in the statement(s) furnished by the Depository as on the record date;

(ii) in respect of shares held in physical form, to those Shareholders whose names appear on the company's Register of Members after giving effect to all valid share transfers in physical form lodged with the company before the date of book closure; and

(iii) in respect of share warrants, to the holders of such warrants.

c) Preference shares carry a preferential right as to Dividend in accordance with the terms of issue and the Articles. However, this right is subject to the availability of distributable profits.

d) In the case of Interim Dividend, while Preference Shareholders need not necessarily be paid Dividend before Interim Dividend is paid to Ordinary Shareholders, the Board should set aside such sum as would be necessary to pay Dividend to Preference Shareholders at the contracted rate.

14.0 Procedures of Dividend Payment

a) Interim Dividend shall be paid within 30 (thirty) days of record date and Final or Annual Dividend within 30 (thirty) days of declaration or approval or record date, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL).

b) The amount of Dividend after deducting tax at source, if applicable, should be deposited in a separate bank account within 10 (ten) days of declaration by the Board of Directors.

c) Cash dividend shall be paid directly to the bank account –

through Bangladesh Electronic Funds Transfer Network (BEFTN), or
 through bank transfer or any electric payment system as recognized by the Bangladesh Bank (if not possible through BEFTN), or

in case of margin loan and claimed by investment provider, through 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, or

through the security custodian following Foreign Exchange Regulation for non-resident sponsor, director, shareholder, unit holder or foreign portfolio investor (FPI), or

through issuance of Cash Dividend warrant in case of non-availability of information a mentioned above.

intimate to the shareholder or unit holder through a short message service (SMS) to the mobilenumber or email address as provided in the BO/Folio account relating to Cash Dividend andissuance a certificate of TDS.

d) The issuer shall credit Stock Dividend directly –

to the BO account;

to the Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares, or issue the bonus share certificate of the entitled shareholder in case of paper mode.

e) Payment of Dividend through Electronic Transfer should be made to the bank accounts of theMembers concerned as per depository record / to the bank account given by the Members concerned.

f) The Cash Dividend Warrant should be sent to the registered address of the Member and, in the case of joint holders, to the registered address of the person named first in the register of members or to such person or to such address as the Member or the joint holders have directed in writing.

g) Initial validity of the Cash Dividend Warrant should be for 6 (six) months.

h) A Cash Dividend Warrant may be revalidated or a fresh instrument may be issued. The companyshould revalidate the Dividend Warrant or issue a fresh Dividend Warrant in lieu thereof upon receiptof a request for revalidation.

i) Particulars of every revalidated Dividend warrant should be entered in a Register of RevalidatedDividend Warrant indicating the name of the person to whom the Dividend Warrant is issued, thenumber and amount of the Dividend Warrant and the date of revalidation.

j) A duplicate Cash Dividend Warrant should be issued, in case the original instrument is not tendered to the company, only after obtaining requisite declaration from the Member.

k) In the case of defaced, torn or decrepit Dividend Warrants, a duplicate warrant may be issued on surrender to the company of such defaced, torn or decrepit warrant.

l) Particulars of every duplicate Dividend Warrant issued as aforesaid should be entered in a Register of Duplicate Dividend Warrants, indicating the name of the person to whom the Dividend Warrant is issued.

m) The Cash Dividend Warrant must be accompanied by a statement in writing showing the amount of Dividend paid and the amount of tax deducted at source, if any

15.0 Operation of Suspense BO Account

Operation of suspense BO Account for undistributed or unclaimed stock dividend or bonus shares for ensuring the rightful ownership –

The issuer shall send at least 3 (three) reminders to the entitled shareholder;

- The suspense BO Account shall be held under Block Module until transfer to the rightful ownership;
- All corporate benefit against these shares shall be credited to the Suspense BO Account;
- Upon rightful claims, credit the bonus shares 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 Commission and the Exchange(s);
- Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim.

16.0 Tax Matters

Stock dividend is tax exempted. In case of cash dividend, following is the current rate for deduction of tax at source on dividend income as per current Finance Act:

- If the shareholder is a company, either resident or non-resident Bangladeshi, at the rate applicable to the company i.e. 20%.
- If the shareholder is a resident or non-resident Bangladeshi person, other than company, at the rate of 10% where the person receiving such dividend furnishes his 12 (twelve) digit e-TIN to the payer or 15% if the person receiving such dividend fails to furnish his 12 (twelve) digit e-TIN to the payer.
- If the shareholder is a non-resident (other than Bangladeshi) person, other than company, at the rate of 30%. Tax matters may change any time as per Rules, Regulations, Notifications, Orders, Guidelines, etc. in force or to be enforced and issued or to be issued from time to time by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and the Listing Regulations issued by the Stock Exchanges of Bangladesh.

17.0 Circumstances for Lower / No Dividend

The Board of Directors may consider/recommend 'NO' dividend or 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.

The shareholders of the company may not expect Dividend under the following circumstances:

- * When company incurred loss in any financial year
- * When any instruction is received by the company from the regulator for not paying dividend on specific ground
- * For other reasons, instructed by the relevant authority/regulator.

18.0 Unpaid / Unclaimed / Unsettled Dividend:

- (A) In compliance with the BSEC Directive no. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 we are disclosing the summary of unpaid or unclaimed dividend as below:

(i) **UnPaid Cash Dividend Total (as on 31.12.2021) Tk. 45,32,627.00**

ii) **Un-claimed Stock Dividend:**

SL	Years	Institute Shares (Qty)	Public Shares (Qty)	Total Shares (Qty)
1	2018	12	56,826	56,838
2	2019	13	59,646	59,659
3	2020	16	40,042	40,058
	Total	41	156,514	156,555

(B) **Transfer of Un-paid / Unclaimed / Unsettled Dividend:** In compliance with the BSEC Letter no. SEC/SRMIC/165-2022/part-01/182, dated 19.07.2021 and BSEC Letter no. SEC/SRMIC/165-2022/306, dated 24.11.2021 Eastland Insurance has transferred the unpaid cash Dividend amount and un-distributed stock dividend (which are more than 03 years old) to the Capital Market Stabilization Fund (CMSF) on 31.08.2021 & on 16.01.2022 respectively.

(a) Financial Reporting & Disclosures: after 1(one) year

Eastland Insurance shall-

1. maintain detailed information as per BO account number wise or name wise or folio number wise of the shareholder or unit holder;
2. 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';
3. shall publish the year wise summary of its unpaid or unclaimed dividend in the website

if remains, shall unpaid or unclaimed cash dividend including accrued interest thereon to a separate bank account within 1 (one) year from the date of declaration or approval or record date, as the case may be.

(b) Financial Reporting & Disclosures: after 03 (three) years-

1. 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 of approval or record date :
2. shall be transferred by the issuer to the Fund (Capital Market Stabilization Fund) as directed or prescribed by the Commission;

3. shall provide detailed information to the manager of the Fund during transfer of cash dividend;
4. upon claims by entitled shareholders after transfer of such dividend to the Fund, shall recommend to the manager of the Fund to pay off such dividend from the Fund within 15 (fifteen) days of receiving such claim;
5. 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.
6. The fund would be irrevocable fund and shall be operated by the board of trustee.
7. 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 as mentioned at clause (8):
8. the issuer 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;
9. upon claims after transfer of such dividend or bonus shares to the Fund, the issuer shall, within 15 (fifteen) days of receiving such 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
10. 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.

c) The company should maintain the details of unpaid or unclaimed dividend and reconcile the amounts thereof with the concerned bankers/banks, periodically.

d) The amount of Dividend in respect of shares for which an instrument of transfer has been tendered to the company but which have not been registered for any valid reason should be transferred to Unclaimed Dividend Account.

e) If a Member authorizes the company in writing to pay the Dividend to the transferee specified in the instrument of transfer, the company should act upon such authorization. However, in the case of shares which have not been transferred because the ownership thereof is in dispute, or where attachment / prohibitory orders have been passed by a court or statutory authority, Dividend should be held in abeyance by transferring to the Unclaimed Dividend Account.

f) The Financial Statements of the company should disclose the amount lying in the Unclaimed Dividend Account.

19.0 Confidentiality of Information

Eastland Insurance, by itself or by appointing an agent, shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend.

In case of holding of paper share or unit of mutual fund, the issuer shall update the information as above.

20.0 Dividend Compliance Report

Eastland Insurance shall submit a compliance report to the Commission and the exchange(s) in a specified format at Annexure-A in respect of the provisions of Clause (2), (3), (4) and (5) of BSEC Directive No. BSEC/CMRRCD/2021-386/03, dated: January 14, 2021, within 7 (seven) working days of completion of dividend distribution;

Provided that Eastland Insurance shall publish the compliance report in its website.

Eastland Insurance shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

21.0 Utilization of Retained Earnings

The company maintains sufficient amount of retained earnings to address the financing of working capital, capital expenditure, corporate actions, inter alia, buyback and reduction of capital, and unanticipated and emergency expenditures. The company may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations and any other applicable law.

22.0 Amendment of the Policy

The Board may, subject to applicable law, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board and/or management committee of the Board, in line with the broad intent of this Policy, as and when required.

23.0 Disclaimer

In case of any complexities, the Directive No. BSEC/CMRRCD/2021-386/03, dated: January 14, 2021 of the Bangladesh Securities and Exchange Commission will prevail.

24.0 Change in Law

In case of any subsequent changes in the provisions of the relevant Act or further rules and regulations /guidelines the Dividend distribution policy could be changed accordingly.