

## **Dividend Distribution Policy**

In compliance with the Directive No. BSEC/CMRRCD/2021- 386/03, dated: January 14, 2021 of the Bangladesh Securities and Exchange Commission Union Bank Limited has formulated a policy known as “Dividend Distribution Policy”. The Board of Directors of Union Bank Limited in its 78<sup>th</sup> Board Meeting held on 8<sup>th</sup> September 2021 has approved the Policy after its review. The highlight of said policy are given below:

### **Dividend Recommendation and Approval procedure:**

The shareholders of the Bank in an Annual General Meeting will approve the dividend basis on the recommendation of the Board of Directors. The Board of Directors may consider not declaring dividend or may recommended a lower payout for a given Financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstance such as regulatory and financial environment

### **Entitlement to Dividend:**

Only the shareholders of the Bank whose name are appeared in the Register of Members of the Company and/or in the Depository Register of CDBL on the record date of the respective year’s fixed by the Bank are entitled to receive the dividend.

### **Procedure of Distribution of Cash Dividend:**

- The Bank shall pay off the annual or final dividend to the entitled shareholders within 30 (Thirty) day of approval;
- Interim dividend shall be pay off to entitled shareholders within 30 (Thirty) day of record date;
- Within 10 (ten) days of declaration of cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable of the concerned year shall be kept in a separate bank account of the issuer, dedicated for the purpose.
- UBL shall pay off cash dividend directly to the bank account of the entitled 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 or unit holder in paper form, through Bangladesh Electronic Fund Transfer Network (BEFTN)
- UBL may pay off 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, shall pay of 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:

UBL upon receiving the cash dividend, the stock broker or merchant banker or portfolio manager shall immediately account for such dividend in the individual client's portfolio account:

UBL 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.

- In case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to registered address of the shareholder or unit holder;
- Initial validity of the Cash Dividend Warrant should be for 6 (six) months. A Cash Dividend Warrant may be revalidated or a fresh instrument may be issued. The company should revalidate the Dividend Warrant or issue a fresh Dividend Warrant in lieu thereof upon receipt of a request for revalidation.
- UBL shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder of foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- UBL shall intimate to the shareholder or unit holder 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 issuance a certificate of tax deducted at source, if applicable,
- Particulars of every revalidated Dividend warrant should be entered in a Register of Revalidated Dividend Warrant indicating the name of the person to whom the Dividend Warrant is issued, the number and amount of the Dividend Warrant and the date of revalidation.
- 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.
- 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.

- 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.
- 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
- UBL shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO accounts 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) as separate line item 'Unclaimed Dividend Account'. UBL shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:

UBL 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 1(one) year from the date of declaration or approval or record date, as the case may be.

**Procedure of Distribution of Stock Dividend:**

UBL shall credit stock dividend directly to the BO accounts or issue the bonus share certificate of the entitled shareholder, 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); Union Bank Limited shall follow the provisions of প্রবিধান ৪৬ of the ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus share.

Union 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;

- The issuer shall send at least 3 (three) reminders to the entitled shareholder;
- 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 Bank.
- All corporate benefit against these shares shall be credited to the Suspense BO Account;

- UBL upon receiving application form the allottee and after proper verification of identity and his 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 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.
- Issue the bonus share certificate of the entitled shareholder in case of paper mode.

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

**Unpaid / Unclaimed / Unsettled Dividend:**

Unpaid or unclaimed cash dividends or stock dividends shall be settled as per instructions set by Bangladesh Securities & Exchange Commission (BSEC), Bangladesh Bank and other regulatory authority from time to time.

**Dividend Compliance Report:**

The issuer 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;

**Amendments/ Modifications 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.

**Disclosure:**

The dividend policy will be available on the Bank's website and also be disclosed in the Bank's Annual Report.