



Republic Insurance Company Limited

Dividend Distribution Policy

1. Preliminary:

This policy is introduced by Board of Directors (“the Board”) of Republic Insurance Company Limited (“the Company”) in respect of distribution to the shareholders in form of dividend in return of their investment to the company. To maintain this confidence, reduce shareholders expectation gap and same with transparency, the Board of the Company, has adopted the Dividend Distribution Policy (“the Policy”). This policy will ensure the adequate balance between dividend paid and profits retained in the business for various purposes. This dividend policy is just covered dividend payment for ordinary shareholders of the company.

This Policy has been prepared under the guideline of the Bangladesh Securities and Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/03, dated: 14th January 2021, the Companies Act, 1994 & Income Tax Ordinance, 1984 and other applicable laws and regulations.

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

2. Definitions:

“the Act” means the Companies Act, 1994

“the Ordinance” means Income Tax Ordinance, 1984.

“the ITO, 1984” means Income Tax Ordinance, 1984.

“the BSEC Rules” means Bangladesh Securities and Exchange Commission directive no. BSEC/CMRRCD/2021-386/03, dated: January 14, 2021.

“the Policy” means dividend policy.

“the Company” means Republic Insurance Company Limited.

“AGM” means Annual General Meeting of the Company.

“Board” means Board of Directors of Republic Insurance Company Limited.

“Shareholders” means Members whose name is registered in the Member Register of the Company.

“Directors” means the Board Directors of the Company.

“Shares” means Ordinary Equity Shares.

“Dividend” represents both Cash and Bonus (stock) dividend.

“the BEFTN” means Bangladesh Electronic Funds Transfer Network.

“the BO” means Beneficiary Owners Account.

“the CDBL” means Central Depository Bangladesh Limited.

Handwritten signatures and initials

Handwritten signature



3. Purposes of the Policy:

The prime objective of the Company is to maximize shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt at optimize level from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter declare and distribute profits in the form of Dividend to the shareholders.

4. Considerations before Dividend Declaration:

The Company's dividend 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.

Dividend shall be declared on per share basis on the Ordinary shares of the Company. Presently, the Authorized Share Capital of the Company is divided into equity/ordinary shares of face value BDT 10 each. The Board also consider the internal and external factored before declaring dividend, which are describe below.

4.01 Internal Consideration:

- a) Profits earned (Net profit after tax) during the financial year by the Company;
- b) Availability and Liquidity of Funds;
- c) Working capital requirements;
- d) Capital Expenditure needs for the existing businesses;
- e) Fund required for Expansion/Modernization of the business;
- f) Resources required to fund acquisitions/ investment in new businesses, subsidiaries/associates of the Company;
- g) Cost of raising funds from alternate sources for the Company;
- h) Cost of servicing outstanding debts;
- i) Cash flow required to meet contingencies;
- j) Past Dividend Trends of the Company;

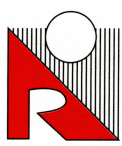
4.02 External Consideration:

- (i) Adverse Economic environment;
- (ii) Market conditions and market outlook for the Company;
- (iii) Expected changes in government policy and regulation;
- (iv) Regulatory requirements or guidelines
- (v) Natural digester
- (vi) Market trend for the dividend payout.

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



4.03 Legal Consideration:

- (a) The requirement of the companies act, 1994 in respect of dividend declaration;
- (b) The requirement of the Income Tax Ordinance, 1984 to reduce the tax burden both shareholders and the Company, hence maximize the shareholders wealth;
- (c) The requirement of the BSEC rules in respect of dividend declaration and payment or transfer to the designated fund as directed by BSEC issuing directive time to time;

5. Types of dividends declaration:

In terms of timing of dividend declaration, the Company may be declared dividend (cash or bonus) in two types- Final and Interim.

5.01 Interim dividend:

The Interim Dividend is the dividend declared by the Board based on interim profit of the Company during a financial year. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account. While declaring interim dividend, the Company must not declare any stock dividend, only cash dividend can be declared. The interim (quarterly) financial statements, on which dividend interim dividend shall be declared, shall be audited by the Company's auditor.

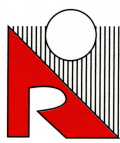
5.02 Final Dividend:

The Final dividend is paid once in a financial year after the annual accounts are prepared and adopted by the shareholders of the Company. The Board of Directors of the Company has the power to recommend the payment of Final Dividend subject to the approval by the shareholders in the Company's Annual General Meeting. The dividend approval by the shareholders in the company's Annual General Meeting and subsequent payment dividend shall not exceeded dividend recommended by directors in board meeting. Before declaring bonus (stock) dividend, the Company must obtain regulatory approval, where applicable.

6. Procedure for Declaration of Dividend:

In accordance with the guidelines of Bangladesh Securities and Exchange Commission, the Company shall distribute dividends in the following manner:

1. Pay-off interim/final dividends (cash/stock) to all shareholders within the statutory time after approval in the Annual General Meeting, subject to any additional permission of regulatory bodies as may be applicable.
2. Before recommending dividend by the directors in the Company's board meeting, the board of directors shall obtain recommendation in written from Chief Executive Officer regarding maximum fund available for declaring dividend.



3. The dividend recommendation, if possible, may not be less than 30% of concerned period profit and stock dividend may not exceed the cash dividend declaration.
4. The recommendation of dividend by the Board can be approved by the shareholders full or amend the recommendation in the AGM. The amendment shall not be exceeded the dividend recommended by the Board.

7. Payment/Distribution of dividend:

The declared dividend kept in separate and designated bank account and transfer (Bank Transfer) to the shareholders within Thirty days from the record date and stock dividend are transferred to the relevant BO account.

7.01 Cash Dividend

1. Within 10 days of recommendation of cash dividend by the Board, an amount equivalent to the declared cash dividend payable to the designated dividend payment bank account.
2. The dividend shall be pay-off directly to entitled shareholders bank account as available in the respective shareholder's BO account, or stock broker or portfolio manager or merchant banker bank account, through BEFTN.
3. Applicable tax shall be deducted as per Ordinance before paying out or transferring cash dividend to the respective shareholders bank account.
4. Inform the shareholders through SMS to the mobile numbers or email regarding payment of dividend.
5. Issuance of withholding Tax certificate, where applicable.
6. If someone couldn't get his/ her cash or stock dividend they can contract with Company's share department, they will assess the accuracy of the claim and disburse the dividend within 15 days.

7.02 Stock Dividend:

The Company shall credit stock dividend directly to the beneficiary BO account within 30 days of declaration or approval or record date and CDDBL.

8. Maintenance of record:

The Company must maintain detail record in respect of "to whom dividend is paid", "payment of tax deduction record", "to whom dividend is payable" and so on as applicable.

9. Unpaid or Unclaimed Dividend

Pursuant to the Directive No. BSEC/CMRRCD/2021-386/03 dated 14.01.2021, the Company shall maintain a Bank Account namely "Unclaimed Dividend Account", where unpaid or unclaimed Dividend shall be kept for a period of 3 (three) years from the date of declaration or



approval date or record date. After elapse of the afore-mentioned period, if any Dividend remains unpaid or unclaimed or unsettled, such Dividend along with accrued interest shall be transferred to a Fund maintained by Bangladesh Securities Exchange Commission.

The Company maintains a record of unpaid or unclaimed Dividend. Summary of such record shall be available in the Annual Report and in the Quarterly Financial Statements. The Company shall also publish such record in its website in accordance with the Directive No. BSEC/CMRRCD/2021-386/03 dated 14.01.2021.

10. Compliance report:

The Company shall submit a compliance report to the Commission and the Stock Exchanges in a specified formatted mentioned in BSEC Rules. This report shall also be published in the Company's website.

11. Publish:

This policy and yearly dividend declaration and distribution compliance report shall be published in the Company's website.

(Mohd. Hanif Chowdhury)
Chairman,
Board of Directors

(Md. Abdur Rouf)
Independent Director &
Chairman, Nomination and
Remuneration Committee