



## Dividend Declaration & Distribution Policy

### A. Policy Statement

The Board of Directors of United Finance PLC has adopted this Dividend Declaration & Distribution Policy pursuant to the requirements of Bangladesh Securities and Exchange Commission directive no. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 and in consistency with the Articles of Association and Accounting Policy section on “Dividend” of United Finance PLC. The Dividend Declaration & Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company website.

### B. Policy Guidelines

#### 1. Declaration of dividends

The Company shall declare dividends after complying with all applicable laws, rules, regulations and guidelines from all regulatory bodies.

The Company has a dividend policy that balances the objective of rewarding shareholders by providing a reasonable return on their investments and retaining sufficient earnings to support the future growth of the Company. Subject to these considerations, the dividends for any financial year shall be paid from:

- Current year’s distributable profit net of any appropriations from net profit after tax as may be prescribed by relevant laws, rules and regulation and as considered appropriate by the Board of Directors;
- Accumulated retained earnings from previous financial years and general reserve.

The dividends payout shall be subject to consideration of the following financial, internal and external parameters:

Financial parameters	Internal parameters	External parameters
<ul style="list-style-type: none"><li>• Profit earned during the year</li><li>• Profit available for distribution</li><li>• Liquidity profile of the Company</li><li>• Funding and lending requirements</li><li>• Creation of contingency fund</li></ul>	<ul style="list-style-type: none"><li>• Business expansion</li><li>• Capital expenditure requirements</li><li>• Need for conservation of cash</li><li>• Trend of past dividends payout ratio</li></ul>	<ul style="list-style-type: none"><li>• Economic environment</li><li>• Market trends and industry practice</li><li>• Statutory provisioning and appropriation guidelines</li><li>• Tax matters and other contingent liabilities</li></ul>

#### 2. Forms of Dividends

The Board in the meeting that considers and approves the annual financial statements may recommend final dividends for the approval of the shareholders in the Annual General Meeting.

Apart from the above, the Board may after considering the financial position of the Company also declare the following dividends:

- a. Interim dividends in a financial year;
- b. Special dividends as and when it deems fit.

#### 3. Consideration of dividends payment to various classes of shares

As of the date of this policy, the Company had issued only one class of ordinary shares with equal voting rights. Dividends are declared on a per share basis on the ordinary shares of face value. The shareholders whose name appear in the Members Register on the record date shall be eligible to receive dividends after deduction of applicable income tax.



The Company may decide to issue any other classes of shares as it deems appropriate from time to time in which case the dividends payments shall be determined in accordance with the applicable rules and regulations of the respective terms of issue of such other class of shares.

#### **4. Circumstances under which dividends may not be declared by the Company**

The Company may not be in a position to distribute dividends under the following circumstances:

- In the event of inadequacy of profits earned;
- Any other reason as the Board may deem fit from time to time.

#### **5. Utilisation of retained earnings**

The Board may retain such earnings of the Company as it deems necessary to increase shareholder value. Utilisation of the retained earnings of the Company shall be dictated by the business growth plans, capacity building and modernisation initiatives, replacement of capital assets and any other long term strategic plans.

#### **6. Dividends distribution procedure:**

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

- 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.
- Transfer cash dividends to the shareholder's bank account as prescribed in the BO account details maintained with the concerned Depository Participants (DP), or the bank account provided by shareholders in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or any bank transfer mechanism or electronic payment system recognised under the laws of Bangladesh.
- Transfer cash dividends of margin clients to the Consolidated Customer's Bank Account (CCBA) of their respective stock brokers, merchant bankers or portfolio managers.
- In cases where no bank account information of the concerned shareholder is available, issue dividends warrant and forward by registered or courier post to the shareholder.
- Directly credit stock dividends to the BO account or issue bonus share certificate of the shareholder within the statutory time after approval in the Annual General Meeting with the clearance of the stock exchanges and the Central Depository Bangladesh Limited (CDBL).
- Maintain all unclaimed stock dividends in the Suspense BO Account held under Block Module of CDBL.
- Unclaimed cash dividends or stock dividends shall not be forfeited till such time as the claim is barred under the applicable laws of Bangladesh.

#### **7. Unclaimed Dividend History & Dividend Distribution Compliance report:**

The summary of the Unclaimed Dividends shall be disclosed every year in the annual financial statements and shall be published on the Company website.

The Dividend Distribution Compliance report shall be published on the Company website after submission of the same to the Bangladesh Securities and Exchange Commission.



**8. Review & Amendment:**

The Policy shall be reviewed from time to time to ensure conformity with market and regulatory changes. In event of any conflict between requirements of this policy and any statutory rules or regulations, the statutory rules or regulation shall prevail and this policy will be appropriately amended.