

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

This Policy is formulated in accordance with Section 20A of the Securities and Exchange Ordinance-1969 as directed by the commission vide directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021. This policy will be effective from 8th March, 2020, being the date of its approval by the Board of Directors of the Company.

2. OBJECTIVE:

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company only.

3. PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board of Directors may declare interim dividend/recommend final dividend for consideration of shareholders of the Company. The Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

Subject to the provisions of applicable laws, the Company's dividend pay-out will be determined by the Board of Directors from time to time based on the available financial resources, investment requirements and other factors more fully described hereunder. Subject to these parameters, the Company would endeavor to maintain a total dividend pay-out ratio of 30% to 60% of the Earning

Per Share (EPS), if any. The Board of Directors of the Company will consider the following parameters while recommending / declaring Dividend:

3.1 Financial Parameters / Internal Factors:

1. Net operating profit after tax;
2. Operating cash flow of the Company for the year;
3. Liquidity position of the Company;
4. Resources required for funding investments, acquisitions, capital infusion;
5. Cash flow required for meeting tax demands and other contingencies;
6. Regulatory (and growth requirement of) Capital Adequacy;
7. Regulatory (and growth requirement of) Solvency;
8. Trend of dividends paid in the past years;
9. Dividend receipt from companies in which Paramount Insurance Co. Ltd. holds shares / investments;
10. Any extra-ordinary or abnormal gains made by the Company; &
11. Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

3.2 External Factors:

1. Prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting laws;
2. Dividend pay-out ratios of similar General Insurance companies; &
3. Any other factor that has a significant influence /impact on the Company's working environment/ financial position.
4. The Board of Directors may additionally recommend special dividend in special circumstances.



4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND:

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

- 4.1 In the event of inadequacy of profits or whenever the Company has incurred losses;
- 4.2 Significant cash flow requirements towards tax demands, requiring significant allocation of capital or others;
- 4.3 Any of the above referred internal or external factors restraining the Company from considering dividend.

5. UTILIZATION OF RETAINED EARNINGS:

The Company may declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy. Profits retained in the business will be invested in the business / operations of the Company and may be used for funding acquisition(s), further investments and for all other corporate purposes.

6. PROCEDURE:

- 6.1 The dividend proposal placed before the Board for consideration shall be in terms of this Policy.
- 6.2 The Company shall ensure compliance of provisions of applicable Laws and this Policy in relation to Dividend declared by the Company.

7. DISCLOSURE:

The Company shall make appropriate disclosures as required under the Listing Regulations 2015 and other relevant laws.

8. GENERAL :

- 8.1 This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by the Bangladesh Securities and Exchange Commission (BSEC) from time to time, on the subject matter.
- 8.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 8.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

9. PUBLICATION OF POLICY

This Policy, as approved by the Board, shall be disclosed in the Annual Report and on the website of the Company at www.paramountinsurancebd.com.