



MALDIVES ISLAMIC BANK

DIVIDEND POLICY



POLICY: Dividend Policy	VERSION: 1.0	PAGE: 2
AUTHOR: Finance & Accounts Department	EFFECTIVE DATE: 22/08/2024	
APPROVED BY: Board of Directors	LAST UPDATE:	

DOCUMENT CONTROL SUMMARY

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1. Introduction

Maldives Islamic Bank Plc (MIB or the Bank) is committed to delivering sustainable value to its shareholders while ensuring financial stability and growth. The Dividend Policy outlines the principles and guidelines for distributing dividends, reflecting the Bank's commitment to sound corporate governance and prudent financial management. The Bank will declare and distribute dividends in accordance with Law No/ 7/2023 (Companies Act), the Capital Market Development Authority's Corporate Governance Code (as amended) and the prevailing provisions set forth in the Bank's Articles of Association regarding Dividends and Reserves.

2. Objectives

- To provide a clear and consistent framework for dividend distribution.
- To balance the need for immediate shareholder returns with the long-term growth and capital requirements of the Bank.
- To comply with all applicable legal and regulatory requirements.

3. Dividend Philosophy

MIB aims to distribute dividends in a manner that reflects its financial performance, growth prospects, and capital needs. The Bank recognizes the importance of providing regular returns to shareholders, while also ensuring adequate reinvestment in its operations to sustain long-term growth.

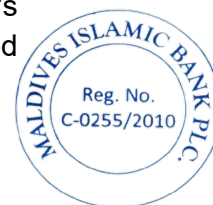
4. Dividend Types

Dividends may be paid in the form of:

- Cash Dividends: Regular payouts from the Bank's profits;
- Stock Dividends: Issuance of additional shares to existing shareholders, subject to regulatory approvals; or
- Other forms as permitted under the Companies Act.

5. Dividend Payout Ratio

The Bank will target a dividend payout ratio that ensures an appropriate balance between rewarding shareholders and retaining sufficient capital to support the Bank's growth and regulatory requirements. The payout ratio will be reviewed and determined



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annually by the Board of Directors, considering the Bank's profitability, capital adequacy, and future investment plans.

6. Factors Influencing Dividend Decisions

The Board of Directors will consider the following factors among others, when recommending dividend payments annually:

- Financial Performance: Profitability, earnings stability, and cash flow.
- Capital Requirements: Current and projected capital expenditure, expansion plans, and investment opportunities.
- Regulatory Requirements: Compliance with capital adequacy standards and other regulatory mandates.
- Economic Environment: Macroeconomic conditions and their impact on the Bank's operations.
- Shareholder Expectations: Interests and expectations of shareholders.

7. Approval Process

- Every year, the management shall present a detailed simulation of feasible levels of dividends to the Board of Directors based on various scenarios. This simulation shall be presented to the Board within the first quarter of each year or prior to finalizing the audited financial statements of the Bank for the year.
- The recommendation for dividend distribution will be made by the Board of Directors, after evaluation of the dividend simulations presented and in consideration of other factors impacting dividends for the year. The Board may select one of the proposed scenarios or propose a new dividend amount.
- The final decision on dividend payments will be subject to approval by an affirmative vote of the shareholders at a General Meeting.
- Interim dividends, if any, will be declared by the Board of Directors and will be subject to approval by an affirmative vote of shareholders at a general meeting.

8. Dividend Declaration and Payment

- Dividends will be declared in the General Meeting by an affirmative vote of shareholders based on the recommendation of the Board of Directors.
- Dividends will be paid to shareholders whose names appear in the register of members on the record date published in connection with that general meeting.
- The Bank shall distribute dividends within 30 days from the date of approval of the dividend by the shareholders in a general meeting, in accordance with the Bank's Articles of Association, applicable regulations and procedures.



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The Bank may consider declaring dividend subject to the following:

- After the Accumulated Losses, if any, have been covered.
- To declare dividend from actual profits derived from the year's operations, after adjustments required under the Banking Act and other related regulations.
- Dividend from Retained Earning may be declared only with the approval of the MMA.
- Cash dividend to be declared or paid and distributions of profits may only be made from earnings that have been reviewed and certified by an external auditor, however, interim distributions may be made with prior written approval of the MMA.
- The Bank shall NOT declare or pay any dividend, or redeem any of its capital shares or other capital instruments, make any payment to shareholders, or make any transfer or any other distribution of its profits, if such transfer or payment will result in reduction of the capital or reserves below the minimum levels OR if the resulting capital ratios will be below the minimum capital ratios as prescribed by the MMA.

9. Retention of Earnings

The Bank may retain a portion of its earnings to reinvest in its business, support growth strategies, and enhance financial strength. Retained earnings will be utilized for:

- Funding business expansion and new projects.
- Strengthening the capital base to meet regulatory requirements.
- Cushioning against potential future financial uncertainties.

10. Policy Review and Amendments

This Dividend Policy will be reviewed periodically by the Board of Directors to ensure its continued relevance and alignment with the Bank's strategic objectives, regulatory requirements, and market conditions. Amendments to the policy will be communicated to shareholders in a timely manner.

11. Compliance

MIB will ensure that all dividend declarations and distributions comply with its Articles of Association, Shariah principles, relevant laws, and regulatory guidelines issued by the Maldives Monetary Authority and other relevant authorities.



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12. Communication

The Bank will communicate its dividend policy and any changes thereto to shareholders through the Annual Report, the Bank's website, and other appropriate channels to ensure transparency and understanding.

By adhering to this Dividend Policy, Maldives Islamic Bank Plc aims to maintain a fair and equitable balance between rewarding shareholders and retaining sufficient earnings to fuel future growth, thereby enhancing long-term shareholder value.

