



# Dividend Policy

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## 1. Introduction

This Dividend Policy outlines the principles and framework governing the distribution of profits to shareholders of Ahli Bank SAOG “the Bank”. The policy is designed to ensure that dividend decisions are made in a transparent, consistent, and sustainable manner, aligned with the Bank’s strategic objectives, financial performance, and regulatory obligations. The policy is subject to periodic review to reflect changes in market conditions, regulatory guidelines, and the Bank’s strategy.

This Policy is formulated in compliance with the requirements of the Central Bank of Oman (CBO), Financial Services Authority (FSA), Muscat Stock Exchange (MSX) Dividend Distribution Policy Guidelines, and the Commercial Companies Law (CCL), and reflects international best practices for listed banking institutions. Dividend distributions remain subject to approval of the Central Bank of Oman (“CBO”) and Shareholders of the Bank.

## 2. Purpose

The purpose of this Policy is to:

- Provide clarity to shareholders and investors on the Bank’s dividend distribution approach
- Align dividend decisions with long-term shareholder value creation and financial sustainability
- Ensure compliance with applicable regulatory, prudential, and capital adequacy requirements
- Enhance transparency and disclosure in line with MSX guidelines and investor expectations

## 3. Scope

This Policy applies to:

- The Board of Directors, as the approving authority for dividend distributions
- Management, responsible for planning and recommending dividends
- Finance and Investor Relations, responsible for implementation, disclosure, and investor communication

The Policy applies to all dividend distributions declared by the Bank in respect of its ordinary shares.

## 4. Objectives

- **Maximize Shareholder Wealth**

Ensure that dividend decisions contribute to increasing the market value of the Bank’s shares over time.

- **Maintain Financial Stability**

Balance dividend payouts with the need to retain earnings for capital adequacy, regulatory compliance, and risk management.

- **Compliance with Regulatory Requirements**

Comply with the applicable regulations of CBO, FSA, MSX, and the CCL on dividend policy, payout and capital adequacy.

- **Support Sustainable Growth**

Retain adequate earnings to fund sustainable business growth while optimizing shareholders returns.

Dividend payments are not guaranteed and remain subject to financial performance, regulatory approvals, and Board discretion due to prevailing market and economic conditions.

## **5. Financial and Prudential Considerations**

Dividends will be normally limited to the current year's distributable earnings. The Bank may consider payment of dividends out of available retained earnings in exceptional circumstances after ensuring regulatory compliance. Dividend distributions shall be determined after due consideration of, including but not limited to:

- **Transfer to Statutory Reserve:**

As required by Article 132 of the CCL, the Bank will transfer ten percent (10%) of the net profits, after deduction of taxes, to a legal reserve until such legal reserve amounts to at least one third of the Bank's share capital. The Bank may resolve to discontinue such transfers when the legal reserve totals one third of the paid-up capital. The legal reserve is not distributable to the shareholders as dividends. The Bank will also ensure full allocation to other mandatory reserves before declaration of dividends.

- **Transfer to Impairment Reserve:**

In accordance with CBO requirements, where the aggregate provision on portfolio and specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS 9, the difference, net of the impact of taxation, is transferred to an impairment reserve as an appropriation from the retained earnings.

- **Brought Forward Losses:**

No dividends shall be paid in case there are losses brought forward, if:

- i) The total of current year's profit is inadequate to cover the losses brought forward in accordance with Article 130 of the CCL; or
- ii) The excess amount of profit and the Bank's Optional Reserve over the losses brought forward after such a set-off is less than the proposed dividend amount.

- **Interest payment on Tier-1 Capital securities:**

As long as the Bonds are outstanding, the Bank will not pay dividends on its ordinary shares unless it has first paid the interest due on the Tier 1 capital securities in full.

- **Capital Adequacy Requirements:**

The Central Bank of Oman (CBO), currently, has set a capital adequacy ratio of 11% with additional Capital conservation Buffer requirements (CCB) and Prompt Corrective Action (PCA) requirement. Cash dividends would be distributed only after ensuring that the CBO requirements, PCA requirements and in-house cushions are met.

- **Capital Requirement for Future Growth:**

Due consideration would be given to ensure that capital adequacy is always adequate to meet the organic and inorganic growth needs of the business.

## **6. Dividend Frequency**

Dividends are normally considered on an annual basis.

Any interim, special, or additional dividend distributions shall be subject to Board approval and regulatory clearance.

## **7. Form of Dividend**

Dividend will normally be paid in cash or bonus shares or Mandatory convertible Bonds (MCBs) or a combination of all from the distributable earnings. The form of distribution shall be determined based on the Bank's capital position, regulatory requirements, and strategic considerations.

## **8. Dividend Announcement and Disclosure**

Dividend announcements shall clearly disclose:

- Dividend amount and form
- Declaration date
- Record date
- Payment date

Dividend-related information shall be disclosed through:

- Muscat Stock Exchange disclosure platform
- The Bank's official website (Investor Relations section)

In the event of zero dividend, the Bank shall disclose the rationale supporting such decision to ensure transparency and investor clarity.

## **9. Roles and Responsibilities**

### **Management**

The Management will be responsible for presenting its recommendation on potential dividend scenarios annually along with the full year or interim financials, as applicable, to the Board of Directors ("the Board").

The Management will also consider the required regulatory compliance and specific regulatory exemptions, if any, granted to the Bank with respect to such compliance while recommending any dividends.

The Management is also responsible for the necessary disclosure of the dividend policy in the Bank's official website and MSX website in accordance with the MSX guidelines.

## **Board**

The Board will approve dividend proposals with an absolute majority. CBO approval of the proposed dividend will be sought after the Board approval.

## **Shareholders**

Proposed dividends approved by the Board and CBO will be presented to the shareholders in the Annual General Meeting for approval.

Dividends, as proposed by the Board of Directors and announced by the Bank, would be distributed only after the CBO and Annual General Meeting approvals respectively.

### **10. Policy amendments and review**

This Policy shall be reviewed periodically or as required due to regulatory changes, market conditions, or strategic considerations. Any amendments shall be approved by the Board of Directors.

### **11. Contact Information**

For inquiries regarding this Policy, shareholders may contact:

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