



AL OMANIYA FINANCIAL SERVICES (SAOG)

DIVIDEND DISTRIBUTION POLICY



REVIEW HISTORY

Version No.	Effective Date	Summary of changes
1.0	10-03-2026	Approved by circulation



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1. Introduction

1.1 Objective

Al Omaniya Financial Services SAOG (“the Company”) has adopted and established this framework for Dividend Distribution Policy (“Policy”) for determining, recommending, declaring, and disclosing dividends to shareholders.

This policy has been approved by the Board of Directors by circulation on 10th March 2026.

As a Non-Banking Financial Company (NBFC) regulated in the Sultanate of Oman, the Policy aims to:

- Promote transparency, consistency, and predictability in dividend decisions.
- Balance shareholders return with regulatory capital adequacy, liquidity, and long-term sustainability.
- Ensure compliance with applicable regulatory requirements and disclosure obligations.
- Safeguard the Company’s financial strength and credit standing.

1.2 Regulatory Framework

This Policy has been prepared in accordance with:

- MSX Circular No. (3/2025) – Guidelines on Dividend Distribution Policies for Listed Companies
- Oman Commercial Companies Law (Royal Decree No. 18/2019 and amendments)
- Financial Services Authority (FSA) regulations and corporate governance requirements
- Central Bank of Oman (CBO) regulations applicable to Finance & Leasing Companies (as amended)
- The Company’s Articles of Association



- Any other applicable regulatory or contractual obligations

In the event of conflict between this Policy and regulatory requirements, regulatory provisions shall prevail.

1.3 Responsibility

The Board of Directors is responsible for approving this Policy and recommending dividends. The Executive Management is responsible for implementing this Policy and ensuring compliance with regulatory requirements.

1.4 Policy Amendment

The Company reserves the full right to amend or update this Dividend Distribution Policy whenever necessary, in line with regulatory developments or changes in the Company's financial or strategic circumstances. Any material amendments shall be approved by Board of Directors and shall be disclosed through the MSX platform and the Company's website.

2. Dividend Intent / Philosophy

The Company recognizes dividends as an important component of shareholder return. However, as a regulated NBFC, dividend decisions must ensure:

- Maintenance of regulatory capital adequacy ratios.
- Adequate provisioning for Non-performing Loans as per IFRS 9 and regulatory requirements.
- Maintaining adequate liquidity and funding stability.
- Sustainable long-term growth and risk management.

The recommendation, declaration and payment of dividends shall not constitute a binding obligation on the Company and shall at all times remain subject to the Company's financial performance, liquidity position, availability of distributable profits, sufficiency of cash flows, applicable regulatory requirements, compliance with covenants under existing financing arrangements, anticipated capital expenditure and investment plans, and prevailing economic and market conditions.



The Board of Directors shall assess these factors in determining any dividend recommendation. The amount, timing and form of any dividend shall be determined at the Board's discretion and shall be subject to the approval of the shareholders at the General Meeting, in accordance with applicable laws and regulations.

2.1 Types of Dividends

The following type of dividends may be declared in respect of the Company's listed equity shares on the Muscat Stock Exchange (MSX) subject to all regulatory approvals.

- ✓ cash dividends
- ✓ stock dividends
- ✓ Compulsorily convertible dividend bonds
- ✓ Non-convertible Redeemable dividend bonds
- ✓ Perpetual dividend bonds

2.2 Dividend Frequency

The Company intends to distribute dividends annually following the close of each financial year ending 31 December, subject to:

- Board recommendation.
- Approval of the Central Bank of Oman
- Shareholders' approval at the Annual General Meeting
- Compliance with regulatory capital requirements.

The Board may consider interim dividends, subject to:

- Sufficient profitability and retained earnings.
- Compliance with capital adequacy and provisioning norms.
- Approval under applicable regulations.

3. Dividend Determination Criteria

When evaluating dividend recommendations, the Board shall consider the following:



- Profitability - Net profit for the year and Retained earnings available for distribution.
- Regulatory Capital and Prudential Requirements - Compliance with CBO prescribed Capital Adequacy Ratio and Compliance with prudential limits and regulatory reserves.
- Asset Quality and Provisioning - Non-Performing Loan ratio, Provision coverage ratio and Adequacy of expected credit loss provisions under IFRS 9
- Liquidity and Funding- Liquidity coverage and funding maturity profile and Debt service obligations and covenant compliance
- Growth and Strategic Plans - Business expansion plans, Digital and Technology investments, new product initiatives and funding requirements.
- Market and Economic Conditions - Macroeconomic environment in Oman, Interest rate trends, Industry outlook for NBFCs and Credit demand and risk trends
- Key Financial Ratios - Dividend Payout Ratio, Earnings per share, Capital Adequacy Ratio and Debt-to-Equity Ratio

4. Dividend Rationale

The Company does not commit to a fixed dividend payout ratio.

However, as a general guiding principle:

- Dividends will be declared out of distributable profits / retained earnings / reserves in accordance with applicable laws.
- The payout will reflect sustainable earnings rather than short-term fluctuations.
- The Company may aim for a stable or gradually progressive dividend, subject to profitability and regulatory capital adequacy.

5. Legal and Regulatory Constraints

The Company shall not declare dividends if:

- It results in breach of CBO capital adequacy requirements
- It compromises regulatory liquidity thresholds



- It violates loan covenants or contractual obligations
- There are accumulated losses that restrict distribution under the Commercial Companies Law

The Board may reduce, defer, or suspend dividends if required to preserve financial stability.

6. Dividend Approval

- ✓ The Board reviews annual audited financial statements and evaluates capital adequacy, liquidity, risk metrics, and regulatory compliance.
- ✓ The Board recommends dividend percentage.
- ✓ The CBO approves the Board Recommended dividend.
- ✓ The Board may change the dividends initially declared based on the approval norms of CBO if necessary.
- ✓ Shareholders approve the dividend at the AGM.
- ✓ Distribution is made in accordance with MSX timelines and regulatory requirements.

7. Dividend Announcement

The company shall publish all announcements related to dividend distributions through the official disclosure platform of the Muscat Stock Exchange and the Company's official website in accordance with applicable regulatory requirements.

Dividend declaration announcement shall include the Dividend per share and total dividend amount.

8. Disclosure and Transparency

In line with MSX Circular (3/2025) and FSA requirements, the Company shall:

- Publish this Policy on its website and MSX portal
- Disclose dividend details in the Annual Report
- Disclose payout ratio and key financial considerations



- Provide justification for deviation from this Policy

9. Disclaimer

This Policy serves as a guiding framework for dividend distribution and does not constitute a final commitment or absolute guarantee regarding future dividends. Dividend distributions depend on annual financial results, regulatory requirements, market conditions, and the Company's financial strategy. The Board of Directors retains full discretionary authority to recommend, amend, defer, or cancel dividend distributions in the best interests of the Company and its shareholders.

The Company may suspend or modify dividend payments under circumstances including but not limited to:

- Based on the regulatory approvals and guidelines
- Significant deterioration in asset quality
- Material regulatory changes
- Economic downturn affecting the financial sector
- Capital strengthening requirements
- Strategic mergers, acquisitions or restructuring

10. Contact Information

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