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# **Dividend Distribution Policy**

## **Sohar International Bank SAOG**

*Updated: January 2026*

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## Sohar International Bank SAOG (“Bank”) - Tracker “BKSB”

### Dividend Distribution Policy Statement

#### 1. Introduction & Objective

The Dividend Distribution Policy (“Policy”) outlines the guiding governance framework for dividend distributions to common shareholders from the Bank’s eligible distributable reserves while ensuring financial stability, regulatory compliance, and shareholder value creation. The Policy aligns with the Banking Law of Oman, the Central Bank of Oman (“CBO”) regulations, Financial Services Authority (“FSA”) regulations, Muscat Stock Exchange (“MSX”) requirements, Commercial Companies Law (“CCL”), Basel III capital requirements, and IFRS accounting standards. Dividend declarations will follow the provisions outlined in the Bank’s Articles of Association.

The objective is to ensure a structured approach to dividend distribution while maintaining capital strength, regulatory compliance, and shareholder confidence in Oman’s banking sector.

The Policy is applicable to Sohar International Bank SAOG.

#### 2. Guiding Principles

The Policy is based on the following Guiding Principles:

- **Sustainability & Stability of Dividends**  
Maintain a consistent and progressive dividend distribution aligned with long-term profitability
- **Regulatory Compliance**  
Adhere to the CBO, FSA, MSX and CCL regulations
- **Capital Strength & Liquidity**  
Preserve adequate capital to support business growth, risk mitigation, and economic resilience.
- **Shareholder Value**  
Provide competitive returns to shareholders while balancing reinvestment for future growth.
- **Economic Flexibility**  
Adjust dividend distributions based on macroeconomic conditions, financial performance, and stress test outcomes.

#### 3. Board of Directors Policy Approval

The Board of Directors (“Board”) of the Bank approved the Policy on 27<sup>th</sup> July 2025. The Policy was subsequently aligned with the MSX approved template on 29<sup>th</sup> January 2026.

#### 4. Dividend Intentions

The Board's intention is to propose consistent dividends to its shareholders annually based on management's recommendations in full compliance with all regulatory guidelines.

#### 5. Frequency of Dividend Distribution

Dividends are generally distributed annually following approval by shareholders at the Annual General Meeting ("AGM").

#### 6. Dividend Distribution Options

The Bank may choose to distribute in addition to, or instead of, cash dividends, any other form of dividend distribution approved by CBO which may include, but not restricted to, Bonus Shares and Mandatory Convertible Bonds ("MCB").

Cash dividends reduce the Bank's Total Tier 1 capital base through a reduction in retained earnings.

Bonus Shares as well as MCBs' maintain the Bank's Total Tier 1 capital base upon distribution from retained earnings. Bonus shares are recognized immediately in share capital.

MCB's will be treated as Additional Tier 1 ("AT1") instruments until conversion to share capital.

#### 7. Bank's Financial Position

For detailed insights into the Bank's financial position please refer to the Bank's Investor Relations website: [Investor Relations | Sohar International](#).

#### 8. Dividend Strategy

The Board's intention is to optimize the dividend distributions to shareholders in accordance with the Bank's Guiding Principles (Section 2).

#### 9. Industry Update

For the latest updates on the Omani banking industry please refer to the official websites of key institutions such as the [Central Bank of Oman](#), the [Ministry of Finance](#) and the [National Centre for Statistics and Information](#).

## 10. Timing of Dividend Distributions

The Board announces to the market the proposed dividends for the financial year ending 31st December on or before 31<sup>st</sup> January. The Board will further announce to the market any changes to the proposed dividends following approval of the annual audited financial statements by CBO.

The process for dividend distributions will follow immediately upon approval of the proposed dividends by the shareholders at the AGM (and “EGM” in the case of MCB’s) held on or before 31st March.

The Bank will remit the cash dividend payables to Muscat Clearing and Depository SAOC (the “MCD”) within a maximum of 4 business days and MCD will normally distribute cash dividends to shareholders within 3 working days from the date the cash dividends are received.

Bonus shares are generally distributed to shareholders’ accounts by the Registrar and Transfer Agent / MCD within 2-3 weeks from AGM date.

MCBs are generally distributed to shareholders’ accounts by the Registrar and Transfer Agent / MCD 3-4 weeks after EGM and available for trading on the MSX shortly after.

## 11. Dividend Announcements

For dividend announcements and updates please visit the [MSX Website](#) and/or the Bank’s website [Investor Relations | Sohar International | Link](#).

## 12. Dividend Approvals

Dividends are proposed by the Board to shareholders for approval at the AGM following CBO approval of the annual audited financial statements. The names of Board members responsible for proposing dividends are available on the Bank’s website: [About us | Sohar International](#).

In the case of MCB’s proposed by the Board to be issued as part of the annual dividend distribution, approval of shareholders is obtained at an Extraordinary General Meeting (“EGM”).

### 13. Capital Adequacy & Risk Considerations

The Bank will only declare dividends if the following conditions are met:

- Common Equity Tier 1 (“CET1”) ratio above CBO minimum.
- The interest due on any Tier 1 capital securities have been paid in full.
- Capital Adequacy Ratio (“CAR”) above CBO minimum, in line with CBO’s Basel III guidelines.
- Liquidity Coverage Ratio (“LCR”) & Net Stable Funding Ratio (“NSFR”) above CBO minimum levels.
- No adverse economic outlook or negative stress test outcomes requiring capital or liquidity conservation.

The Bank reserves the right to adjust, defer, or suspend dividends in case of:

- Adverse economic conditions impacting the Bank’s financial position.
- Regulatory constraints or capital conservation requirements.
- Significant investment opportunities requiring retained earnings.
- Any other reasons that the Board may consider appropriate.

### 14. Regulatory Guidelines

The Bank’s senior management will ensure compliance with all regulatory guidelines.

#### **CBO Regulations:**

CBO regulations limit the amount of cash dividends payable based on the Bank’s CAR as disclosed the annual audited financial statements.

As per CBO, letter ref: BSD/2015/BKUP/All Banks/455 dated 9 April 2015:

Capital Adequacy Ratio	Maximum Cash Dividend Payable
> 15%	30% of Paid-up capital or 60% of net profit, whichever is less
> 14% and <= 15%	25% of Paid-up capital or 55% of net profit, whichever is less
>=13% and <=14%	15% of Paid-up capital or 50% of net profit, whichever is less
< 13%	No cash dividend

Any changes to the CBO regulation shall prevail over the clauses of this Policy and the Policy shall be considered as having been amended to the extent necessary to comply with such regulatory changes, till such time the Policy is formally amended to align with CBO’s regulations in force. However, all dividends proposed by the Board must be approved by CBO prior to the proposed dividends being presented to the shareholders for approval.

The Bank must ensure also that it has sufficient distributable earnings to pay a cash dividend such that retained earnings are not negative after distribution of the dividend.

The above limits do not apply to non-cash distributions such as Bonus Shares or MCB’s. However, such dividends still require CBO approval.

## 15. Additional Information

The Bank ensures compliance with the FSA “Rules and Guidelines on Disclosure by issuers of Securities and Insider Trading”.

Shareholders will be informed of any significant changes to the Policy through the MSX disclosure platform.

As per the guidelines of the FSA, all cash dividends that have been unclaimed for a period exceeding 6 months from the date of declaration must be transferred to the Investors Trust Fund. All shareholders must contact the MCD to claim such dividends, remaining unclaimed for more than 6 months.

## 16. Legal Clause

The Policy shall comply with all applicable Omani laws, regulations, and guidelines set by regulatory authorities. Dividend declarations will follow the provisions outlined in the Bank’s Articles of Association, shareholder agreements, and any governing corporate laws. The Bank reserves the right to amend the Policy at any time, for whatever reason, subject to Board approval.

## 17. Amendments

The Bank reserves the right to amend the Policy at any time subject to Board approvals

## 18. Disclaimer

The historical distribution of dividends does not constitute a guarantee of future dividend distributions and any forward-looking statements published by the Bank are subject to risks and uncertainties.

Shareholders and prospective investors should consider that dividend distributions may vary substantially, due to adverse economic conditions, regulatory changes, significant deterioration in the Bank’s performance or unforeseen circumstances. Dividends in any given financial year may be Nil.

## 19. Contact Information

For further details, please contact the Head of Investor Relations:

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