



# NobleOak Life Limited

## Dividend Policy



27 June 2025 | Version 6

### 1. Purpose

This Dividend Policy outlines the principles NobleOak Life Limited (NobleOak) will follow when determining the payment of dividends to shareholders. The policy ensures a disciplined, transparent approach that protects the company's financial soundness, complies with regulatory obligations, and balances reinvestment with sustainable shareholder returns.

It supports the long-term growth strategy of the business and fosters consistency and confidence in our capital management decisions.

### 2. Scope

This policy applies to NobleOak Life Limited and all its subsidiaries. It is relevant to the Board of Directors and any teams involved in capital management, business planning, governance, or shareholder relations.

### 3. Definitions

Term	Definition
<b>PCA</b>	Prescribed Capital Amount – the regulatory capital requirement defined by APRA for life insurers.
<b>ICAAP</b>	Internal Capital Adequacy Assessment Process – NobleOak's documented framework for assessing and maintaining adequate capital.
<b>RAS</b>	Risk Appetite Statement – outlines the amount of risk business is willing to accept in pursuit of its strategic objectives.
<b>Dividend</b>	A distribution of company profits to shareholders, determined by the Board, subject to compliance with legal and regulatory obligations.
<b>Franking Credits</b>	Tax credits attached to dividends, representing tax already paid by the company on its profits. Shareholders may use these to offset their own tax liabilities.
<b>DRP (Dividend Reinvestment Plan)</b>	A DRP lets shareholders reinvest dividends into additional company shares, usually with no fees and sometimes at a discount. It's optional and helps grow shareholdings over time while retaining capital within the business.
<b>SBBF (Share buy-back facility)</b>	A share buy-back facility allows a company to repurchase its own shares, reducing the number on issue. This can boost earnings per share, return excess capital to shareholders, and signal confidence in the company's outlook.

## 4. Dividend Principles

### 4.1 Dividend Principles

- **Sustainability and Shareholder Interests**

NobleOak's dividend policy balances financial discipline, shareholder fairness, and long-term sustainability, with capital adequacy as a priority under APRA regulation.

- **Profits and ICAAP**

Dividends are only paid from accumulated profits, in line with the Corporations Act. They also only paid in line with capital management requirements as documented in NobleOak's ICAAP summary statement. The Board must confirm sufficient net assets and no prejudice to creditor obligations.

- **Stress Testing**

Board approval requires consideration of stress testing results from the most recently completed ICAAP report, to assess capital adequacy risk in downside scenarios.

- **Franking Credits**

Franking credits will be used to maximise shareholder value, with clear communication of dividend expectations. Final decisions rest with the Board, aligned to NobleOak's strategy and obligations.

- **Capital Projections**

Before committing to any capital investment or distribution, the Board will assess projected capital requirements and regulatory obligations over the next three years. This ensures that capital deployment remains sustainable and aligned with long-term needs. This consideration is especially important given the high cost and potential dilution of raising additional capital.

- **Cost of Holding Excess Capital**

While maintaining a buffer above the target capital ratio provides financial stability and flexibility, there is opportunity cost. Excess capital may deliver returns below shareholder expectations and therefore should be weighed carefully against alternative uses.

- **Dividend Expectations**

Any proposed shareholder distribution, including dividends, must account for the expected consistency of future distributions. One-off payments may not be prudent if ongoing capacity to distribute is limited. Predictability and sustainability of dividends help build long-term investor confidence.

- **Flexibility**

Preserving capital flexibility is a key priority, particularly when operating in uncertain or evolving market conditions. Higher levels of surplus cash or capital provide optionality for strategic investments, risk mitigation, and future distributions.

- **Strategic Optionality**

Capital allocation decisions should consider the value of optionality to pursue growth, respond to regulatory change, or take advantage of market opportunities. This may

involve preserving some capital capacity to act quickly and decisively if needed.

- **Market Signalling**

Capital decisions, particularly related to dividends and buybacks, send strong signals to the market. The Board will consider how capital allocation choices align with the company's long-term strategy and shareholder expectations, ensuring alignment with our positioning as a disciplined, growth-focused insurer.

## **4.2 Dividend Declaration, Capital Position and Target Range**

### **Dividend Declaration**

When declaring dividend, the board will have consideration to:

- Dividends will only be paid from accumulated accounting profits, and
- must be in compliance with the Corporations Act, APRA Prudential Standards, and the Company's Constitution

### **Target range**

Dividends may only be considered when NobleOak's capital position is within or exceeding the Board-approved target capital range **(140%–190% of PCA)** and NobleOak will endeavour to maintain capital above the target distribution floor of 160% of PCA.

## **5. Regulatory and Legal Considerations**

### **5.1 Corporations Act**

Dividends must comply with Section 254T of the Corporations Act, ensuring:

- Assets exceed liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
- The dividend is fair and reasonable to shareholders as a whole; and
- The payment does not prejudice the ability to pay its creditors

Directors must also uphold their duty to prevent insolvent trading under Section 588G.

### **5.2 APRA Prudential Requirements**

NobleOak must comply with APRA Prudential Standard LPS 110, which requires:

- APRA pre-approval for any effective reduction in capital base (e.g., dividends exceeding after-tax earnings).
- Demonstrated capital adequacy post-distribution, supported by forward-looking capital projections (minimum two years).
- Ongoing compliance with ICAAP obligations, capital buffer targets, and alignment with the Appointed Actuary's guidance (e.g. Financial Condition Report).

### **Stress Testing**

APRA Prudential Standard LPS 110, requires the company to conduct stress testing to

ensure it remains adequately capitalised under adverse conditions. This includes assessing the impact of severe but plausible scenarios on its capital position and confirming that it would continue to meet minimum regulatory capital requirements after the dividend is paid. The Board must be satisfied that the payment will not compromise the company's financial resilience or its ability to meet policyholder obligations.

#### **APRA Approval**

The Board will not declare a dividend unless APRA expectations are met and formal approval is obtained where required.

## **6. Governance and Supporting Analysis**

### **6.1 Board Discretion and Oversight**

Dividend decisions remain at the full discretion of the Board and must consider:

- Financial condition and forecast performance.
- ICAAP and RAS thresholds.
- Capital stress testing and adverse scenario modelling.
- Tax adviser input where appropriate (e.g., franking credits).

### **6.2 Appointed Actuary and Auditor Input**

Under the Actuarial Advice framework, the Board will receive and consider advice from the Appointed Actuary. Input from the External Auditor will be considered where relevant.

## **7. Shareholder Communication**

### **7.1 Transparency and Guidance**

NobleOak is committed to communicating its dividend approach clearly to shareholders. Any intention to pay a dividend will be disclosed through appropriate ASX announcements and investor presentations. This may include forward guidance where conditions permit, emphasising:

- The company's capital position
- Alignment with strategic objectives
- Commitment to sustainable value creation

### **7.2 Predictability and Confidence**

Where a dividend program is introduced, NobleOak will seek to establish consistency and predictability in dividend decisions, subject to capital and performance outcomes.

### 7.3 Dividend Payment, DRP and SBBF

Dividends may be paid in cash or other means. The Board may also implement a Dividend Reinvestment Plan (DRP) to allow shareholders to reinvest dividends on approved terms.

A share buy-back facility (SBBF) may also be considered and implemented by the Board, allowing NobleOak to repurchase its own shares, reducing the number on issue. Buy-backs are subject to Board approval and regulatory requirements being met.

## 8. Policy Review

### Every Two Years

This policy will be reviewed at least every two years, or more frequently in response to material regulatory, market, or business changes. The Board is responsible for approving all updates to this policy.

### Alignment

This policy will also align with other NobleOak policies and governance frameworks to ensure full compliance with our regulatory and internal obligations.

## 9. Version History

Version	Approved by:	Date of Approval	Changes to Document
6	Board of Directors	27/06/2025	Policy approved