

BANK DHOFAR S.A.O.G.

THE BOARD OF DIRECTORS’ REPORT FOR THE SIX MONTHS ENDED

30 June 2025

Dear Shareholders,

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am pleased to present Bank’s unaudited interim condensed financial statements for the period ended 30 June 2025.

Bank Dhofar SAOG - Financial Highlights

The first half of 2025 marked a period of strong strategic execution for the Bank, as we continued to advance our commitment to becoming a more customer-centric, accessible, and digitally empowered institution. We significantly expanded our physical presence, growing our branch network to 140 locations across the country. This milestone reinforces our promise of being closer to our customers and serving communities more effectively. Despite this growth, our commitment to service excellence remains steadfast, 95% of our customers are now served within 10 minutes of entering our branches, a benchmark that ranks among the best in the country.

We also entered an exclusive partnership with Mastercard, a move aimed at delivering differentiated, high-value card propositions to our customers, further strengthening our retail offerings. Innovation in outreach took a new form with the launch of our mobile banking van, designed to bring essential banking services—such as account opening and loan origination—right to our customers’ doorsteps, especially in underserved and remote areas.

On the digital front, we launched an enhanced version of our digital onboarding journey, making it simpler and faster for customers to open their first account with the bank. This aligns with our broader investments in digital transformation, which continue at pace to deliver improved customer experiences and greater self-service capabilities across a wide spectrum of banking services.

These initiatives collectively reflect our ongoing journey of transformation—one that is anchored in accessibility, excellence, and innovation.

For the Half Year ended 30 June 2025, the Bank's operational income grew by 8.06% to RO 84.46 million, demonstrating a growth of RO 6.30 million, compared to RO 78.16 million for the same period of 2024.

Interest income and income from Islamic financing grew to RO 143.73 million for the Half Year ended 30 June 2025, a 3.76% increase over the same period of last year. The net fee and other income increased from RO 17.81 million during the Half Year ended 30 June 2024, to RO 24.52 million for the Half Year period ended 30 June 2025, by 37.69%. The Bank's overall operating profit (before

expected credit loss) for the Half Year ended on 30 June 2025, was RO 43.76 million. This is an increase of 8.35% from the RO 40.39 million reported for the same period last year.

Bank recorded a net profit of RO 23.67 million for the Half Year ended on 30 June 2025, a 6.99 % increase over the RO 22.12 million reported for the same period last year.

The total operating expense for the Half Year ended on 30 June 2025 is RO 40.70 million as compared to RO 37.77 million recorded for the same period in 2024, a 7.76% increase. The cost to income ratio for the Half Year ended 30 June 2025 decreased to 48.18% from 48.32% reported for the same period in 2024.

The Bank recognized expected credit losses of RO 16.19 million (net of recoveries) to the income statement for the Half Year ended 30 June 2025. This is an increase of 8.43% from the expected credit losses of RO 14.93 million (net of recoveries) reported for the same period last year.

As at 30 June 2025, Net loans and advances (including Islamic finance receivables) amounted to RO 4.17 billion, up by 11.79% from RO 3.73 billion as at 30 June 2024. Furthermore, as compared to 31 December 2024, there was an increase of 6.10% in net loans and advances as at 30 June 25.

Customer deposits as at 30 June 2025, were RO 4.03 billion, compared to RO 3.56 billion as at 30 June 2024 with an increase of 13.57%. As compared to 31 December 2024, customer deposits (including Islamic deposits) has increased by 7.18% as at 30 June 25.

Earnings per share (EPS) for the Half Year ended 30 June 2025, is RO 0.0061, an increase over the RO 0.0055 recorded for the same period last year.

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Dhofar Islamic - Financial Performance Highlights

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Dhofar Islamic posted a notable growth in earning assets, financing and deposits portfolio during the first half of 2025. Gross financing portfolio has increased from RO 721.10 million at June 2024 to RO 796.82 million at June 2025, thus posting growth of 10.5%. The gross Sukuk investment portfolio increased by 33.10% from RO 94.40 million at June 2024 to RO 125.65 million at June 2025.

As at June 2025 the total customer deposit stood at RO 798.68 million, registering a significant growth of 26.10% compared to RO 633.36 million at same period last year. The total assets have increased by 9.68% to RO 999.23 million at June 2025 from RO 911.07 million at June 2024.

The gross income from financing, placement and investment increased by 9.49% to RO 25.72 million as at June 2025 from RO 23.49 million reported during the same period last year. The net Profit income (after cost of funds) increased by 21.48% year-on-year reaching RO 10.86 million during six-months period ending June 2025, against RO 8.94 million at June 2024.

Dhofar Islamic total income for the period ended June 2025 stood at RO 14.47 million compared to RO 11.89 million at June 2024, posting an increase of 21.70%. The administrative cost has increased by 15.09% reaching RO 6.94 million compared to RO 6.03 million last year. Dhofar Islamic posted year to date Operating Profit (before ECL) of RO 7.53 million which is 28.50% above the last year operating profit of RO 5.86 million.

Dhofar Islamic registered a profit before tax of RO 2.27 million as at June 2025, compared to RO 4.52 million as at June 2024, reflecting a decline of 49.78% over last year. The drop in profit before tax is mainly attributed to the higher ECL charge during the year which stood at RO 5.25 million at June 2025, compared to RO 1.34 million last year.

Corporate Social Responsibility and Sustainability

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As part of its ongoing commitment to social development and environmental stewardship, the Bank proudly supported two impactful initiatives during the quarter 2 of 2025.

- SQU Summer School Sponsorship – In support of youth education and academic enrichment, the Bank contributed toward Sultan Qaboos University's Summer School program.
- Environmental Council Project in Partnership with the Environment Authority – Reinforcing its dedication to sustainability, to support of Student Environmental Council) initiative.

In quarter 2 of 2025, Bank Dhofar advanced its sustainability agenda with the release of the 2024 Sustainability Report, showcasing our ongoing ESG commitments. We introduced 25 hybrid vehicles to replace part of our fleet, reducing emissions and fuel consumption. Key initiatives included internal and external awareness campaigns, the rollout of new internal sustainability policies, a partnership with a national recycling provider, and energy-saving upgrades through LED lighting and motion sensors. These efforts reflect our commitment to operational efficiency and environment responsibility.

Recognitions and Awards

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In order to improve client experience, the Bank - an institution that prioritizes innovation and customer satisfaction that continues to create and provide retail, corporate, and investment banking solutions. This was demonstrated by the Bank's receipt of the ensuing accolades in 2025.

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Fastest Growing Branch Network Award by World Business Outlook.

The 2025 Gazet International Awards Best Bank - Mena 2025.

Acknowledgment

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On Behalf of the Board, I would like to express my profound appreciation to all stakeholders involved for their patronage and confidence they have reposed in the Bank's Board of Directors and Executive Management., I would like to express my gratitude to Dhofar Islamic's Sharia Supervisory Board for their contribution to the Sharia compliance. I express my gratitude to the Management and Staff for their unwavering and invaluable assistance in guiding the bank towards accomplishing its goals.

The Central Bank of Oman and the Financial Services Authority are also acknowledged by the Board of Directors for their persistent support and direction of Oman’s banking and financial industry.

Finally, the Bank's Board of Directors and all of its employees would like to sincerely thank His Majesty Sultan Haitham Bin Tariq for his unwavering support of the economy, which cleared the path for a long-term, sustainable recovery.

Eng. Abdul Hafidh Salim Rajab Al-Ojaili

Chairman