

BANK DHOFAR S.A.O.G.

THE BOARD OF DIRECTORS' REPORT FOR THE NINE MONTHS ENDED

30 September 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 September 2025.

Bank Dhofar SAOG - Financial Highlights

The first three quarters of 2025 marked continued progress in Bank Dhofar’s strategic journey toward becoming a truly human-centric and future-ready institution.

The Bank further expanded its physical footprint to nearly 142 branches, establishing itself as the second largest branch network in the country reaffirming its commitment to remain close to customers and communities across Oman. Complementing this reach, the Bank introduced mobile banking vans, making access to banking services more convenient and inclusive, especially for customers in remote areas.

In the wealth management space, the Bank entered into an exclusive partnership with BlackRock, offering customers access to world-class investment solutions a collaboration where local expertise meets global excellence. Similarly, the Bank strengthened its leadership in payments through an exclusive partnership with Mastercard, bringing to market industry-leading credit card solutions tailored to customers’ lifestyles, needs, and aspirations across segments.

On the digital front, the Bank launched a new Corporate Internet Banking platform with an intuitive interface and enhanced functionality, enabling businesses to seamlessly manage their daily banking operations without the need to visit branches.

Together, these milestones reflect the Bank’s balanced focus on expanding physical reach, deepening partnerships, and enhancing digital experiences all aligned with its vision of delivering accessible, innovative, and human-centric banking.

For the third quarter ended 30 September 2025, the Bank reported a 10.40% growth in operational income, reaching RO 126.40 million, an increase of RO 11.90 million compared to RO 114.50 million recorded during the same period in 2024.

Interest income and income from Islamic financing rose to RO 217.25 million, reflecting a 4.95% increase over the corresponding period last year. Additionally, net fee and other income grew significantly by 35.82%, from RO 27.47 million in Q3 2024 to RO 37.31 million in Q3 2025.

The Bank’s operating profit before expected credit losses stood at RO 65.87 million, marking a 14.78% increase from RO 57.39 million reported in the same period of the previous year.

Net profit for the period amounted to RO 36.02 million, up by 7.15% compared to RO 33.62 million in Q3 2024.

Total operating expenses increased by 6%, reaching to RO 60.54 million as against RO 57.12 million reported for prior period. Despite the increase in overall cost, the cost-to-income ratio improved to 47.89%, compared to 49.88% in Q3 2024, reflecting enhanced operational efficiency.

The Bank recognized expected credit losses (net of recoveries) of RO 24.53 million during the period, representing a 31.64% increase compared to RO 18.63 million reported for the same period last year.

As at 30 September 2025, net loans and advances (including Islamic finance receivables) reached to RO 4.24 billion marking a year on year growth of 13.67% from RO 3.73 billion as at 30 September 2024, and an increase by 7.89% from RO 3.93 billion reported as at 31 December 2024.

Customer deposits reached to RO 3.96 billion as at 30 September 2025, reflecting a 13.15% increase from RO 3.50 billion reported for the same period last year, and a 5.33% from RO 3.76 billion reported as of 31 December 2024.

Earnings per share (EPS) for the period ended 30 September 2025 stood at RO 0.0088, an increase from RO 0.0080 recorded during the same period of 2024.

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Dhofar Islamic - Financial Performance Highlights

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Dhofar Islamic reported a positive growth in earning assets, financing, deposits and operating profit over the nine months of year 2025. Gross financing portfolio has increased to RO 835.62 million at 30 September 2025 from RO 733.59 million at 30 September 2024, thus registering a growth of 13.91% over last year. The gross Sukuk investment portfolio has increased from RO 99.39 million at 30 September 2024 to RO 170.47 million at 30 September 2025, reflecting a significant growth of 71.52% over last year.

The total customer deposits reached to RO 821.65 million at 30 September 2025, registering a growth of 17.92% compared to RO 696.80 million at 30 September 2024. The total assets have increased by 17.41% to RO 1,030.06 million as at 30 September 2025 from RO 877.33 million as at 30 September 2024.

Dhofar Islamic income from Financing, Placement and Investment for the period ended 30 September 2025 increased by 10.07% to RO 39.24 million from RO 35.65 million reported during the same period last year. The net profit income (after cost of funds) increased by 23.54% year-on-year reaching to RO 16.69 million during nine-months period ended 30 September 2025, against RO 13.51 million as at 30 September 2024.

Dhofar Islamic total income for the period ended 30 September 2025 stood at RO 22.05 million compared to RO 17.26 million as at 30 September 2024, posting an increase of 27.75%. The administrative cost has increased by 16.23% reaching RO 10.53 million compared to RO 9.06 million last year. Dhofar Islamic posted year to date Operating Profit (before ECL) of RO 11.52 million which is 40.32% above the last year operating profit of RO 8.21 million. Cost to income ratio continues to improve and reduced to 47.76% as at 30 September 2025 from 52.49% during the same period last year.

Dhofar Islamic registered a profit before tax of RO 2.75 million as at 30 September 2025, compared to RO 6.19 million as at 30 September 2024, reflecting a decline of 55.57% over last year. The decrease in profit before tax is mainly attributed to the higher ECL charge during the year which stood at RO 8.77 million as at 30 September 2025, compared to RO 2.02 million last year.

Corporate Social Responsibility and Sustainability

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In the third quarter of 2025, Bank Dhofar reaffirmed its dedication to social development and environmental stewardship by supporting a series of meaningful Corporate Social Responsibility (CSR) initiatives:

Al Noor Association for the Blind – Empowering individuals with visual impairments through targeted support.

Hybrid Car Rental for Dhofar Municipality – Provision of two eco-friendly vehicles for a five-year period to promote sustainable transportation.

Sultan Qaboos University Student Activities Proposal – Funding student-led initiatives and academic engagement over one year.

Green Office Program (EFP Oman) – Strategic sustainability partnership aimed at fostering environmentally responsible workplace practices

During the third quarter of 2025, Bank Dhofar advanced its sustainability agenda through a new partnership with EFP Oman to launch an internal recycling initiative, promoting responsible waste management across its operations. The Bank also expanded its hybrid fleet with eight additional vehicles, further reducing emissions and fuel consumption. Complementing these efforts, internal and external awareness campaigns were intensified, alongside a noticeable increase in press coverage highlighting the Bank’s environmental initiatives.

These achievements reflect BankDhofar’s continued commitment to sustainability, operational efficiency, and community engagement.

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Recognitions and Awards

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To enhance client experience, Bank Dhofar—an institution renowned for its commitment to innovation and customer satisfaction—continues to deliver comprehensive retail, corporate, and investment banking solutions tailored to evolving market needs. This dedication was recognized through a series of prestigious awards in 2025, underscoring the Bank’s leadership and excellence in the financial sector. Notable accolades include:

Fastest Growing Branch Network Award by World Business Outlook

Best Bank – MENA 2025 at The Gazet International Awards

Best Customer Centric Banking Brand – Oman 2025 by Global Brands Magazine (UK)

Best Customer Experience – 2025 by Global Business and Finance Magazine

Middle East Technology Excellence Award – Financial Technology 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