

Bank Dhofar SAOG

Corporate Governance Report

For the Financial year ended

31 December 2025

Corporate Governance Report

Part One

1 - Corporate Governance Philosophy:

Corporate Governance is an essential element in attaining, enhancing and retaining confidence of the Bank's stakeholders. Corporate governance lays down the relationship and responsibilities between shareholders, Board of directors and senior management of the Bank through the structure of setting objectives, formulating strategies, controlling and monitoring performance while ensuring compliance with regulations in letter and spirit and promoting a culture of transparency through disclosures and commitment to highest ethical standards.

The Board of Directors of Bank Dhofar SAOG (the Bank) bears the principal responsibility of establishing Corporate Governance as appropriate to the Bank within the broad framework laid down by the Central Bank of Oman (CBO) and the Financial Services Authority (FSA)

Decision-making within the Bank has been broadly divided into two levels. The Board of Directors (the Board) at the top level, as trustees of the shareholders, bears the responsibility of strategic supervision of the Bank, apart from fulfilling statutory obligations. Some of the major responsibilities of the Board are discharged through four sub-committees, viz. the Board Executive Committee, the Board Audit Committee, the Board Risk Committee and the Board Nomination & Remuneration Committee. These sub-committees which operate under the Board approved charters have been meeting regularly and have contributed significantly to the effective functioning of the code of corporate governance. The charters of these committees meet all the requirements as laid down in the Code of Corporate Governance. In addition, the Board carries the responsibility of approving the strategic plans and internal policies to institute adequate controls for achievement of the set objectives and compliance with rules and regulations. The executive management of the Bank comprises of the Senior Members headed by the Chief Executive Officer.

Through this two-tiered interlinked governance process, an appropriate balance has been created between the need for focus and executive freedom, and the need for supervision, control and checks and balances of all activities and transactions.

The formal Code of Corporate Governance prescribes the highest ethical standards in the conduct of the Bank's business. The Senior Members of the Bank are fully cognizant of their responsibilities in setting personal examples so that the code is internalized within the Bank and becomes part of its culture.

2 - Board of Directors

The Responsibilities of the Board of Directors

The Board has the full authority to perform all acts required for managing the Bank and protecting and growing the shareholders' interests pursuant to its objectives besides securing the interests of other stakeholders. Such authority is not limited or restricted except as provided by the law, the Articles of Association or resolutions of the General Meetings. However, such authority is not extended to the operational matters and day-to-day affairs of the Bank, which remains a responsibility of the Senior Management.

The responsibilities and functions of the Board include the following:

- Charting the overall strategic direction of the Bank and reviewing and approving the annual business and strategic plans.
- Monitoring the Bank's performance and evaluating whether the business is properly managed in accordance with the Bank's set plans.
- Approving the interim and annual financial statements and providing accurate information at the right time to the shareholders, in accordance with the guidelines of the Financial Services Authority
- Forming various Board sub-committees, approving their charters and reviewing the functions of these committees.

- Adopting internal regulations and bylaws pertinent to steering and management of the affairs of the Bank.
- Reviewing all audit reports submitted by internal and external auditors and statutory agencies.
- Ensuring that the Bank conducts its operations in an ethical and transparent manner.
- Assessing and approving the proper delegation of authorities to executive management.
- Appointing and evaluating the functions and the performance of the Chief Executive Officer and other key employees.

Further, the Board exercises objective independent judgment on corporate affairs after having access to accurate, relevant and timely information.

Size and Terms of the Board

The Board consists of nine (9) non-executive directors who are elected by the shareholders at the Annual General Meeting. The term of office of the Board of Directors is three years and each Director can be re-elected for a similar period. The term of office of the current Board expires in March 2028.

Composition and selection of the Board

Members of the Board of Directors are elected from among the Bank's shareholders or non-shareholders. All members of the Board of Directors are non-executive Directors.

A minimum of one-third of the Board members shall be independent Directors, meeting the definition of independent director, as defined in the FSA Code of Corporate Governance issued in July 2015, which states that a director shall be deemed non-independent in the following cases:

- (1) Holding ten per cent (10%) or more of the company shares, its parent company, or any of its subsidiary or associate companies.
- (2) Representing a juristic person who holds ten per cent (10%) or more of the company shares, its parent company, or any of its subsidiary or associate companies.
- (3) Had been, during the two years preceding candidacy or nomination to the board, a senior executive of the company, its parent company or any of its subsidiary or associate companies.
- (4) Being a first degree relative of any of the directors of the company, its parent company or any of its subsidiary or associate companies.
- (5) Being a first degree relative of any of the senior executives of the company, its parent company or any of its subsidiary or associate companies.
- (6) Being a director of the parent company or any of the subsidiary or associate companies of the company being nominated for its board membership.
- (7) Being, during the two years preceding candidacy or nomination to the board, an employee of any parties contractually engaged with the company (including external auditors, major suppliers or civil society organizations (“CSO”) where the latter received a support in excess of 25% of the annual budget of such CSOs).
- (8) Being, during the two years preceding candidacy or nomination to the board, an employee of the parent company or any of its subsidiary or associate companies.
- (9) Holding about 20% of the shares of any of the above-mentioned parties during the two years preceding candidacy or nomination to the board.

The nomination of Board members is according to the rules and condition of the election of directors as issued by FSA. The election process is through direct secret ballot whereby each shareholder shall have a number of votes equivalent to the number of shares he/she holds. Every shareholder shall have the right to vote for one candidate or more provided the total number of votes in the voting form is equivalent to the number of shares he/she holds.

At present all the directors of the Board are non-executive, two are non- Independent and seven are Independent within the scope of the definition of independence laid down by the FSA Code of Corporate Governance.

Board Committees

The Board has the following four Board Committees, whose objectives, powers and procedures are governed by the charters of the respective Committees, which are approved by the Board:

1. Board Executive Committee (which been dismissed and its delegation were transferred to full board based on Board Resolution No. (1)/2/2025.
2. Board of Audit Committee
3. Board Risk Committee
4. Board Nomination & Remuneration Committee

Additional committees may be established from time to time based on business needs. Each committee has access to the information and resources it requires, including direct access to staff and consultants. The Board has selected the committee members based on their professional backgrounds, skills and other qualities they bring to the committees.

Sharia Supervisory Board

Sharia Supervisory Board was formed in the year 2012 for the Islamic Banking operations of the Bank's window, Dhofar Islamic Banking Services.

Profiles of Members of the Board of Directors:

Eng. Abdul Hafidh Salim Rajab Al Ojaili - Chairman

Eng. Abdul Hafidh Salim Rajab Al Ojaili is currently the Chairman of Bank Dhofar. He is a promoter shareholder of well-established institutions in Oman such as Bank Dhofar, Dhofar International Development & Investment Holding Co. SAOG, Dhofar Power Company SAOC and Oman Aviation Services Co. (SAOG). He holds master's degree in mechanical engineering.

Mr. Ahmed Said Al Mahrezi- Deputy Chairman

Mr. Ahmed Said Al Mahrezi is a member of the Board of Directors. He is also the Deputy Chairman of the Board, the Chairman of the Board Nomination & Remuneration Committee, a member of the Board Risk Committee and a member of the Board Audit Committee. He has extensive experience in the public sector in Law, Finance, Investment & Administration, extending over a period of more than 38 years. Mr. Ahmed holds a Master of International Business Law.

Mr. Mohammed Yousuf Alawi Al Ibrahim - Director

Mr. Mohammed Yousuf Al Ibrahim is a member of the Board of Directors. He is a member of the Board Risk Committee and a member of the Board Nomination & Remuneration Committee. He has extensive experience in directorship of private and public companies. His diverse portfolio includes being Shareholder, Executive & Managing Director of various private companies & Establishments. He is Director of Dhofar University. Mr. Mohammed holds a Bachelor of Business Administration.

Mr. Tariq Abdul Hafidh Al Aujaili- Director

Mr. Tariq Abdul Hafidh Al Aujaili is a member of the Board of Directors. He is also the Chairman of the Board Risk Committee, a member of Board Audit Committee and a member of the Board Nomination & Remuneration Committee. He has extensive experience of public companies' directorship. Other positions held by him include Vice Chairman of Dhofar International. Development & Investment Holding Co. SAOG, Vice Chairman of Dhofar Insurance Co SAOG and Vice Chairman of Oman Investment & Finance Co SAOG. Mr. Tariq holds a Bachelor of Accountancy & Finance.

Mr. Khalid Said Salim Al Wahaibi - Director

Mr. Khalid Said Salim Al Wahaibi is a member of the Board of Directors and the Chairman of the Board Audit Committee. He is also the Chairman of Al Omaniya Financial Services Co SAOG and Deputy Chairman of National Gas Co SAOG. He has a wealth of experience extending over 29 years as a Director and Managing Director of Assarain Group of Companies. Mr. Khalid holds a Bachelor of Business Administration.

Mr. Tariq Salim Mustahil Al Mashani - Director

Mr. Tariq Salim Mustahil Al Mashani is a member of the Board of Directors. He is also a member of the Board Risk Committee and a member of the Board Nomination & Remuneration Committee. He is a Chairman of Dhofar University and Board Director of Al Omaniya Financial Services SAOG. He has extensive experience in directorship of private companies. His diverse portfolio includes being Shareholder, Chairman and Director of various private companies & establishments. Mr. Tariq holds a Bachelor of Business Management.

Mr. Ahmed Sultan Rashid Al Yaqoubi - Director

Mr. Ahmed Sultan Al Yaqoub is a member of the Board of Directors. He is also a member of the Board Audit Committee and Board Nomination & Remuneration Committee. He has 27 years of work experience in the Ministry of Defense Pension Fund and has significantly contributed to the overall development of Fund and he was a core member of the Investment Team since the inception, graded with a global title in experience, as an expert in project management, real estate and the investment industry. He has significant experience in all aspects of project management. He has served also on the Boards of Directors of Public listed companies e.g. Sohar Power & National Aluminum Products Co. Mr. Ahmed Al Yaqoubi holds a bachelor's degree in commerce & economics.

Mr. Khalid Sulaiman Salim Al Kamyani – Director

Mr. Khalid Sulaiman Salim Al Kamyani is a member of the Board of Directors. He is also a member of the Board of Risk Committee. He has over 21 years of experience in various fields. He is a board member of several companies, including: OQ EP SAOG, OMANREIT SAOG, Vodafone, and the Oman Development Fund. Mr. Khalid holds a bachelor’s degree in accounting and a Master's degree in Investment Banking.

Mr. Zahir Marhoon Mohammed Al Abri- Director

Mr. Zahir Marhoon Mohammed Al Abri is a member of the Board of Directors. He is also a member of the Board Board Risk Committee and a member of the Board Audit Committee. He has over 20 years of experience in management and financial administration. He also serves on the Board of Directors of the Oman Sovereign Sukuk Company. Mr. Zahir holds a Bachelor's degree in Accounting and a Master's degree in Finance.

The Senior Management profile is provided in the Bank’s Annual Report.

Part Two

1 - Members of the Board of Directors:

The Board of Directors of Bank Dhofar (SAOG) consists of the following:

S. No.	Name of Director	Basis of membership		No. of other directorships held in SAOG Companies	
1	Eng. Abdul Hafidh Salim Rajab Al-Ojaili	Chairman	Non- independent	Shareholder Director	-
2	Mr. Ahmed Said Mohammed Al Mahrezi	Non-executive Deputy Chairman	Non- Independent	Non-shareholder Director	-
3	Mr. Mohammed Yousuf Alawi Al Ibrahim	Non-executive Member	Independent	Non-shareholder Director	-
4	Mr. Tariq Abdul Hafidh Salim Rajab Al-Aujaili	Member	Non- independent	Non-shareholder Director	3

5	Mr. Zahir Marhoon Mohammed Al Abri	Non-executive Member	Independent	Non-shareholder Director	-
		Non-executive Member			
6	Mr. Khalid Sulaiman Salim Al Kamyani	Non-executive Member	Independent	Non-shareholder Director	2
		Non-executive Member			
7	Mr. Khalid Said Salim Al Wahaibi	Non-executive Member	Independent	Non-shareholder Director	2
		Non-executive Member			
8	Mr. Tariq Salim Mustahil Al Mashani	Non-executive Member	Independent	Non-shareholder Director	2
		Non-executive Member			
9	Mr. Ahmed Sultan Rashid Al Yaqoubi	Non-executive Member	Independent	Non-shareholder Director	-
		Non-executive Member			

Board of Directors held 8 meetings during 2025, as follows:

26 January 2025	23 March 2025	27 April 2025	19 May 2025
27 July 2025	26 October 2025	17 November 2025	2 December 2025

Details of meetings and remuneration of the Board of Directors of Bank Dhofar (SAOG) are as follows:

S. No.	Name of Director	No. of meetings attended	Directors’ benefits	
			(Amount in R)	
			Sitting Fees Paid	Remuneration Proposed
1	Eng. Abdul Hafidh Salim Rajab Al Ojaili	8	7,300	35,500
2	Mr. Ahmed Said Mohammed Al Mahrezi	8	10,000	34,000
3	Mr. Mohammed Yousuf Alawi Al Ibrahim	6	8,000	32,500
4	Mr. Tariq Abdul Hafidh Salim Rajab Al-Aujaili	8	10,000	34,000
5	Mr. Ahmed Sultan Rashid Al Yaqoubi	7	10,000	32,500
6	Mr. Khalid Sulaiman Salim Al Kamyani*	6	6,400	25,199
7	Mr. Zahir Marhoon Mohammed Al Abri*	7	10,000	25,199
8	Mr. Khalid Said Salim Al Wahaibi	8	10,000	34,000
9	Mr. Tariq Salim Mustahil Al Mashani	7	7,800	32,500
10	Mr. Hamdan Abdulhafidh Al-Farsi*	1	2,600	7,301
11	Mr. Faisal Mohammed Al Yousef*	1	1,000	7,301
TOTAL			83,100	300,000

*On 23rd of March 2025, the Bank held elections for new members of the Board of Directors from among shareholders and non-shareholders. Following the voting process, Mr. Hamdan Abdulhafidh Al Farsi and Mr. Faisal Mohammed Al Yousef were not re-elected and, accordingly, attended Board meetings only until March 2025. Effective April 2025, Mr. Zahir Marhoon Mohammed Al Abri and Mr. Khalid Sulaiman Salim Al Kamyani joined the Board as newly elected members and commenced participation in Board meetings.

2. Sharia Supervisory Board (SSB)

The SSB consists of five members. The objectives of SSB include:

- To provide the Sharia rulings in all activities of the Dhofar Islamic.
- To supervise the compliance of the Dhofar Islamic with Islamic Sharia rules.
- To enhance the Dhofar Islamic contribution in spreading the awareness and contribute in development of the Islamic banking.

The Sharia Supervisory Board for the period from 1/1/2025 to 31/12/2025 has held 4 meetings.

Name of SSB Members	Designation	No. of Meetings Attended in 2025	Honorarium (Amount in R)	Fees Paid	Remuneration Proposed (Amount Paid in 2025)
Mr. Abdullah Bin Ali Al Shahri	Chairman	4	2,400		10,500

Mr. Azzan bin Nasser bin Farfoor Al Amri	Deputy Chairman	4	2,200	9,000
Dr. Abdul Rub bin Salim bin Abdul Rub Al Yafai	Member	4	2,000	7,500
Dr. Hilal bin Hassan bin Ali Al Lawati	Member	4	2,000	7,500
Dr. Amin Fateh	Member	4	2,000	7,500

3 - Board Audit Committee (BAC)

The Board Audit Committee (BAC) was formed by the Board of Directors with the following main objectives and responsibilities:

- To provide assurance to the Board and top management of the Bank on the accuracy and credibility of financial statements and financial reporting.
 - To ensure the adequacy and effectiveness of internal controls, sound risk management and governance practices in the Bank and to recommend appropriate steps to improve them where required.
 - To ensure the effectiveness of the system for monitoring the Bank’s compliance with laws, and regulations and internal policies established by the Board of Directors.
 - To oversee the independence and effectiveness of the internal audit function and to approve the risk-based internal audit plan, as well as the availability of adequate
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resources and informational access.

- To recommend to the Board of Directors the appointment of the external auditors, their termination and remuneration and determine and review their terms of engagement.
- To meet the External Auditors to obtain their insights before submitting the annual financial statements to the Board for approval.
- To report and bring to the attention of the Board any matters of concern with regard to the foregoing and any material accounting or auditing concerns identified as a result of the external or internal audits, or examination by supervisory authorities.

The Members of the Board Audit Committee (BAC) are:

Name of Director	Designation	No. of Meetings Attended
Mr. Khalid Said Salim Al Wahaibi	Chairman of the Audit Committee	12
Mr. Zahir Marhoon Mohammed Al Abri	Deputy Chairman	8
Mr. Ahmed Said Mohammed Al Mahrezi	Member	11
Mr. Ahmed Sultan Rashid Al Yaqoubi	Member	7
Mr. Tariq Abdul Hafidh Salim Al Ojaili	Member	7

The (BAC) held 12 meetings in 2025.

4- Board Risk Committee (BRC):

The Board Risk Committee (BRC) was established by the Board of Directors to collectively formulate sound policy decisions on risk and compliance management across the Bank. Its mandate is to provide comprehensive oversight of risk-related policies, procedures, and frameworks, ensuring adherence to regulatory requirements and international best practices while safeguarding the Bank’s integrity and resilience.

Roles and Responsibilities:

The Board Risk Committee (BRC) plays a critical role in ensuring robust governance and risk oversight across the Bank. Its mandate encompasses the following high-level responsibilities:

1. Governance & Regulatory Compliance

- Ensure adherence to Central Bank of Oman guidelines, Basel II/III standards, and international best practices.
- Maintain transparency and integrity in reporting to the Board.
- Oversee the Bank’s Compliance Risk Management Framework, ensuring effective identification, assessment, monitoring, and reporting of compliance risks.
- Recommend policies for approval.

2. Risk Appetite & Strategy

- Align risk appetite with the Bank’s strategic objectives.
- Approve methodologies, limits, stress testing frameworks, and monitor risk trends.

3. Credit Risk Oversight

- Monitor credit portfolio performance, non-performing assets, and loan loss provisions.
- Enforce independent internal controls and approve counterparty limits.

4. Capital Adequacy (ICAAP)

- Oversee capital planning and adequacy in line with strategic objectives.

- Review stress testing results and ensure sufficient capital against material risks.

5. Operational & Fraud Risk

- Define operational risk appetite and governance structure.
- Review major incidents, approve mitigations, and monitor system security and vulnerabilities.

6. Cybersecurity & Information Security

- Oversee cyber risk landscape, compliance with frameworks, and resilience measures.
- Monitor data protection, incident response, and security control effectiveness.

7. Compliance Risk Assessment

- Approve the annual Compliance Risk Assessment.
- Ensure integration of CRA outcomes into the Bank's ERM, strategy, and risk appetite.

8. Compliance Monitoring

- Approve the annual Compliance Monitoring Plan.
- Review monitoring results, key findings, and remediation status.
- Oversee timely closure of high-risk compliance issues.

9. AML/CFT & Sanctions Oversight

- Review AML/CFT programme performance, STR trends, monitoring alerts, sanctions screening, and KYC updates.

- Oversee remediation of significant AML/CFT or sanctions breaches.
- Ensure adequacy of AML/CFT and sanctions systems and resources.

10. Regulatory Compliance

- Monitor adherence to CBO and other regulatory requirements.
- Review regulatory inspection outcomes and remediation progress.
- Ensure timely escalation of material regulatory issues to the Board.

11. Conduct Risk & Customer Outcomes

- Oversee conduct risk framework.
- Review reports on complaints, mis-selling, disciplinary actions, and sales practices.
- Promote a strong compliance and conduct culture.

12. Consumer Protection Framework

- Ensure compliance with Financial Consumer Protection Regulatory Framework.
- Approve action plans.

13. Data Protection & Privacy

- Oversee compliance with data protection regulations.
- Review data breach reports and privacy control effectiveness.
- Ensure DPIAs for high-risk initiatives.

14. New Products & Third-Party Compliance

- Ensure Compliance review of all new products, services, and major process changes.
- Oversee compliance risks in outsourcing and third-party arrangements.

15. Reporting, Accountability and Escalation

- Receive periodic summaries on risk exposure, stress testing, breaches, fraud investigations, and major incidents.
- Hold line management accountable for risks under their control.

- Receive timely compliance risk reports and KRIs.
- Approve thresholds for escalation of serious breaches.
- Require immediate reporting of major breaches (regulatory, sanctions, AML/CFT, data privacy).

16. Independence and Resources

- Approve HR matters for CRO and Head of Compliance to ensure independence and capability.
- Ensure adequate staffing and technical expertise for risk and compliance functions.
- Ensure CCO has unrestricted access to the Committee and full independence.
- Review adequacy of Compliance staffing, tools, and budget.
- Conduct annual effectiveness review of the Compliance function.

The members of the Board Risk Committee (BRC) are:

Name of Director	Designation	No. of Meetings Attended
1. Mr. Tariq Abdul Hafidh Salim Al Aujaili	Chairman	11
2. Mr. Ahmed Said Mohammed Al Mahrezi	Deputy Chairman	10
3. Mr. Mohammed Yousuf Alawi Al-Ibrahim	Member	8
4. Mr. Tariq Salim Mustahil Al Mashani	Member	6
5. Mr. Zahir Marhoon Mohammed Al Abri	Member	8
6. Mr. Khalid Sulaiman Salim Al Kamyani	Member	7

The (BRC) held 11 meetings in 2025.

5- Board Nomination and Remuneration Committee (BNRC):

The Board Nomination and Remuneration Committee (BNRC) is formed by the Board to ensure that the overall human resources developments at Board of Directors and executive management levels are as per the strategic direction of the Bank.

At a strategic level, the Committee is responsible for reviewing and monitoring the following:

- Nominate qualified persons to assume senior executive management positions for the Board of Directors approval.**
- Provide succession and development plans for the executive management.**
- Develop succession policy/plan for the Board of Directors, at least for the Chairman.**
- Prepare detailed job descriptions for the Chairman and Directors.**
- Nominate qualified persons to act as interim Directors on the Board in the event of any seat becomes vacant.**
- Prepare and review compensation policy of executive management.**
- Endorse compensation package (salary, increment, promotion, & bonus) of executive management.**

The members of the Board Nomination and Remuneration (BNRC) Committee are:

Name of Director	Designation	No. of Meetings Attended
Mr. Ahmed Said Mohammed Al Mahrezi	Chairman	7
Mr. Tariq Abdul Hafidh Al Aujaili	Member	7

Mr. Ahmed Sultan Al Yaqoubi	Member	7
Mr. Tariq Salim Mustahil Al Mashani	Member	3
Mr. Mohammed Yousuf Alawi Al Ibrahim	Member	3

The (BNRC) held 07 meetings in 2025.

6- Directors’ Remuneration

As all members of the Board are non-executive directors, no fixed salary or performance-linked incentives are applicable. The non-executive directors are paid an annual remuneration and sitting fees for attending the Board / Committee meetings. Directors’ proposed remuneration and sitting fees paid during 2025 are as follows:

	Proposed Remuneration R	Sitting Fees Paid R	Total R
Chairman of the Board	35,500	7,300	42,800
Board Members	264,500	75,800	340,300
Total	300,000	83,100	383,100

7- Compensation Policy

In line with the CBO guidelines on remuneration disclosures, the Bank has described the relevant qualitative and quantitative disclosures in this Corporate Governance Report.

8 - (a) Qualitative Disclosures:

The Compensation Policy supports the Bank's long-term business objectives. The current compensation practices are in line with the guiding principles of the CBO guidelines spanning across Risk Management and Risk Tolerance, supporting the business strategy, objectives, values and long-term interests of the firm, avoiding conflicts of interest, governance, managing the control functions' pay, remuneration and capital management and profit-based measurement and risk adjustment. The Policy is reviewed at the periodic intervals. The Board of Directors of the Bank has a Board Nomination & Remuneration Committee (BNRC) which consists of a minimum of three Board Members, with one Member representing the Risk Committee of the Board. The Committee's mandate is to frame compensation policy, systems and processes for implementation and or review.

The Total Rewards Strategy of the bank supports the growth of the bank in line with the long-term vision and objectives that take into account the longer-term health of the institution and financial stability, while at the same time accomplishing the following goals related to our key talent:

- Attract and retain employees.**
- Motivate and reward performance.**
- Align rewards with the organizational culture.**
- Drive synergy between organizational and employee performance.**
- Encourage desired behaviours and recognize the required results.**
- Focus employees on achieving the organizational goals and objectives.**
- Ensure Pay mix is appropriate to generate desired productivity, behaviour and in line with CBO**

guidelines.

- **Transparent and lucid compensation systems to ensure employee adoption.**

(b) Malus and Claw Back

The policy of Malus & Claw Back is in place, in order to ensure that the bonus is paid based on accurate financial and operating data. If the Bank determines to seek recovery for the bonus payment due to causes that are mentioned in the Policy, the Bank shall have the right to demand from the staff to reimburse such amount to the Bank.

(c) Quantitative Disclosures

The Board Nomination and Remuneration Committee (BNRC) has held 7 meetings in 2025. As per the Policy, the bonus pool is a variable factor and depends on overall performance of the Bank; the Pool is funded by taking a percentage of the Net Profit.

The 5 key management members and their salaries and bonuses and staff terminal benefit for 2025 was R 1,710,109. The amount disclosed is the amount paid for the reporting period. Certain components of the key management bonuses are paid on the deferral basis as per the guidelines issued by the Central Bank of Oman.

The period of services contract for expatriate executives is two years while the notice period for the top executives is three months.

9- Other Disclosures

For the year 2025, an amount of R 122,500 was accrued / paid to the External Auditors of the Bank for audit and other services related work.

10 - Related Party Transactions, Dealings and Policy

The Bank adopts a comprehensive policy and by-laws regulating related party dealings placing procedures and guidelines governing and regulating such transactions and dealings with the directors who have strong and significant interest in the Bank's dealings.

Details of such dealings and transactions, if any, are incorporated in the financial statements given in the annual report as public disclosures.

11- Compliance with Regulatory Requirements

Over the past three years there were no fines imposed on the Bank by the Financial Services Authority (FSA). In 2023, the Central Bank of Oman (CBO) imposed a penalty of R 30,000 following its 2022 examination. In 2024, CBO imposed a penalty of R 38,000 following its 2023 examination. In 2025, CBO imposed a penalty of R 348,000 following its 2024 examination, which identified various areas of non-compliance. A penalty of R 26,000 was paid for non-compliance with recently issued CBO regulatory requirement and Oman Credit and Financial Information Centre (Malaa).

12 - Corporate Governance Compliance

The Bank has complied with all provisions of the Code of Corporate Governance issued by the Financial Services Authority (FSA). Governance practices include independent Board oversight, committee charters, periodic performance evaluations, disclosure controls, and stakeholder engagement mechanisms.

13 - Compliance with the Financial Consumer Protection Regulatory Framework (FCPRF)

The Central Bank of Oman's Financial Consumer Protection Regulatory Framework (FCPRF) promotes fair treatment, responsible product delivery, prevention of unfair practices, and effective dispute resolution to uphold confidence in the financial system.

Bank Dhofar remains fully committed to protecting customer rights and maintaining a secure banking environment through the following measures aligned to FCPRF:

Governance & Oversight:

Board Risk Committee and Management Risk Committee FCPRF oversee the implementation of CBO requirements.

Periodic Reviews:

Conduct regular assessments of compliance with FCPRF requirements across all business units.

Monitoring and reporting:

Quarterly reporting to the Board Risk Committee and Management Risk Committee.

Customer Charter: A comprehensive charter is published on the Bank's website to strengthen awareness of customer rights, responsibilities, and available resources.

Information Hub: An online resource center provides product information and guidance to support informed financial decisions.

Awareness & Education:

Ongoing campaigns via the website, SMS, and social media educate customers on fraud prevention, safe banking practices, and key product terms.

Customer Feedback Channels

Customers can submit complaints, suggestions, feedback, and inquiries through the following channels:

Conventional Banking (Bank Dhofar)

Phone (24/7): (+968) 2479 1111

Email: care@BankDhofar.com

Website & Social Media: Official Bank Dhofar channels

Islamic Banking (Dhofar Islamic)

Phone (24/7): (+968) 2477 5777

Email: care@dhofarislamic.com

Website & Social Media: Official Dhofar Islamic channels

Turnaround and Escalation

The Bank targets resolving complaints within 5 business days from the date of lodgment. If a response or satisfactory resolution is not provided within this timeframe, customers may escalate to senior management via the following focal points:

Ahmed Said Al Ibrahim - Chief Government Banking Officer, Or

Aisha Nasser Al Siyabi - Head of Customer Feedback

Phone: (+968) 2265 2010 (Sunday–Thursday, 8:00 AM–2:00 PM)

14-Communication with Shareholders and Investors:

All financial and non-financial information are disseminated in a timely manner. The management provides regular updates to the market on the Bank’s performance and new developments, besides detailed disclosures in accordance with regulatory requirements and international standards. The Management Discussion and Analysis Report forms part of the Annual Report.

As part of enhancing Bank Dhofar’s investors’ relations image, the Bank has taken the following steps:

1. The Bank has created a separate section under its website “Investors’ Relations” where all the relevant information, links, and documents of investors’ interest and relevance are gathered under this section.

2. The Bank has created an email ID: investorsrelations@bankdhofar.com, which is available on Bank Dhofar’s website under “Investors’ Relations” section for further communication ensuring attending investors’ and other external stakeholders’ queries on timely basis. The bank receives various queries from external financial institutions and investors from time to time.

The Bank publishes its unaudited quarterly and audited annual financial statements and hosts these and other relevant information on its website (www.bankdhofar.com) and Muscat Stock Exchange (MSX) website (www.msx.om). The quarterly and annual results are also published in two local newspapers in Arabic and English. These results remain available for the shareholders of the Bank. Bank’s all official news releases are displayed on the Bank’s website.

15- Market Price Data

a. Share Price Movements

The high/low share price information of the Bank during the financial year ended 31 December 2025, compared with Muscat Stock Exchange Financial Sector Index is as follows:

2025	Bank Dhofar Share Price R			MSX financial sector Index
Month	High	Low	Closing	Closing
January	0.151	0.151	0.151	7,824.033
February	0.151	0.151	0.151	7,739.695
March	0.143	0.143	0.143	7,690.733
April	0.149	0.149	0.149	7,641.100
May	0.147	0.147	0.147	7,941.945
June	0.129	0.129	0.129	7,849.626
July	0.127	0.127	0.127	8,120.054
August	0.129	0.129	0.129	8,372.129
September	0.136	0.135	0.136	8,524.917
October	0.162	0.158	0.162	9,228.599
November	0.156	0.154	0.155	9,212.147
December	0.152	0.147	0.148	9,908.904

b. Major Shareholders

The following are the major shareholders who own more than 5% of the outstanding shares as at 31 December 2025:

Sr. No.	Shareholder	Percentage of Ownership
1	Eng. Abdul Hafidh Salim Rajab Al Ojaili & his companies	24.99%
2	Dhofar International Development & Investment Holding Company (SAOG	23.30%
3	Social Protection Fund	10.75%
4	Mr. Yousuf bin Alawi bin Abdullah & his companies	9.76%
5	Sheikh. Mustahail Ahmed Al-Ma’ashani & his companies	7.45%
6	Others	23.75%
	Total	100.00%

16- Profile of the Statutory Auditors:

The shareholders of the Company appointed KPMG LLC as its external auditors for 2026. KPMG LLC has been operating in Oman since 1974 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 180 people, amongst whom are five partners and five other engagement leaders, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 138 countries and territories and has 276,000 people working in member firms around the world. KPMG LLC and KPMG Middle East are member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

17- Other Matters:

The last Annual General Meeting was held on 23 March 2025. The meeting was conducted as per statutory requirements and attended by the Chairman, Eng. Abdul Hafidh Salim Rajab Al Ojaili and the following members of the Board of Directors: Mr. Ahmed Said Mohammed Al Mahrezi, Mr. Tariq Abdul Hafidh Salim Al Aujaili, Mr. Zahir Marhoon Mohammed Al Abri, Mr. Tariq Mustahil Al Mashani, Mr. Mohammed Yousuf Alawi Al-Ibrahim, Mr. Ahmed Sultan Al Yaqoubi and Mr. Khalid Said Salim Al Wahaibi.

18 - Corporate Social Responsibility

Corporate Social Responsibility (“CSR”) is a key pillar of Bank Dhofar’s operations, reflecting the Bank’s strong commitment to community development, social responsibility, and environmental sustainability. During the year, Bank Dhofar supported a range of CSR initiatives across social, educational, environmental, and community-focused areas, in line with national priorities and Oman Vision 2040.

With a total approved CSR budget of R 120,000, the Bank allocated funds to initiatives that deliver meaningful and measurable impact. As at year-end, R 90,950 was utilized to support diverse programs benefiting various segments of society.

Key CSR contributions during the year included:

- Supported community and cultural initiatives through sponsorship of Dar Al Atta Exhibition 2025 and the 4th Sohar Festival, reinforcing social engagement and local development.
- Contributed to education and youth development by supporting Sultan Qaboos University (SQU) Summer School and student activities through a strategic one-year proposal with Sultan Qaboos University, reflecting the Bank’s commitment to investing in future generations.
- Allocated 20% of the CSR budget in support of the Oman Charitable Organization, underscoring the Bank’s dedication to social welfare and humanitarian causes.
- Supported environmental sustainability initiatives in collaboration with the Environment Authority and through the Green Office Program Proposal in partnership with EFP Oman, aimed at promoting sustainable practices and environmental awareness.
- Contributed to community well-being by supporting initiatives with Al Noor Association for the Blind and sponsoring the Haj and Umrah Exhibition, addressing social inclusion and community needs.
- Supported environmental responsibility and sustainable mobility through the Hybrid Car Rental initiative for Dhofar Municipality, contributing to reduced environmental impact.

Through these initiatives, Bank Dhofar continues to reinforce its role as a responsible corporate citizen, ensuring that CSR investments are aligned with national development goals, stakeholder expectations, and the Bank’s long-term sustainability objectives

19- Perpetual Tier 1 & Tier 2 Subordinated Loan

Tier 1 R Securities

a) In October 2022, the Bank issued Perpetual Tier 1 R Capital Securities (the “Tier 1 R Securities”), amounting to R 115,500,000, denominated in Riyal Omani. This Tier 1 R Securities is listed on Muscat Stock Exchange.

The Tier 1 R Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 R Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion in October 2027 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

The Tier 1 R Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 6.75%. Thereafter the interest rate will be reset at five-year intervals. Interest will be payable semi-annually in arrears and treated as deduction from equity.

b) In December 2023, the Bank issued Perpetual Tier 1 R Capital Securities (the “Tier 1 R Securities”), amounting to R 40,000,000, denominated in Riyal Omani. This Tier 1 R Securities is listed on Muscat Stock Exchange.

The Tier 1 R Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 R Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion in December 2028 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

The Tier 1 R Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 7.00%. Thereafter the interest rate will be reset at five-year intervals. Interest will be payable semi-annually in arrears and treated as deduction from equity.

The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the Tier 1 R Securities, on a scheduled interest payment date (for whatever reason), then the Bank must not make any other distribution or payment on or with respect to its ordinary shares or any of its other Common Equity Tier 1 Instruments or securities, ranking junior to or pari passu with the Tier 1 R Securities unless and until it has paid one interest payment in full on the Tier 1 R Securities. The Tier 1 R Securities also allows the Bank to write down (in whole or in part) any amounts due to the holders of the Securities in certain circumstances.

These securities form part of Tier 1 Capital of the Bank and comply with Basel-3 and Central Bank of Oman Regulations (BM-1114).

Tier 2 Subordinated Loan

In April 2025, the Bank raised R 31 million through an unsecured subordinated loan with a tenure of 66 months. The loan carries interest rates ranging from 5.75% to 6%, payable semi-annually, with the principal amount due at maturity. Subsequently, two additional tranches were issued under the same terms: R 52.9 million on 6 November 2025 and R 16.1 million on 25 November 2025, bringing the total subordinated loan to R 100 million.

20- Acknowledgment:

The Board of Directors confirms the following:

- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules.
- It has reviewed the efficiency and adequacy of internal control systems of the Bank and that it complies with rules and regulations and internal policies.
- There are no material matters that affect the continuation of the Bank and its ability to continue its operations during the next financial year.

On behalf of Bank Dhofar, the Board Directors extends their sincere gratitude to the Bank's stakeholders for their trust and belief as well as to both the Central Bank of Oman (CBO) and Financial Services Authority (FSA) for their collaborative guidance and supportive measures that enabled the Bank's growth based on solid fundamentals and strengthened the financial market. Bank Dhofar continues and peruses its success with great determinations and ambitions to stand remarkably.

Eng. Abdul Hafidh Salim Rajab Al Ojaili

Chairman