

MANAGEMENT DISCUSSION & ANALYSIS REPORT
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2025

Management discussion and analysis

Economic Scenario and Outlook

Amidst a backdrop of global turbulence marked by geopolitical uncertainties and soaring inflation, Oman's financial landscape displayed commendable resilience and adaptability in 2025.

Guided by the prudent governance of His Majesty Sultan Haitham bin Tarik, the nation embarked on a trajectory of structural reforms and sustainable fiscal policies, lauded by institutions such as the International Monetary Fund (IMF) for catalyzing a robust economic resurgence. This resurgence was characterized by notable achievements including job creation, inflation moderation, significant reduction of public debt, and notable upgrades in Oman's sovereign credit ratings.

Despite a marginal decrease in oil production, Oman's GDP at constant prices demonstrated real growth of 2.27% in the first half of 2025, reaching RO 20.66 billion at current prices, an increase of 2.44% from the previous year. This growth was predominantly driven by a dynamic non-oil sector, which witnessed a strong 4.14% increase in added value, supported by expansions in agriculture (+11.72%), services (+4.39%), and industrial activities (+2.50%). Meanwhile, the contribution of oil activities saw a slight contraction of 0.48%, aligned with a 0.61% decline in average crude production.

The government's proactive measures effectively countered global inflationary pressures, maintaining Oman's inflation rate within safe bounds. Notably, the consumer price index recorded an average increase of 0.82% during January–June 2025, compared to 0.36% during the same period in the previous year.

Through persistent implementation of financial control measures, public finances in early 2025 reflected a softening in revenues due to reduced oil and gas receipts, with total state revenues declining by 5.78% in the first half. However, Oman still maintained fiscal discipline, supported by prudent expenditure management and ongoing reforms. In the first quarter of 2025, Oman recorded a budget surplus equivalent to 6.2% of GDP, highlighting the continued strength of its fiscal framework.

Concurrently, effective debt management strategies continued to yield substantial results. Although full-year debt figures for 2025 are not yet published, the IMF confirmed that Oman's public debt-to-GDP ratio

Increased to 35.7% in 2025 compared to 34% in 2024.

The tangible improvements in Oman's economic indicators were underscored by sustained confidence from international rating agencies. Standard & Poor's maintained Oman's sovereign credit rating at BBB- with a stable outlook during the first half of 2025, reflecting trust in Oman's ability to preserve financial stability and meet its obligations.

Three years into the 10th Five-Year Development Plan, Oman remains steadfast in its pursuit of the ambitious goals outlined in "Oman Vision 2040." With GDP growth strengthening, non-oil activities accelerating, inflation remaining contained, and foreign direct investment rising to RO 30.28 billion by mid-2025 (+12.8% YoY), the nation

continues to make meaningful strides toward achieving a diversified and sustainable economic future.

Government Banking

The Government Banking division plays a vital role in providing specialized services to clients in the government and semi-government sectors, leveraging a team of experts and cutting-edge technology. BankDhofar is among the largest financial institutions in the Sultanate of Oman, and its relationships with government entities are a core element of its operations. Through a proactive approach and effective relationship management, the bank caters to the needs of ministries, authorities, funds, and various other government institutions.

The bank strives to enhance every relationship with its government clients promptly, utilizing its resources to maximize value. This integrated approach reflects our commitment to strategically and meticulously meeting our clients' needs.

Wholesale Banking Division

BankDhofar's expansive Corporate Banking division is dedicated to delivering specialized and personalized solutions that embody agility, innovation, and a profound understanding of customer requirements within the Sultanate of Oman. With a steadfast commitment to meeting the evolving needs of corporations boasting an annual turnover of OMR 12 million and above, we strive to create lasting value for our esteemed clientele.

Our approach is rooted in forging synergistic partnerships with our team of product specialists, enabling us to offer comprehensive financial solutions tailored to the unique needs of each customer. Operating from strategically positioned branches in Muscat, Sohar, and Salalah, our department places a premium on innovation and value-added services, consistently aiming for exceptional service delivery with swift execution.

The integration of cutting-edge digital solutions, such as Remote Cheque Capture & Deposit (RCCD) and a user-friendly online banking platform, serves to enhance operational efficiency and convenience for our valued clients. In line with this commitment, BankDhofar has inaugurated three strategically located corporate branches in Muscat, Salalah, and Sohar, providing specialized services and unwavering support to our corporate partners.

BankDhofar's Corporate Banking Solutions encompass a suite of sophisticated financial products meticulously crafted to address the diverse needs of our corporate clientele.

Crafted to address short-term working capital requirements with precision, our streamlined financing solutions offer unparalleled flexibility. The short-term loan option provides clients with the freedom to extend the facility for periods spanning 6, 9, or 12 months, empowering them to navigate fluctuations in their financial needs with ease. Furthermore, our meticulously designed bridge loan is strategically structured to seamlessly complement existing working capital, facilitating expansion and fostering venturesome business initiatives with confidence and assurance.

Our suite of Corporate Banking Solutions extends to encompass tailored financing solutions for a broad spectrum of corporate needs, including Term Loans, Property Development Financing, Overdrafts, Syndicated Loans, and Contract Financing, among others. The Large Corporate Banking Division at BankDhofar remains committed to empowering our clients to efficiently manage their financial affairs and drive business growth through bespoke solutions and a collaborative approach that prioritizes their success.

Bank Dhofar Treasury and Investment Banking – Leading Financial Solutions Across Oman

Comprehensive Treasury & Investment Solutions

Bank Dhofar’s Treasury and Investment Banking division delivers a full spectrum of products designed to meet the diverse needs of individuals, corporates, GREs, and government entities. Our offerings combine innovation, expertise, and market leadership to ensure optimal financial performance.

Core Functions

- Funding: Strategic liquidity management for corporates, project finance, retail, and financial institutions.
 - Trading & Risk Management: Advanced portfolio strategies and derivatives for risk hedging and return optimization.
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- Client Solutions: Tailored advisory and plain vanilla derivative products for effective risk mitigation.
- Investment Products: Access to T-bills, government bonds, CDs, committed lines, and repos.
- Treasury Desks:
 - o Money Market & Interbank Services
 - o Corporate Sales Desk for FX,
 - o commodities,
 - o interest rate products, and structured offerings

Market Leadership

- FX Expertise: Market leader in USD/OMR forwards and swaps with certified professionals offering 24/7 global service.
- Commodity Hedging: Specialized desk enabling corporates to manage commodity price volatility with bespoke solutions.

Strategic Advantage

- Exclusive Presence: BankDhofar is the only bank in Oman with branches in Muscat, Sohar, and Salalah, ensuring nationwide coverage.
- Global Connectivity: Strong relationships with leading regional and international banks empower us to deliver world-class solutions and liquidity access.

BankDhofar Investment Banking – Driving Strategic Growth

Comprehensive Investment Banking Solutions

BankDhofar’s Investment Banking division delivers a full spectrum of advisory and capital market services, empowering corporates, government entities, and institutional clients across Oman. Our solutions combine deep market expertise, innovative structuring, and strong execution capabilities to deliver strategic value.

Three Core Departments

- 1. Asset Management
 - Managing diversified portfolios across equities, fixed income, and alternative investments.
 - Delivering tailored investment strategies to optimize returns and manage risk.
- 2. Corporate Financial Advisory
 - Advisory on IPOs, rights issues, private placements, and capital structure optimization.
 - Expertise in mergers & acquisitions (M&A), valuations, and strategic growth planning.
- 3. Proprietary Investment
 - Investing BankDhofar’s own capital in strategic opportunities across sectors.
 - Focused on generating sustainable returns through disciplined risk management.

Strategic Advantage

- Global Connectivity: Strong relationships with leading regional and international banks provide access to global liquidity and expertise.
- Trusted Partner: Serving individuals, corporates, GREs, and government entities with bespoke solutions aligned to Oman’s economic vision.

Mid Corporate Banking and SME

In alignment with Oman Vision 2040, BankDhofar is actively enhancing its support for Small and Medium Enterprises (SMEs) through a comprehensive approach that leverages our extensive branch network, cutting-edge digital solutions, and robust technology integration. Embracing the ethos of Oman Vision 2040, BankDhofar is dedicated to delivering tailored products and services that not only cater to local business needs but also adhere to global best practices.

Going beyond traditional banking offerings, our bank provides specialized advisory services aimed at assisting SMEs in selecting financing solutions that are perfectly aligned with their unique business models. Through the provision of market insights, we proactively address challenges to ensure the seamless operation of SMEs in a dynamic business environment.

Technology plays a pivotal role in our growth strategy, with significant investments directed towards enhancing efficiency, convenience, and security for our valued customers. We have undertaken several digital upgrades and enhancements to our digital journey, empowering clients with a range of technological services that enable them to efficiently manage their financial affairs.

Our commitment to SMEs extends beyond financial products to encompass specialized advisory services tailored to their specific needs. By offering insights and proactive solutions, we strive to ensure the sustained success of SMEs. Moreover, we provide a diverse range of investment solutions, including time deposits and other financial products, enabling businesses to grow and optimize surplus funds effectively.

As part of our commitment to enhancing customer proximity and accessibility, we have extended our dedicated branch network with a new branch in Sohar, alongside our established presence in Muscat and Dhofar. This expansion is strengthened by additional Help Desks operating in Sur, Sumail, and Barka.

Demonstrated leadership in grooming local talent by heading the delegation responsible for the SME Unit transition and representing Corporate Banking during the merger with Bank of Baroda.

Numo SME Banking

Retail Banking introduced SME Banking products in 2024. To broaden its reach, enhance service quality, and meet the specific needs of Small and Medium Enterprises (SMEs), a dedicated Numo SME Banking team was established in 2025 within Retail Banking. This specialized team allows us to serve customers more closely through Numo SME Centers and dedicated Relationship Managers.

Numo now operates in five locations—Azaiba, Maabela, Nizwa, Sohar, and Salalah—where Relationship Managers provide personalized support and tailored solutions to SME clients.

Project Finance, Syndications

BankDhofar's prowess in project and structured finance is epitomized by its seasoned team, equipped with extensive expertise in tailoring financing solutions to suit the unique circumstances of each customer, their business operations, and available cash flows. Our comprehensive range of project and structured finance products and services, including Term Loans, Working Capital Loans, LC/LG and Bill Discounting, underscores BankDhofar's holistic approach to project and structured financing.

Recognized for its unparalleled 'Time-to-Money' executions, BankDhofar boasts a cadre of project and structured finance transactions well-known for their domain proficiency, banking and regulatory insights, product structuring, advisory and risk management acumen.

Distinguished for its adeptness in crafting bespoke financing solutions, BankDhofar specializes in overarching project categories as below:

- Industrial (encompassing downstream Oil & Gas ventures, metals-based plants, cement mills, and manufacturing)
- Infrastructure (encompassing power and water utilities, ports, and transport corridors)
- Social Infrastructure (including educational institutions, hospitals)
- Digital landscape (telecommunications, broadband, data centers, and telecom towers).

This strategic focus underscores BankDhofar's steadfast commitment to playing a central role in Oman's long-term socioeconomic progress. These sectors serve as the cornerstone of the nation's future development and prosperity, and by addressing their financial requirements, BankDhofar aligns perfectly with the objectives of Oman's Vision 2040.

Corporate Liabilities

We create value for our corporate customers via synergistic partnerships with our product specialists. This approach allows us to provide a one stop solutions for customers from account opening (current, saving, non-resident, offshore and Escrow Account for Real Estate Development Projects/Integrated Tourism Communities) to providing all corporate products such as Business Debit Card, Corporate/ Business Credit Card, Corporate Internet Banking, Point of Sale “POS” including Soft POS, E-commerce/ Payment Gateway, Business2Business “B2B”, Remote Cheques Capture & Deposit “RCCD” services, E-statement and SMS Alerts.

Additionally, cross-selling within WSB with regards to Assets/Lending, Retail Banking and Dhofar Islamic. Other products include non-funded products such as LCs and LGs. The department’s top priority is ensuring the best customer experience for existing and potential customers.

Transaction Banking & Trade Finance

The Bank’s Transaction Banking division aims to optimize capital and leverage future financial excellence for corporate, small medium enterprises, and government clients.

The division is focused on providing clients with effective solutions to manage their collections and payments digitally, backed by a robust MIS and reconciliation platform. Their main objective is to help clients enter new markets and capitalize on existing sales and supply chains with aims to improve key relationships, mitigate risks, and optimize working capital while providing receivables and payables financing facilities.

The division introduced “Easybiz” - an collections digitization and reconciliation platform for its clients; “Easydebit” – an online platform for direct debits.

The Trade Finance Sales unit under this division is a testament to the Bank’s commitment to support and facilitate growth by enlisting professionals specialized in selling trade products and providing customers with effective trade solutions. The success of its operations delivery has been corroborated by customers in a recent survey, which demonstrated a high Net Promoter Score in providing world-class services to its clients.

The division introduced a trade portal for online Letters of Credit initiation and amendments.

Forging strong partnerships is the cornerstone of sustainable growth, which is why it seeks to closely understand the specific needs of its clients before sharing customized solutions, including fund and non-fund based structures. This not only helps mitigate payment risks for buyers and sellers but also accelerates expansion into new and existing markets, thereby driving revenues and market shares. Consequently, customers can free up their cash flow, unlock cash to reinvest in their businesses, enhance reconciliation, and enjoy financing support to key counterparties.

BankDhofar's Transactional Banking services underscore its relationship with its customers; it enhances financial management while reinforcing trust and transparency. As the pioneer in introducing innovative banking solutions in Oman, BankDhofar continues to shape the future of banking and raise the bar for excellence

Financial Institutions & Debt Capital Markets Department

We provide debt origination, structuring and syndication services across the issuer, rating and capital spectrum for our clients with an extensive experience in origination, structuring and syndication of public and private debt issuances for sovereigns, financial institutions and corporates.

Capitalizing on the excellent relationship with leading regional and global banks, the department actively assists the bank's corporate customers with their global trade finance requirements. The department ensures that the Bank's corporate and retail clients have access to the world through the wide network of leading correspondent banks and Capital Markets.

The department is responsible for raising funding from international sources through syndicated/bilateral/club/repo loans. The department also assists in raising equity capital from overseas sources for the bank.

Furthermore, through strategic partnerships with local and regional banks, BankDhofar demonstrates its capacity to offer mega-sized syndicated loans to customers. Additionally, the successful raising of OMR 40 Million through Additional Tier 1 bonds, in compliance with Basel III requirements, stands as a strategic initiative to fortify the bank's capital position and foster further growth. This underscores BankDhofar's commitment to proactive capital management and ensuring a resilient financial foundation, with the bonds being listed on the Muscat Stock Exchange.

Retail Banking Division

In 2025, the Acquiring and Digital teams delivered a set of strategic initiatives focused on enhancing merchant experience, strengthening SME enablement, and advancing the bank’s digital transformation agenda. The launch of the Merchant Portal empowered acquiring merchants with self-service access to transaction statements, digital support requests, and real-time issue tracking, resulting in improved transparency, faster service delivery, and greater operational efficiency. SoftPOS enablement for the taxi segment expanded cashless payment acceptance by allowing drivers to accept card payments directly on their smartphones at lower cost and with faster activation. In parallel, the bank’s collaboration with OCCI and SANAD streamlined SME onboarding through simplified documentation and faster account opening. Collectively, these initiatives reinforced financial inclusion, supported SME growth, and strengthened the bank’s position as a leading digital and SME-focused financial partner in Oman.

Smarteck Fintech Partnership – SME Onboarding & Acquiring Support

In 2025, the bank signed a partnership with Smarteck Fintech as part of its fintech collaboration strategy to enhance SME onboarding and acquiring enablement. This partnership strengthens the bank’s fintech ecosystem, enhances reach to emerging SME’s and positions the bank as a digitally progressive SME partner.

Key Achievements

- Successfully enabled SME account openings through Smarteck Fintech
- Close coordination between Smarteck Fintech and the Bank’s SME Team
- Accelerated onboarding of SMEs into the banking ecosystem

Business Benefits

- Faster and smoother SME account opening journey
- Expanded SME sourcing through fintech channels
- Improved collaboration between fintech partners and internal SME teams

Distribution Expansion

Distribution expansion is a vital and ongoing initiative within the bank’s business growth strategy. By effectively broadening its distribution channels, the bank will enhance its reach, improve customer satisfaction, and ultimately drive sales growth.

By expanding its branch network across all governorates, BankDhofar seeks to be closer to its customers, build strong and lasting relationships, retain customers, and provide the best products with exceptional service. The bank has opened more than 140 branches distributed throughout the Sultanate, including branches in many universities and colleges across all regions. In addition, the bank has expanded its ATM and CDM network to reach 388 machines, including ATMs, multi-use cash deposit machines, and multi-service interactive machines.

Al Riadah & Al Rifaa & Private Banking

Al Riadah and Al Rifaa Banking Services

Bank Dhofar remains committed to delivering differentiated, high-value banking experiences tailored to the diverse needs of its affluent and valued clientele. Through our flagship premium offerings—Al Riadah Priority Banking and Al Rifaa Privilege Banking—we provide personalized financial solutions, exclusive privileges, and superior service standards that strengthen customer loyalty and contribute to non-interest income growth.

Al Riadah Priority Banking is meticulously designed for affluent individuals, offering a bespoke banking journey that aligns with their sophisticated financial goals and lifestyle aspirations. Clients benefit from dedicated relationship managers who deliver customized advisory services across wealth management, investments, and financing. Key privileges include:

- Preferential interest rates on deposits and loans to optimize returns and borrowing costs.
- Access to premium credit cards with enhanced reward programs, higher limits, and exclusive benefits.
- Complimentary entry to select international airport lounges for seamless travel experiences.
- Curated discounts and partnerships with leading merchants across dining, lifestyle, and leisure categories.

These features have positioned Al Riadah as a preferred choice for high-net-worth clients, supporting increased deposit mobilization, cross-selling of wealth products, and higher transaction volumes in 2025.

Al Rifaa Privilege Banking caters to our esteemed valued clients, providing an elevated tier of service characterized by priority handling, individualized attention, and rewarding extras. This segment emphasizes convenience and value, with dedicated priority support at branches and through our call center. Highlights include:

- Enhanced (preferential) interest rates on deposits, including boosted yields on the High Yield Savings Account.
- Branded Platinum Credit and Debit Cards offering exclusive deals, reward points on domestic and international purchases, and access to airport lounges.
- Priority processing for transactions, inquiries, and financing requests to ensure swift and efficient service.
- A suite of tailored perks designed to enrich everyday banking while delivering measurable financial advantages.

Both Al Riadah and Al Rifaa have played a pivotal role in our retail strategy, contributing to robust growth in customer deposits, fee-based income from card usage and

partnerships, and overall customer satisfaction metrics.

Private Banking

Private Banking offers financial and advisory services for high (HNW) and ultra-high net worth (UHNW) clients. Private Banking employs an exclusive, convenient, and collaborative approach where privacy is paramount. Private Banking, officially launched in June 2024, provides banking and investment services. It offers customized facilities like checking and savings accounts, designed specifically for wealthy clients, investment guidance, and prospects.

Private Banking offers clients a variety of perks, privileges, and personalized service. The latter feature has become an increasingly prized commodity in an automated, digitized banking world. Also, it provides Preferential Pricing and Alternative Investments. Private Banking also introduced new metallic debit and credit cards to enhance concierge services, enabling customers to gain access to VIP events, have the ability to make bookings at world-renowned restaurants, and receive assistance in creating bespoke VIP travel itineraries.

Wealth Management

Established in June 2024, Retail Wealth Management has quickly positioned itself as a client-centric division, offering carefully curated investment solutions such as mutual funds, bonds/Sukuks, and Model Portfolios (Built with BlackRock). Within a short span, the division has focused on building trust through rigorous product evaluation, seamless service delivery, and collaboration with key stakeholders. Training initiatives and referral strategies have laid the groundwork for expanding our client base and fostering growth. As we move forward, we aim to integrate innovative tools, align with market trends, and drive exceptional value for our clients and the organization.

Key aspects of wealth management in banks include:

Investment Management Crafting and managing a diversified portfolio tailored to the client's risk tolerance and financial goals.

Financial Planning Developing strategies to achieve long-term financial objectives, including retirement planning, education planning, etc.

Retirement Solutions Navigating retirement planning can be complex, but our experts simplify the process. We assist you in creating a retirement plan that ensures you can enjoy your golden years without financial concerns. We provide comprehensive support to help you build a secure and comfortable retirement. Our retirement solutions are tailored to your individual circumstances, considering your current financial situation, future income needs, and retirement goals.

At Bank Dhofar, we understand that wealth management doesn't transcend mere numbers, it's about realizing your financial dreams, growing your wealth, and securing your future. Our team of seasoned experts is dedicated to delivering bespoke wealth management solutions tailored to your unique needs and objectives.

Bancassurance

Bank Dhofar, has strategic partnership with Dhofar Insurance & MetLife, to offer a range of innovative insurance solutions that provide enhanced financial protection to its valued customers. Under this collaboration, Bank Dhofar has introduced several insurance products that are designed to offer customers peace of mind and financial security during life's unexpected challenges.

Under these partnerships below are the key products offered.

With Dhofar Insurance the following products are sold through the bank's sales channels.

Endowment is a unique financial solution that combines life protection with disciplined savings, designed to meet the evolving needs of individuals and families across the Sultanate of Oman

Motor insurance provides both comprehensive and third-party coverages ensuring adequate insurance coverage for the customer vehicles.

Home insurance plan provides protection of the building; its contents and appliances against potential loss or damage resulting from fire, explosion, civil unrest, and natural disasters such as storms, hurricanes, floods, landslides, and earthquakes.

Travel insurance is an essential part of trip planning, offering several key benefits like delayed departure, loss of luggage and passport etc that can provide peace of mind during your travels.

Health insurance cover for family members and domestic workers. The health insurance plans are customized based on the customers' requirements.

SME is a business insurance is a protective financial cover designed to help a company manage risks arising from unexpected events—like accidents, lawsuits, property damage, or employee-related issues. It ensures that a business can continue operating even when something goes wrong.

With MetLife the following products are being offered through the bank’s sales channel.

Critical Illness Care Plus product provides financial support to cover the costs of treatment or loss of income if diagnosed with any of the covered critical illnesses. Product is tailored to ensure that Bank Dhofar customers and their families can focus on recovery and well-being, knowing that their financial needs is taken care.

Circle of Protection product is designed to offer comprehensive life insurance coverage with flexible options. This product provides peace of mind to our customers by securing their family's future in case of unforeseen circumstances. It ensures that loved ones are financially protected and can maintain their quality of life.

Salary Protect product aim to provide financial stability and support in times of need. Salary Protect ensures that individuals and their families are safeguarded from unexpected financial setbacks.

Critical Illness Care is a much more affordable version of the critical illness care plus product aimed at targeting the mass segment of the customers.

Bank Dhofar's role in facilitating the acquisition of insurance solutions or services is not limited to individuals, but also supports by providing a referral insurance service to corporates, to protect their property, investments, assets from potential losses such as fraud, theft, natural disasters, etc., thus enhancing its stability and ensuring its continuity in providing financial services.

Enterprise sales

The Enterprise Sales function was introduced to bring banking closer to customers. The doorstep banking initiative from the Direct Sales Team has resulted in around 250 plus Open days in corporates across the Sultanate this year and has enabled customers to avail banking services without having to step out of their offices. The welcome kit proposition to the corporates resulted in opening of Salary accounts instantly thereby eliminating the wastage of time for the employees and employers and enhancing the customer experience.

Digital Banking

The launch of Corporate Internet Banking (CIB) marks a significant step in strengthening the Bank’s digital service proposition for business customers by combining secure, scalable technology with enhanced transaction capabilities. As part of this initiative, CIB is now integrated with the Dhamani platform, enabling efficient medical claim payment settlement and reconciliation, and supporting faster, more transparent healthcare-related transactions. In parallel, the Digital team has introduced a dedicated digital platform for SME customers, offering self-registration, secure and error-free salary payments, and a suite of transactional, informational, and value-added services, reinforcing the Bank’s commitment to delivering purpose-driven digital solutions across both corporate and SME segments.

Mobile Banking

During the year, the Bank expanded its Mobile Banking proposition with the launch of Instant Remittances to Pakistan and Bangladesh, two of the most important corridors for our retail customer base. This enhancement enables customers to transfer funds securely and in real time, providing a fast, transparent, and highly reliable cross-border payment experience.

This initiative plays a significant role in strengthening the Bank’s brand presence within key expatriate communities, positioning us as a trusted and customer-centric financial partner. By addressing a critical everyday need for these segments, the service is expected to contribute meaningfully to new customer acquisition while deepening engagement and long-term loyalty among existing users.

In addition, the Bank introduced in-app provisioning of Samsung Pay, enabling customers to add their cards directly from the Mobile Banking App for instant, secure digital wallet activation. This marks another step forward in enhancing payment convenience and supporting the Bank’s shift towards a fully digital, card-on-file ecosystem. Together, these enhancements further reinforce the Bank’s commitment to delivering intuitive, customer-focused mobile experiences that align with evolving digital lifestyles.

Credit Cards

Bank Dhofar offers a wide range of debit and credit cards to suit customers’ segmental needs. This ensure that you will find a Bank Dhofar Credit Card that perfectly fits your lifestyle – and even earn you rewards every time you use it.

The Bank entered a strategic partnership with Mastercard, enabling the issuance of new Mastercard-branded cards. All existing Visa cards will be gradually replaced with Mastercard cards.

Choose the ultra-premium Mastercard cards; the exclusivity of World Elite and the Legend MasterCard; the special benefits of MC Platinum – or simply opt for the functionality of the E-Com MasterCard credit card for online shopping.

Bank has also launched domestic Maal debit card inline to the central bank requirements.

Key achievements in 2025 include: -

- Domestic debit card launch – Maal Debit Card
- Launch of Mastercard World Elite credit card
- Launch of Mastercard World Legend credit card
- Corporate credit card application automation
- Retail credit card to SME customer based on Lien on SME account
- In app provisioning for Samsung pay
- OTM credit cards sales channel setup
- DI credit card rebate process enhancement

Dhofar Islamic Banking Services

Management Discussion & Analysis – DI Corporate Banking Division

During 2025, Dhofar Islamic Corporate Banking continued its growth trajectory, expanding its presence and strengthening its role in supporting Oman’s economic diversification under Vision 2040. The division enhanced its geographic reach by establishing a dedicated Corporate Banking team in Sohar, complementing existing teams in Muscat and Salalah, to provide premier services across key regions including the Batinah corridor. This expansion was supported by an increased branch network, enabling Dhofar Islamic to serve a broader corporate customer base efficiently.

In line with national priorities, Dhofar Islamic focused on strategic sectors such as Energy, Power, and Mining. Notably, the division successfully led a syndicated Shariah-compliant project financing transaction for an underground copper mining project, with financial closure in progress and full participation secured. This landmark deal represents one of the first private-sector transactions of its kind in Oman. Additionally, Dhofar Islamic extended financing support to several projects of national importance, including Sultan Haitham City, Sultan Faisal Bin Turki Road, and Marsa LNG, reinforcing its commitment to infrastructure development and economic growth.

While the corporate banking portfolio continued to expand, emphasis remained on maintaining quality and diversification. The division onboarded new-to-bank clients to strengthen the portfolio across multiple economic sectors, ensuring prudent risk management and alignment with the Sultanate’s Vision 2040 objectives. Dhofar Islamic remains steadfast in its mission to deliver innovative, Shariah-compliant financial solutions that empower businesses and contribute to Oman’s sustainable development.

Overview

The Investment Banking & Capital Markets (IBCM) unit continued to strengthen its role as a strategic, non-funded income and thought-leadership engine for Dhofar Islamic,

despite a more cautious market environment.

Proprietary Investments

The proprietary portfolio was enhanced through targeted investments in local IPO's and high-quality GCC sukuk, improving risk-adjusted returns, liquidity and income stability, while keeping the Bank closely aligned with local and regional Islamic capital markets.

Advisory & Restructuring

IBCM advised on multiple restructuring mandates, including Oman's first-ever Sukuk restructuring, a landmark transaction that established Dhofar Islamic as the leading Islamic advisor for complex and distressed situations in the local market. The Bank was also mandated by QQBI for Shariah advisory services, further validating Dhofar Islamic's credibility with large government-linked institutions.

Market Leadership & Profile

Dhofar Islamic's leadership in Islamic capital markets was reinforced through speaking roles at the Kuala Lumpur Islamic Finance Forum (KLIFF) 2025 and IFN Oman Forum 2025, positioning the Bank as a national and regional reference point for Islamic capital markets and structuring expertise.

Outlook

IBCM is well placed to expand sukuk, advisory and restructuring activities, supporting Dhofar Islamic's strategy of growing fee-based income and franchise value while strengthening Oman's Islamic capital market.

Retail Banking and Products

Dhofar Islamic has introduced third-party banca takaful solutions together with comprehensive wealth management services in 2025, strengthening its position as a leading provider of Shariah-compliant financial offerings. These strategic enhancements, supported by Dhofar Islamic's extensive network of 30 branches - one of the largest Islamic branch networks in Oman - reflect the bank's strong dedication to delivering holistic, one-stop financial solutions that empower customers to achieve their financial aspirations whilst remaining firmly aligned with Shariah principles.

Strategy, CX and Marketing

The year 2025 marked a defining chapter in the Bank’s growth journey—one shaped by disciplined execution, customer-centricity, and a clear commitment to building a future-ready institution while remaining deeply rooted in the communities we serve.

Our strategy to stay closer to customers continued to translate into tangible outcomes. During the year, we expanded our footprint at an unprecedented pace, becoming the second-largest branch network in the country with 146 branches. This expansion reflects our belief that physical presence, when combined with service excellence, remains a powerful differentiator. A key highlight of our branch transformation was the Bank’s commitment to serve customers within 10 minutes, a promise that was fulfilled for over 95% of customers, reinforcing trust and reliability across our network.

This proximity was further strengthened through the launch of our Mobile Banking Van, designed to take essential banking services—such as account opening and loan origination—directly to customers’ doorsteps, particularly in underserved and remote areas. Together with our growing direct sales force, outbound telemarketing, and digital channels, the Bank today offers a robust, multi-channel distribution model that ensures customers can bank with us in the manner that best suits their preferences and lifestyles.

To complement our distribution strength with world-class offerings, the Bank continued to pursue strategic partnerships where local expertise meets global excellence. Our collaboration with Mastercard enabled us to deliver advanced card and payment solutions tailored to evolving customer lifestyles and aspirations. Similarly, our partnership with BlackRock provided customers access to first-of-its-kind model portfolios, reinforcing our commitment to delivering globally benchmarked investment solutions.

Digital transformation remained firmly at the top of our agenda. During the year, we enhanced our digital onboarding application, making it significantly easier for customers to open their first account with the Bank. Our Corporate Internet Banking platform was upgraded with enhanced capabilities, while new platforms—including a Trade Finance Portal and a Merchant Portal—were successfully launched, enabling greater self-service, transparency, and operational efficiency for our business customers.

2025 also marked the successful completion of the integration of Bank of Baroda (BOB) operations, ensuring a seamless transition for both customers and employees. This has resulted in diversification of Banks customer base, increased offerings to the NRI customers and increased market presence in NRI segment in Oman. The Bank has inked strategic relationship with BOB where in the Bank will Leverage on BOB’s extensive international network to enhance its correspondent banking services and cross selling opportunities to the customers of both Banks. This milestone reflects the Bank’s ability to execute complex integrations while preserving service continuity, operational

stability, and cultural alignment.

Supporting small and medium enterprises remained a core priority as we continued to play an active role in enabling business growth. The year saw the launch of new propositions such as SME Pro Accounts and POS Receivable Financing, designed to address the specific needs of growing businesses. To further underline our commitment, we established a dedicated SME segment brand, “Numo,” ensuring focused attention, tailored solutions, and a sharper execution agenda for this vital sector of the economy.

Underlying all these initiatives is our continued focus on technology modernization and resilience. We made significant progress on our cloud migration and transition to a microservices-based architecture, with several applications already operating on the cloud and many more planned over the coming years. In parallel, the Bank strengthened its control environment through targeted initiatives to address rising cybersecurity risks, ensuring the safety, stability, and integrity of our systems.

The Bank’s sustained efforts across customer experience, innovation, and growth were recognized by multiple external agencies, reinforcing the effectiveness of our strategic choices and execution discipline. During the year, the Bank received several prestigious accolades, including Best Customer Experience Award 2025, Middle East Technology Excellence Award 2025, Best Banking Product for Women, and Fastest Growing Branch Network Award. These recognitions reflect not only strong performance outcomes but also the collective commitment of our teams to deliver excellence consistently across all touchpoints.

As we look ahead, the Bank remains confident in its strategic direction—grounded in strong fundamentals, guided by disciplined execution, and driven by a clear purpose to serve customers, support businesses, and contribute meaningfully to the nation’s economic progress.

Customer Experience

The Bank focused on continuously strengthening its Customer Experience (CX) capabilities as a strategic enabler of sustainable growth, service consistency, and long-term customer value. During the year, the bank's CX function continued its evolution from a primarily measurement-led approach toward a more proactive, insight-driven model that supports informed decision-making across the bank.

Building on established foundations, the Bank further embedded structured customer listening mechanisms across key customer touchpoints. These insights were complemented by operational performance inputs and service quality assessments, enabling a more comprehensive understanding of customer needs, expectations, and experience drivers. This integrated approach allowed the Bank to move beyond reactive feedback management toward earlier identification of experience gaps and improvement opportunities.

A continued focus was placed on strengthening service standards and consistency across the branch network. Through a combination of customer feedback, service evaluations, and capability reinforcement, the Bank observed more stable and consistent service performance across branches. This focus supported improved reliability of frontline service delivery and reinforced a common understanding of expected service behaviours.

The Bank also advanced its lifecycle-based approach to customer management, supporting more structured engagement across key stages of the customer relationship. By aligning customer insights with lifecycle perspectives, the CX function contributed to a clearer understanding of customer activation, engagement, and retention dynamics. This approach strengthened the Bank's ability to prioritize experience improvements that matter most at critical moments in the customer journey.

In parallel, the Bank continued to invest in employee enablement and service culture. Initiatives aimed at reinforcing service values, enhancing product and service knowledge, and supporting informed customer interactions contributed to greater confidence and ownership among customer-facing teams. These efforts helped translate CX insights into practical, on-the-ground improvements.

Overall, the Bank's CX program remained a strategic focus area throughout the year, with continued progress toward a more mature, insight-led, and value-oriented customer

experience capability. By strengthening the link between customer insights, service standards, and operational actions, the Bank reinforced its commitment to making customer interactions simpler, more consistent, and more meaningful, while supporting broader business objectives.

Marketing and Corporate Communications

Marketing and Corporate Communications

In 2025, BankDhofar and Dhofar Islamic strengthened their market presence through integrated, insight-driven marketing and consistent brand storytelling across all channels. Campaigns supported key business priorities across retail, corporate, SME, and Islamic banking, aligned with product launches, national initiatives, and seasonal moments to ensure strong visibility across paid, owned, and earned media.

Digital and social media remained a core focus, with audience-centric content driving improved reach, engagement, and brand recall. Approximately 3,213 social media posts were published during the year, resulting in an increase of 27,273 followers.

Branding efforts emphasized consistency and clarity, ensuring unified brand expression across campaigns, branches, digital assets, events, and exhibitions. Targeted campaigns for Dhofar Islamic highlighted Sharia-compliant solutions, trust, and community relevance, supporting customer acquisition and relationship growth.

The Bank maintained a strong media presence through proactive communications, delivering 144 press releases, 6 thought leadership articles, 7 testimonials, 7 podcasts, and 26 videos, reinforcing trust and brand leadership in the Omani market.

Marketing and communications initiatives supported digital innovation, customer convenience, and key customer segments, including youth, ladies, SMEs, and private banking clients. High-impact campaigns and industry platforms further enhanced visibility, engagement, and the Bank’s customer-centric positioning.

In addition to campaign execution and media engagement, the Marketing & Corporate Communications function delivered strong achievements through the successful planning and execution of high-profile events, exhibitions, and BankDhofar booth activations across the Sultanate. The Bank maintained a prominent presence at key national, sectoral, and customer-focused platforms, using branded booths as strategic engagement hubs to showcase products, services, and digital capabilities. BankDhofar’s booth activities were designed to go beyond visibility, focusing on meaningful customer interaction, lead generation, and brand experience. These activations enabled direct engagement with diverse audiences, including retail customers, SMEs, youth, and high-net-worth individuals, while supporting product awareness, digital adoption, and relationship-building objectives. Consistent branding, interactive elements, and well-trained frontline teams ensured a cohesive and professional representation of the Bank across all events.

The year also marked several notable achievements, including the successful delivery of major customer and stakeholder events aligned with the Bank’s strategic priorities, product launches, and market positioning. These events strengthened relationships with customers, partners, regulators, and media, while reinforcing BankDhofar’s role as a trusted financial partner and active contributor to national economic and social initiatives. Collectively, these achievements enhanced brand equity, expanded market reach, and supported the Bank’s broader growth and engagement agenda.

CSR is a key pillar of BankDhofar’s operations, reflecting the Bank’s strong commitment to community development, social responsibility, and environmental sustainability. During the year, BankDhofar 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 OMR 120,000, the Bank allocated funds to initiatives that deliver meaningful and measurable impact. As at year-end, OMR 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, BankDhofar 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

Sustainability Unit

In 2025, the Sustainability Unit advanced BankDhofar’s environmental, social, and governance (ESG) agenda by translating strategy into measurable action and embedding sustainability across the Bank’s operations, culture, and governance framework. The Bank’s comprehensive ESG framework, developed in 2024, was actively operationalised during 2025, providing a structured roadmap aligned with international best practices, the expectations of the Central Bank of Oman (CBO) and Muscat Stock Exchange (MSX) and the national priorities set out under Oman Vision 2040.

Key milestones achieved during the year included the publication of BankDhofar’s second Sustainability Report, strengthening transparency, accountability, and ESG disclosures, and establishing a baseline for performance measurement and continuous improvement. The Sustainability Unit also enhanced ESG governance and oversight mechanisms, supporting improved coordination, monitoring, and reporting across business and support functions.

During the year, the Bank progressed a range of ESG initiatives across four strategic pillars: enabling climate action, uplifting customers and communities, focusing on people, and reinforcing governance. Key achievements included the launch of an emerging gulf recycling hub partnership to support waste management and circular economy practices, expansion of the Bank’s hybrid vehicle fleet to reduce carbon emissions, implementation of LED and sensor-based lighting across buildings to improve energy efficiency, and internal partnerships to strengthen sustainability operations.

On the social front, the Bank advanced community engagement and awareness initiatives, including national student-focused environmental programmes, marketing and awareness campaigns to promote sustainability, and internal training and engagement activities to reinforce responsible practices among employees. Governance and disclosure were further strengthened through launching of a centralized sustainability webpage, improved ESG data coordination, and enhanced internal and external reporting practices.

Collectively, these achievements reinforce BankDhofar’s commitment to responsible banking, regulatory alignment, and long-term value creation, while directly supporting Oman Vision 2040 objectives related to sustainable economic growth, environmental stewardship, social development, and strong institutional governance.

Financial Inclusion Initiatives

As part of Financial Inclusion initiatives, Marketing and Corporate Communications have taken the responsibility to communicate with all individuals and business owners about various products and services that meet their needs, delivered in responsible and sustainable ways. This includes awareness campaigns tailored to specific segments, sponsorship events, press releases and advertisements in newspapers, social media coverage, and more.

Social media channels play a crucial role in promoting products, services, and different offerings, alongside utilizing corporate communications tools to highlight BankDhofar’s news and updates. The awareness campaigns not only target the existing customer base but also aim to reach the general population, encouraging them to join BankDhofar.

BankDhofar boasts a branch network of more than 140 branches, designed appropriately to accommodate disabled customers, across Oman, ensuring accessibility for all demographics and facilitating ease in banking for customers.

To ensure higher consumer engagement and retention, BankDhofar offers one of the best mobile banking applications, accessible 24/7 for real-time multiple transactions, aiming to transition customers to the mobile banking platform seamlessly.

Lastly, the staff undergo regular training on multiple aspects of banking, especially focusing on selling skills and products available for each segment, to ensure effective customer acquisition.

Legal Division

The Legal Department provides legal support and advice to all the Bank's departments and branches in order to safeguard the Bank's interests and prevent breaches. This is achieved by coordinating with the Bank's departments and branches to ensure correct implementation and interpretation of laws, regulations, circulars, and internal policies.

- The Legal Department is well established with an experienced team of Legal Counsels and paralegals. Work is streamlined between the team members to increase

turnaround time and the quality of the work.

- There has been an increase in the number of case settlements with customers and quicker responses to claims.
- The Legal Department conducts most of the review and drafting of contracts and agreements in-house to protect the Bank's interests and minimize the legal risks while also improving quality and turnaround time.
- The Bank's policies and terms and conditions for both existing and new products, services, and standard forms are reviewed and updated in coordination with relevant departments.
- Various committees include the participation of the Legal Department.
- The Legal Department promotes awareness by hosting seminars and workshops internally. These sessions help staff understand their responsibilities and boost accountability, ensuring everyone is informed and compliant with the laws and regulations.
- The Legal Department coordinates with the Central Bank of Oman, Financial Services Authority, Royal Oman Police, Public Prosecution, and other authorities as required.

Central Operations

Awards

- Citibank’s 2025 Straight Through Processing (STP) Excellence Award. The award is given annually to Financial Institutions that meet the highest global standards for efficiency and accuracy in processing international transactions. In this case it was a near perfect 99.9% STP rate for Trade Finance.
- Award for H.E . Ahmed Al Musalmi the Governor of Central bank of Oman, for being the first bank in the country to offer E-mandate based electronic payment solution to the customers.

To be added

- In Retail credit Approval : The division also manages the individual’s credit scoring measurement and works to implementing robust risk management protocols, safeguarding the customer interests.
- Branch Operations: The team serves as the key support system for branch customers, addressing inquiries, resolving issues, and ensuring that the bank's front line team receives prompt and reliable assistance to enable customer satisfaction. One of the key elements here is the Surprise check, wherein the branches are visited multiple

times in a year and critical control checks are performed, and the reports are shared with the Retail Banking Management .

Payments: The bank now offers IBAN based International payments as per the directive of central bank of Oman and also offers the Partial Payment of Cheques across all modules of cheques processing (Go Live on 30Th November 2025).

Information Technology

Throughout 2025, the Information Technology Division continued to support the bank’s strategy execution to growth objectives. A comprehensive Information Technology Strategy was documented and approved.

In parallel, the Technology Division focused on executing its cloud-first strategy. The Digital Engagement Hub (DEH) went live for Corporate Banking and the transformation for Retail Internet Banking as well as Mobile Banking is well on track for delivery in 2026. In parallel the cloud-native Core Banking Platform for Islamic Banking is also scheduled for completion in 2026.

Another key highlight is the pivotal role of the Technology Division into the implementation of the exclusive partnership between BankDhofar and Mastercard to modernize Oman's payment landscape, bringing advanced digital solutions, enhanced security, and global payment innovations to both conventional and [Islamic banking](#) customers, driving digital transformation aligned with Oman's Vision 2040 for seamless, secure, and future-ready financial services.

To advance the modernization of the bank’s technology landscape the Technology Division and the Technology Enterprise Architecture team have merged thus ensuring the Technology strategy, roadmap for legacy modernization, as well as new business system architectures will be seamlessly delivered.

All these initiatives are strategically designed to deliver an agile, scalable, and secure infrastructure, aligning with both the Technology Division’s vision and the overall bank strategy.

Business Continuity Management (BCM)

Bank Dhofar places paramount importance on Business Continuity Management (BCM) to ensure uninterrupted functioning of its operations. The Bank undertakes regular reviews through various methods to ensure its capability to meet the contingency arising out of any unforeseen disasters, technological failures, and various other threats. The key purpose of the unit is to maintain operational stability, mitigating risks, and safeguarding the interests of our stakeholders.

Key Components:

- Risk Assessment: The unit conducts comprehensive risk assessments to identify potential disruptions. Through proactive planning, we ensure preparedness for various scenarios, ranging from natural disasters, floods, unforeseen fluctuations.
- Governance: Our BCM framework is built on a foundation of robust governance, aligning with international standards. The oversight and guidance provided by our dedicated BCM team ensure the continual evolution and effectiveness of our strategies.
- Technology Resilience: In an era where technology is integral to banking, ensuring the resilience of our technological infrastructure is paramount. BankDhofar invests in state-of-the-art technologies and backup systems to guarantee the availability and security of digital services.
- Employee Awareness: We recognize that our employees are central to the seamless execution of BCM strategies. Regular training and awareness programs empower our workforce to respond effectively during disruptions, contributing to a culture of resilience.
- Collaboration: Collaborating closely with our suppliers and partners, we extend the principles of BCM across our ecosystem. This ensures a cohesive approach to business continuity, even in scenarios where external dependencies come into play.

BCM Success Stories:

BankDhofar's commitment to BCM has been exemplified in various real-life scenarios. Whether faced with unforeseen challenges or navigating through industry shifts, our resilient BCM strategies have proven instrumental in maintaining the trust of our customers and sustaining our operations without compromising.

As part of strengthening our preparedness, we conducted a real-life, BCM test during working hours. This exercise was designed to validate our readiness to respond effectively to any potential service disruption under real operating conditions. The successful execution of this test reaffirmed the robustness of our continuity plans and the agility of our teams in managing critical situations without impacting customer experience.

Policies and Procedures Department (PPD)

The Policies & Procedures Department (PPD) at BankDhofar is committed to strengthen the bank's governance, ensuring effective risk management, and maintaining internal controls. PPD acts as a custodian, overseeing the upkeep and development of policies, procedures, and frameworks across all bank departments.

Custodianship and Review: PPD is the focal point for the continuous review of policies and procedural documents. Every document within PPD's custody undergoes regular updates and thorough reviews in alignment with the defined periodic review cycles outlined in the approved Review Calendar.

Achievements in 2025:

In the fiscal year 2025, PPD collaborated with other departments, control functions (Risk Management Division, Compliance Division & Internal Audit Division), and the approving authority to successfully review and obtain approval for all documents listed in the 2025 Review Calendar.

Branch Processes: As part of continuous efforts to enhance branch operations and improve staff knowledge, PPD completed the first set of Branch Operations Processes in order to facilitate business operations at the branches and provided easy access to essential information and details

Bawaba Portal Enhancement: PPD focused on improving the user experience of the Bawaba Portal, introducing user-friendly features that elevate the overall portal experience.

As we progress, PPD remains dedicated to fostering a culture of continuous improvement, adaptability, and transparency. By aligning policies with industry best practices and leveraging technology for efficient document management, PPD will continue to play an important role in BankDhofar's governance framework.

Human Resources Division (HRD)

Fostering a Strong People & Performance Culture

The Human Resources Division has been pivotal in promoting a high-performance culture. Working closely with the leadership team and the Board, the Department has successfully implemented corporate HR Transformation Programs and Projects, strategically designed to establish a strong performance-driven environment. BankDhofar has prioritized the appointment of skilled Omani professionals in management roles, reinforcing the Bank’s commitment to increasing Omanization within its leadership pipeline. We believe that effective organizational change fosters employee engagement, enhances operational efficiency, and drives higher productivity.

In 2025, our HR initiatives have delivered measurable outcomes. Employee satisfaction indicators have demonstrated positive progress, and our targeted training programs have strengthened the competencies of our workforce. These achievements highlight the success of our comprehensive human capital strategy.

Talent Management, Development & Retention

We employ a strategic approach to attracting and retaining top talent, ensuring alignment with our organizational vision. Our rigorous recruitment process, coupled with continuous learning opportunities, enables employees to grow alongside the Bank.

Learning & Development

Recognizing the evolving nature of the financial industry, we invest in extensive training programs to upskill our workforce. This ensures our employees remain well-versed in the latest industry developments and technological advancements.

Our Academy features state-of-the-art facilities, including a mock branch and a flexible “Anytime, Anywhere Learning” digital platform. Employees can conveniently complete assigned courses via the Learning Management System (LMS) portal at their desks or through the LMS mobile app from home.

Annually, the Academy conducts a Training Needs Analysis (TNA) to identify skill gaps and departmental requirements. The insights gathered are used to formulate an annual training plan, incorporating local, international, and in-house training programs delivered by the Bank’s in-house experts.

The Academy's mission is to address all learning needs in alignment with the Bank’s strategic direction, equipping employees with specialized expertise across divisions. Our ultimate goal is to develop champions who will drive the Bank’s sustainable growth and position it as a leading financial institution.

Digital People Program

The HR Division is committed to continuously enhancing employee-related services, ensuring efficiency, faster processing, and superior service quality. As part of our digital

transformation strategy, BankDhofar has automated 100% of employee services and benefits. Additionally, the establishment of an HR Contact Center has improved support for staff.

A newly launched analytics and quality assurance unit provides data-driven insights through dynamic dashboards, ensuring all service processes remain agile and meet expected turnaround times. Furthermore, setting a benchmark in the industry, the Bank will be digitalizing both its onboarding & offboarding process—reducing paper waste, improving efficiency, and streamlining the experience for new employees.

Our HR initiatives are designed to cultivate a positive and engaging work culture. Open communication, continuous feedback mechanisms, and employee wellness programs contribute to a harmonious workplace. We uphold a performance-driven environment where accomplishments are acknowledged, and career growth is directly tied to individual contributions. Our performance management system incentivizes excellence and aligns with our long-term vision.

Compensation Policy

In adherence to CBO guidelines on remuneration disclosures, the Bank has outlined relevant qualitative and quantitative compensation details in this Annual Report.

Qualitative Disclosures:

The Compensation Policy aligns with the Bank’s long-term business objectives. Our remuneration framework is structured to support risk management, business strategy, corporate values, and sustainable growth, while also preventing conflicts of interest. The policy undergoes periodic reviews to maintain its effectiveness.

Bank Dhofar’s Board Nomination & Remuneration Committee (BNRC) comprises at least three Board Members, including a representative from the Board’s Risk Management Committee. The Committee is responsible for formulating, reviewing, and overseeing the implementation of the Bank’s compensation policies and processes.

The Bank’s Total Rewards Strategy is designed to sustain long-term institutional health and financial stability while achieving the following key talent-related objectives:

- Attract and retain high-caliber professionals
- Motivate and recognize outstanding performance
- Align rewards with corporate values and culture

- Strengthen synergy between organizational and employee success

Reinforce desired behaviors and reward measurable results

- Direct employees' focus towards achieving strategic goals
- Maintain an optimal pay structure that fosters productivity and aligns with CBO guidelines
- Ensure transparency and clarity in compensation systems for seamless employee adoption
- This comprehensive HR strategy underscores our commitment to fostering a thriving workplace, where employees feel valued, engaged, and equipped to contribute to the Bank's ongoing success.

Risk Management Division

BankDhofar's Risk Management Division, comprising experienced professionals, ensures the continuous existence of an effective risk management framework. It acts as an interface between management and the Board, defining risk tolerance levels and tailoring policies accordingly. The bank's risk management strategy focuses on compliance with regulatory capital requirements, balanced performance across business units, stable funding, strategic liquidity management, and maintaining adequate capital adequacy.

The Board of Directors has set risk policies, limits and procedures by assessing the risk-bearing capacity of the Bank. They established the risk policies, limits, and procedures by assessing the bank's risk-bearing capacity. The Board delegated the overall risk management to the independent Board Risk Committee (BRC), which, in turn, relies on the Risk Management Division (RMD) for effective execution.

The bank reinforced its risk management through a transformation program, strengthening policies, procedures, processes, and risk information. The risk appetite framework, approved by the Board, sets quantitative and qualitative factors, providing an enforceable risk statement aligned with financial and strategic objectives.

The management of various risks includes credit risk, which is managed through a robust credit risk policy, risk-adjusted return on capital computation, stress tests, and prudent lending practices. Liquidity risk is overseen by the Asset-Liability Management Committee (ALCO), with policies covering liquidity gaps, lending ratios, and contingency measures. Market risk, including foreign exchange and interest rate risk, is managed through the ALM and Investment Management Policies. Operational risk is controlled through comprehensive policies, self-assessment, key risk indicators, and loss data management frameworks.

The operational risk unit in RMD conducts regular training programs to instill risk awareness and foster a risk management culture. Lastly, country risk is addressed through the Country & Counterparty Bank Credit Risk policy, employing a country risk assessment methodology to assign suitable limits based on internal risk rating grades.

The bank continues to focus on strengthening its risk management practices, ensuring alignment with its strategic objectives and regulatory requirements.

Internal Audit Division

The Internal Audit division of the bank plays a critical role in ensuring effective governance, risks management and internal control processes. Operating independently, as the third line of defense, the Internal Audit division (IAD) provides objective assurance and insights to the Board Audit Committee and Senior Management, aiming to enhance the operational efficiency and safeguard the Bank's assets.

IAD conducts regular, risk-based audits across all functions, processes, products and channels, ensuring compliance with regulatory requirements, internal policies and international best practices. By identifying risks and recommending corrective actions, IAD contributes to maintaining the Bank's integrity, sustainability and alignment with its strategic objectives.

In 2025, IAD has provided assurance services to the Board and the Senior Management through prioritization of most critical processes, entities, and systems for general and specific audits. Opportunities for improvement were highlighted in various business, operational, and functional areas to strengthen internal controls, governance and risk management processes of the Bank. Coverage of risks and processes mandated through the regulatory guidelines were fully complied. Besides the assurance services, IAD also provided advisory services during the year for strengthening of internal controls. IAD continuously aligns divisional objectives to the organization's overall goals and employs internal quality assessment and continuous improvement program to ensure compliance with applicable international standards and to acquire skillset through staff development for meeting future assurance and advisory needs of the Bank. Enhanced utilization of data analytics throughout the audit process was specifically targeted during the year and automation of audit tests for continuous auditing of critical processes will be continued in the coming years.

Recovery

The Recovery Department, operating under the Legal Division, plays a pivotal role in managing Non-Performing Assets (NPAs). It ensures compliance with the Bank's policies on overdue recovery for non-performing loans and advances. The department aims to maximize recovery through methods such as customer follow-up, negotiation for settlements, restructuring accounts with reliable repayments, and de-classification based on existing instructions and CBO regulations. It collaborates with the Legal Department, monitors legal progress, and coordinates with external entities like the Royal Oman Police and regulatory bodies. The department also assists Court Appointed Experts and manages asset classification, security/valuation of mortgaged assets, and provisions in accordance with IFRS9/CBO norms.

Compliance

Overview

The Compliance Function at BankDhofar SAOG remains a fundamental pillar of the Bank’s governance framework, ensuring alignment with the regulatory expectations of the Central Bank of Oman (CBO) and the Financial Services Authority (FSA). The function plays a crucial role in maintaining adherence to internal governance standards and international regulatory practices that guide the Bank’s financial and non-financial reporting obligations.

Throughout 2025, as BankDhofar advanced its digital capabilities and expanded its service offerings, the Compliance Function remained steadfast in safeguarding regulatory compliance and consumer protection, and in promoting ethical conduct across all operations.

Governance Structure

Operating as an independent second-line function, Compliance maintains a clear separation from operational and revenue-generating units. The Chief Compliance Officer (CCO) reports to the Board Risk Committee (BRC), ensuring independence, objectivity, and the authority required for effective regulatory oversight. During 2025, Compliance further strengthened its contribution to the governance framework through a structured regulatory risk management approach. Key responsibilities included:

- Reviewing new and amended regulations issued by CBO and FSA.
- Leading bank-wide implementation of regulatory directives.
- Updating internal policies, procedures, CDD standards, and reporting processes.
- Assessing inherent and residual regulatory risks across business units.
- Evaluating control effectiveness and identifying areas requiring remediation.

These enhancements supported the consistent embedding of regulatory expectations across the Bank. The Compliance Division continued to operate within a robust governance structure aligned with BankDhofar’s broader corporate governance framework. Ethical conduct remains a core component of the Bank’s governance principles. The Compliance Function supported the Bank’s commitment to transparency and accountability by:

- Delivering targeted compliance awareness initiatives.
- Supporting employee training aligned with regulatory requirements.
- Promoting adherence to the Bank’s Code of Conduct.

These efforts significantly strengthened a culture of integrity, accountability, and regulatory responsibility across the organization.

Key Achievements in 2025

The Compliance Function recorded several notable accomplishments during the year, including:

- Reinforcement of regulatory implementation oversight and enhancement of ongoing compliance testing.
- Strengthening of AML/CFT controls through enhanced monitoring and reporting capabilities.
- Completion of comprehensive Compliance Quality Assurance (QA) reviews.
- Supporting employee development by elevating regulatory awareness and embedding a stronger compliance culture.
- Transitioning to a thematic compliance testing approach supported by improved review methodologies.
- Promoting a stronger compliance culture across all departments through targeted engagement, enhanced accountability, and focused awareness programs.

Customer Feedback

To ensure unparalleled customer satisfaction and to comply with regulatory guidelines, Customer Feedback Department (CFD) looks after the feedback on products,

operations and quality of services offered by BankDhofar, including Dhofar Islamic. The main function of the department is to manage and administer the resolution process for new and existing customers. The department is also responsible for monitoring the service quality relating to complaint management through different measurement tools and initiatives.

Customers can conveniently submit complaints, suggestions, and inquiries related to the bank’s products, services, and transactions through various accessible channels, including the branch network, Call Center, Customer Feedback Department, CBO, website, social media, and email. The bank is dedicated to keeping customers informed about their respective feedback. Escalation of unresolved cases is directed to Chief Corporate Services Officer or Head of Consumer Feedback on (+968) 22652010 (Sunday to Thursday 8:00 -2:00 pm).

The department has successfully updated its policy and instructions manual to ensure compliance with governance and regulatory requirements, reviewing workflow/ process with concerned departments to reduce the turn-around-time for complaint resolution, in addition to continuous communication with customers to improve their level of satisfaction, alongside ongoing training and educational sessions for service agents and relevant teams to enhance the quality of provided services. In order to facilitate its workflow, the department has implemented various system enhancements towards more efficient feedback management, significantly reducing the timeline for complaint resolution with higher levels of customer satisfaction.

Sn	Complaints received by the Bank from its customers	Data for the reporting quarter	Data for the immediate previous quarter
1	No. of complaints pending at the beginning of the reporting quarter	1348	1682
2	No. complaints received during the quarter	9866	13405
2.1	Of which, no. of complaints received by the bank from CBO, but were not lodged with the bank directly by the customer	41	46
3	No. of complaints closed during the quarter	10163	13739
3.1	Of which, no. of complaints rejected by the bank	0	0
4	No. of complaints pending at the end of the quarter	1051	1348
4.1	Of which, no. of complaints pending beyond 30 days	146	137
5	Average time taken (in days) to close the complaints	4.82	2.38

Financial Performance

The Bank reported net profit of R 51.05 million for the year ended 31 December 2025 compared to R 43.61 million for the comparative year which represents an increase of 17.06%.

Loans and advances (including Islamic financing receivables)

Net loans and advances including Islamic financing, recorded YoY growth of 6.18% and reached RO 4.18 billion as at 31 December 2025 from RO 3.93 billion as at 31 December 2024. Customer Deposits including deposits from Islamic banking customers, also witnessed a significant growth of 9.41% increasing to RO 4.12 billion as at 31 December 2025 as compared to RO 3.76 billion as at end of previous year.

An analysis of our key gross loan portfolio by segment is tabulated below:

Analysis of our Loan portfolio by product is tabulated below:

Loans, advances and financing to customers	RO’000	31-Dec-25	31-Dec-24	Growth%
		RO’000	RO’000	
Overdrafts		143,307	140,489	2.01%
Loans		3,179,143	3,054,196	4.09%
Loans against trust receipts		137,112	140,504	-2.41%
Bills discounted		44,293	29,869	48.29%
Advance against credit cards		18,592	14,379	29.30%
Islamic financing receivables		864,808	735,194	17.63%
Gross loans, advances and financing		4,387,255	4,114,631	6.63%

The analysis of our Key deposits by product below:

Deposits from customers	31-Dec-25	31-Dec-24	Growth%
(RO Million)			
Current accounts	1,060,197	995,920	6.45%
Savings accounts	560,104	486,194	15.20%
Time deposits	1,612,327	1,570,276	2.68%

Margin accounts	16,944	14,491	16.93%
Islamic Customer deposits	867,257	695,980	24.61%
Grand Total	4,116,829	3,762,861	9.41%

Analysis of income and expenses:

	31-Dec-25	31-Dec-24	Variance
	RO'000	RO'000	%
Net interest income and income from Islamic financing	117.94	114.17	3.30%
Net fee and other operating income	51.85	38.67	34.08%
Operating income	169.78	152.84	11.08%
Operating expenses	81.16	78.85	2.93%
Expected credit losses (net of recovery of bad debts)	30.20	23.80	26.89%
Net profit for the year	51.05	43.61	17.06%
Total assets	5,390.75	5,085.05	6.01%
Net loans and Islamic financing	4,176.55	3,933.62	6.18%
Customer deposits	4,116.83	3,762.86	9.41%
Total equity	769.64	740.43	3.95%

Bank’s interest income on loans and Islamic financing receivables reached R 289.82 million compared to R 279.89 million resulting in a year on year (YoY) growth of 3.55%. However, the interest expense YoY was higher by 3.72%. Net interest and financing income reached to RO 117.94 million for the year ended 31 December 2025 as

compared to RO 114.17 million reported for the year 2024 reporting an YoY increase of 3.30%.

Net fee and other operating income grew significantly by 34.08% reaching RO 51.85 million as compared to RO 38.67 million for the year 2024. The Growth in fee and other operating income was supported by broad-based momentum across Wholesale, Retail, Investment, and Islamic Banking.

With increase in net fee and other operating income adjacent to higher net interest and financing income, the total operating income correspondingly improved to RO 169.78 million for the year ended 31 December 2025 as compared to RO 152.84 million for 2024, showing a growth of 11.08%.

Operating expenses increased by 2.93% to RO 81.16 million in 2025 as compared to RO 78.85 million in 2024. The stronger income growth resulted in Bank's cost to income ratio decreasing to 47.80% during 2025 as compared to 51.59% for the last year.

Net loans and advances including Islamic financing, recorded YoY growth of 6.18% and reached RO 4.18 billion as at 31 December 2025 from RO 3.93 billion as at 31 December 2024. Customer Deposits including deposits from Islamic banking customers, also witnessed a significant growth of 9.41% increasing to RO 4.12 billion as at 31 December 2025 as compared to RO 3.76 billion as at end of previous year.

Net Expected Credit Loss 'ECL' for the year ending 2025 stood at RO 30.20 million after recoveries of RO 17 million as compared to RO 23.80 million after recovery of 19.52 million for the year 2024, a increase of RO 6.40 million. The Bank's gross non-performing loan (NPL) ratio increased to 4.80% as at 31 December 2025, compared to 4.67% at the end of 2024. However, the NPL ratio net of expected credit losses (ECL) and interest reserve improved to 2.04% as at 31 December 2025 from 2.12% in the previous year, reflecting strengthened provisioning and risk management practices

The earnings per share (EPS) for year ended 31 December 2025 were at RO 0.0133 as compared to RO 0.0109 for the previous year. The Return on Shareholder Equity (RoSE) increased to 8.66% as at 31 December 2025 from 7.66% reported as at 31 December 2024.

Way-forward; Future Outlook

Oman 2025 State Budget envisioned continuation of ongoing economic recovery. The 2025 Budget assumes oil price of US\$ 60 per barrel.

The key initiative include development projects in various sectors such as Education, Health, Infrastructure, Tourism, Housing, Sport, and Agriculture. The government also continues to take proactive steps to implement several national programs under the Tenth Five-Year Development Plan to meet the objectives of Oman Vision 2040 which include the National Program for Fiscal Sustainability and Development Financial Sector (Estidamah), National Program for Economic Diversification (Tanwea’a), Government Digital Transformation program, National Program for Investment and Exports Development (Nazdahir), National Employment Program (Tashgheel).

Government led programs, aimed at creating wealth through economic diversification and private sector partnership, building world-class infrastructure, and preserving environment sustainability.