

BANK DHOFAR S.A.O.G.

THE BOARD OF DIRECTORS’ REPORT FOR THE THREE MONTHS ENDED

31 March 2026

Dear Shareholders,

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am pleased to present Bank’s unaudited interim condensed financial statements for the period ended 31 March 2026.

Bank Dhofar SAOG - Financial Highlights

Bank Dhofar has continued its strong momentum into 2026, with a steadfast focus on delivering superior customer experience and deepening customer engagement across all touchpoints. The Bank remains committed to its “proudly human” philosophy, ensuring that service excellence is not just an aspiration but a consistently delivered outcome. During the first quarter, the Bank successfully served more than 95% of its customers within 10 minutes across its branches, while resolving over 90% of customer complaints within agreed service level timelines—reflecting the strength of its service culture and operational discipline.

As part of its ongoing efforts to enhance customer value propositions, the Bank initiated a comprehensive re-carding program, transitioning its debit and credit card portfolio to Mastercard. This initiative is designed to provide customers with improved benefits, enhanced security features, and broader global acceptance, reinforcing the Bank’s commitment to offering best-in-class products aligned with evolving customer needs.

On the digital front, the Bank has made meaningful progress in strengthening its capabilities. During the quarter, it launched a merchant portal for its acquiring customers, enabling greater transparency, convenience, and control over transaction management. In parallel, the Bank entered the pilot phase of its next-generation mobile banking application, which significantly enhances user experience through improved interface design, faster performance, and expanded service capabilities. This initiative marks a key milestone in the Bank’s digital transformation journey.

Execution excellence continues to remain a core focus area across all business segments. The Bank has maintained strong emphasis on customer acquisition, relationship deepening, and cross-functional collaboration to drive sustainable growth. These efforts are supported by ongoing investments in technology, data capabilities, and frontline enablement to ensure consistent delivery against strategic priorities.

For the first quarter ended 31 March 2026, the Bank reported a 12.40% growth in operating income, reaching to 46.23 million, an increase of 5.1 million compared to 41.13 million recorded during the same period in 2025.

Interest income and income from Islamic financing rose to 72.65 million, reflecting a 2.36% increase over the corresponding period in 2025. Additionally, net fee and other income grew significantly by 32.52%, from 12.03 million in Q1 2025 to 15.94 million in Q1 2026.

The Bank’s operating profit before expected credit losses stood at 24.87 million, marking a 20.12% increase from 20.70 million reported in the same period of the previous year.

Net profit for the period amounted to 13.22 million, increased by 8.78% compared to 12.16 million recorded in Q1 2025.

Total operating expenses for the period increased by 4.57%, reaching to 21.36 million as against 20.42 million reported in Q1 2025. Despite the increase in overall cost, the cost-to-income ratio for Q1 2026 improved to 46.20%, compared to 49.66% in Q1 2025, reflecting increased operational efficiency.

The Bank recognized expected credit losses (net of recoveries) of 9.55 million during the period, representing a 49.13% increase compared to 6.40 million reported for the same period last year.

As at 31 March 2026, net loans and advances (including Islamic finance receivables) reached to 4.29 billion marking a year on year growth of 5.22% from 4.08 billion as at 31 March 2025, and increased by 2.80% from 4.18 billion reported as at 31 December 2025.

Customer deposits reached to 4.35 billion as at 31 March 2026, reflecting a 4.47% increase from 4.16 billion reported for the same period last year, and increased by 5.68% from 4.12 billion reported as of 31 December 2025.

Earnings per share (EPS) for the period ended 31 March 2026 amounted to 0.0031, reflecting a decrease from 0.0040 recorded during the same period of 2025.

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Dhofar Islamic - Financial Performance Highlights

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Dhofar Islamic has demonstrated a significant growth in earning assets, financing, and deposits portfolio for the first quarter of 2026. Gross financing portfolio has grown to 909.55 million at March 2026 from 774.92 million at March 2025, registering a growth of 17.37% over last year. The total customer deposits of Dhofar Islamic reached to 883.07 million at March 2026, thus posting an increase of 7.66% compared to 820.272 million at same period last year.

The gross investment portfolio increased by 6.92% from 117.27 million at March 2025 to 125.38 million at March 2026. Total assets grew by 11.41% standing at 1,084.41 million at March 2026, increased from 973.36 million at March 2025.

Dhofar Islamic income from Financing, Placement and Investment increased by 7.99% to 13.38 million for the period ended March 2026 from 12.39 million reported during the same period last year. The net Profit income (after cost of funds) increased by 9.71% year-on-year reaching 5.65 million during three-month period ending March 2026, against 5.15 million at March 2025.

Dhofar Islamic total operating income for the period ended March 2026 stood at 10.13 million compared to 6.54 million during the period ended 21 March 2025, registering a substantial increase of 54.89%. This

includes a gain of RO 2.37 million arising from the disposal of equity instruments designated at FVOCI, which have been recognized in Other Comprehensive Income in consolidated financial statements in accordance with IFRS. The administrative cost has increased by 2.35%, reaching 3.48 million compared to 3.40 million last year. Dhofar Islamic reported a significant growth year to date operating profit (before ECL) of 6.65 million which is 111.11% above the last year operating profit of 3.15 million.

Dhofar Islamic registered a profit before tax of 2.49 million for the quarter ended March 2026, compared to 1.57 million during March 2025, reflecting a growth of 58.60% over last year despite the higher ECL charge during the period which stood at 4.16 million for March 2026, compared to 1.58 million same period last year.

Corporate Social Responsibility and Sustainability

During the first quarter of 2026, Bank Dhofar continued to demonstrate its strong commitment to social responsibility and community development by supporting a range of Corporate Social Responsibility (CSR) and Sponsorship initiatives across the Sultanate. These initiatives reflect the Bank’s dedication to contributing positively to society and supporting key sectors, community organizations, and national programs.

During the quarter, the Bank extended financial support to several impactful initiatives, including sponsorship of the “Sanad Service Centers Forum 2025” in collaboration with the Ministry of Commerce, Industry and Investment Promotion, participation in the 28th Atta’a Exhibition held in February 2026, and support for community and cultural events such as the Winter Festival in Masirah. In addition, the Bank contributed to social inclusion efforts through its support to the Association for Children with Disability (Qaranqasho Event), the Omani Lawyers Association, and Ramadan programs organized by the Zakat Committee in the Wilayat of Al Seeb.

The total contribution under CSR and sponsorship initiatives during the first quarter of 2026 amounted to 15,500, reinforcing the Bank’s ongoing commitment to sustainable development, social welfare, and national priorities.

During the first quarter of 2026, Bank Dhofar advanced the execution of its Sustainability Framework, aligned with Oman Vision 2040 and Central Bank of Oman requirements, marked by the submission of its 2025 Sustainability Report. The Bank strengthened its ESG infrastructure through progress on its Sustainable Finance Framework, GHG inventory, ESG risk integration frameworks, while continuing environmental initiatives to improve efficiency and reduce its footprint. On the social front, the Bank expanded employee and community engagement through targeted awareness programs, reinforcing responsible practices and financial inclusion. These efforts collectively enhance the Bank’s ESG positioning, supporting resilient growth, stronger risk management, and long-term value creation.

Acknowledgment

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

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

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

Eng. Abdul Hafidh Salim Rajab Al-Ojaili
Chairman