



**Unaudited interim condensed financial statements
For the three-month period ended 31 March 2025**

Registered office and principal place of business:

Bank Dhofar Building
Bank Al Markazi street
Post Box 1507, Ruwi
Postal Code 112
Sultanate of Oman

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BANK DHOFAR S.A.O.G.**THE BOARD OF DIRECTORS' REPORT FOR THE THREE MONTHS ENDED****31 March 2025****Dear Shareholders,**

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am pleased to present Bank's unaudited interim condensed financial statements for the period ended 31 March 2025.

Bank Dhofar SAOG - Financial Highlights

Bank continues to strengthen its nationwide presence with one of the fastest-growing branch networks in the country, now spanning 132 branches across both conventional and Islamic banking. As the footprint expands, the focus on delivering a consistently superior customer experience remains unwavering. A key highlight of this commitment is the bank's promise to serve customers within 10 minutes of their arrival, a benchmark it has successfully met for over 95% of branch visitors. This is complemented by a sharp focus on offering best-in-class products and services, enabled through strategic partnerships with leading asset managers and insurance providers, thereby enriching the bank's retail wealth and insurance offerings.

On 1st April 2025 the bank has successfully completed the integration of Bank of Baroda's operations following regulatory approval, ensuring a seamless transition for customers and employees alike. Digital transformation continues to be a cornerstone of the bank's strategy, with ongoing investments aimed at enhancing customer experiences across both digital and physical channels, reinforcing its vision of being a truly omnichannel, customer-centric financial institution.

For the period ended 31 March 2025, the Bank's operational income grew by 7.53% to RO 41.13 million, demonstrating a growth of RO 2.88 million, compared to RO 38.24 million for the same period of 2024.

Interest income and income from Islamic financing grew to RO 70.98 million for the three-month period ended 31 March 2025, a 5.52% increase over the same period of last year. The net fee and other income increased from RO 9.46 million during the three-month period ended 31 March 2024, to RO 12.03 million for the three-month period ended 31 March 2025, by 27.23%. The Bank's overall operating profit (before expected credit loss) for the three-month ended on 31 March 2025, was RO 20.70 million. This is an increase of 4.74% from the RO 19.77 million reported for the same period last year.

Bank recorded a net profit of RO 12.16 million for the three-month period ended 31 March 2025, a 12.49% increase over the RO 10.81 million reported for the same period last year.

The total operating expense for the three-month period ended 31 March 2025 is RO 20.42 million as compared to RO 18.48 million recorded for the same period in 2024, a 10.53% increase. As a result, the cost to income ratio for the three-month period ended 31 March 2025 increased to 49.66% from 48.31% reported for the same period in 2024.

As at 31 March 2025, net loans and advances (including Islamic finance receivables) amounted to RO 4.08 billion, up by 10.08% from RO 3.71 billion as at 31 March 2024. Furthermore, as at 31 March 2025, compared to 31 December 2024, there was an increase of 3.73% in net loans and advances.

Customer deposits as at 31 March 2025, were RO 4.16 billion, compared to RO 3.50 billion as at 31 March 2024 with an increase of 19.01%. As compared to 31 December 2024, customer deposits (including Islamic deposits) has increased by 10.67% by the quarter ended 31 March 2025.

The Bank reported expected credit losses of RO 6.40 million (net of recoveries) to the income statement for the three-month period that ended 31 March 2025. This is a decrease of 12.18% from the expected credit losses of RO 7.29 million (net of recoveries) reported for the same period last year.

Earnings per share (EPS) for the period ended 31 March 2025, is RO 0.0040, an increase over the RO 0.0036 recorded for the same period last year.

BANK DHOFAR SAOG

Dhofar Islamic - Financial Performance Highlights

Dhofar Islamic has demonstrated a significant growth in earning assets, financing, and deposits portfolio for the first quarter of 2025. Gross financing portfolio has grown to RO 774.92 million at March 2025 from RO 719.93 million at March 2024, thus posting a growth of 7.64% over last year. The gross sukuk investment portfolio increased by 18.51% from RO 100.18 million at March 2024 to RO 118.72 million at March 2025. Dhofar Islamic total assets has shown a growth of 17.14% reaching RO 973.36 million at March 2025 from RO 830.94 million at March 2024.

The total customer deposits of Dhofar Islamic reached to RO 820.27 million at March 2025, registering a substantial increase of 36.75% compared to RO 599.82 million at same period last year.

The gross income from Financing, Placement and Investment increased by 7.28% to RO 12.39 million as at March 2025 from RO 11.55 million reported during the same period last year. The net Profit income (after cost of funds) increased by 16.52% year-on-year reaching RO 5.15 million during three-month period ending March 2025, against RO 4.42 million for the same period last year.

Dhofar Islamic total income for the period ended March 2025 stood at RO 6.60 million compared to RO 5.83 million for the same period last year, posting an increase of 13.21%. The administrative cost has increased by 15.72% reaching RO 3.46 million compared to RO 2.99 million for the same period last year. Dhofar Islamic posted year to date Operating Profit (before ECL) of RO 3.15 million which is 10.92% above the for the same period last year operating profit of RO 2.84 million.

Dhofar Islamic registered a profit before tax of RO 1.57 million as at March 2025, compared to RO 2.01 million as at March 2024, reflecting a decrease of 21.89% over last year. The decrease in profit before tax is mainly attributed to the higher ECL charge during the year which stood at RO 1.58 million at March 2025, compared to RO 0.83 million for the same period last year.

Corporate Social Responsibility and Sustainability

In Continuation of its on going efforts to make meaningful contribution towards the economy, Bank Dhofar supported Dar Al Atta'a Association during Ramadhan for the small and medium-sized enterprise (SME) which bought together SME owners from across Oman showcasing variety of Omani and Arab consumer products.

As part of our commitment to responsible growth, the bank have embarked on a focused journey to embed sustainability and ESG principles across our operations. In the first quarter of 2025, the bank made significant strides in laying the foundation for a more sustainable future, aligning our practices with global standards and national priorities. Our focus is on building a resilient, responsible and future ready bank Dhofar. One that not only deliver financial performance but also creates lasting value for society and the environment.

Recognitions and Awards

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

- Fastest Growing Branch Network Oman 2025 - World Business Outlook Awards 2025

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

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

	Notes	Unaudited 31-Mar- 2025 RO'000	Unaudited 31-Mar- 2024 RO'000	Audited 31-Dec- 2024 RO'000
Assets				
Cash and balances with Central Bank of Oman	5	327,970	130,055	197,174
Investment securities	8	654,100	481,138	648,485
Loans, advances, and financing to banks	6	165,072	362,578	196,479
Loans, advances, and financing to customers (conventional)	7 (a)	3,329,044	3,007,301	3,221,225
Islamic financing receivables	7 (b)	751,396	699,632	712,390
Other assets		95,322	76,357	80,939
Deferred tax assets		449	6,209	364
Property and equipment	10	15,169	9,157	15,404
Intangible assets	9	12,660	12,302	12,587
Total assets		5,351,182	4,784,729	5,085,047
Liabilities				
Due to banks	11	329,758	408,420	438,438
Deposits from customers (conventional)	12	3,344,201	2,899,362	3,066,881
Islamic customers deposits	12	820,272	599,816	695,980
Other liabilities		114,239	139,883	129,924
Tax liabilities		13,656	17,262	11,511
Employee benefit obligations		1,921	1,768	1,882
Total liabilities		4,624,047	4,066,511	4,344,616
Shareholders' equity				
Share capital	13	303,980	299,635	299,635
Share premium		95,656	95,656	95,656
Legal reserve		76,192	71,831	76,192
Special reserve		16,988	16,988	16,988
Special reserve –restructured loans		1,281	1,281	1,281
Special impairment reserve		12,184	12,184	12,184
Special revaluation reserve - investment		(709)	(709)	(709)
Investment revaluation reserve		(7,922)	(1,893)	(2,605)
Cash flow hedge reserve		164	-	645
Retained earnings		73,821	67,745	85,664
Total equity attributable to the equity holders of the Bank		571,635	562,718	584,931
Perpetual Tier 1 Capital Securities		155,500	155,500	155,500
Total equity		727,135	718,218	740,431
Total liabilities and equity		5,351,182	4,784,729	5,085,047
Contingent liabilities and commitments	19	724,506	639,784	718,428
Net assets per share (Rial Omani)	14	0.188	0.188	0.195

The interim condensed financial statements including notes and other explanatory information on pages 9 to 55 were approved by the Board of Directors and signed on their behalf by:



Eng. Abdul Hafidh Salim Rajab Al- Ojaili
Chairman



K. Gopakumar
Acting Chief Executive Officer

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

	Notes	Unaudited 3 months 31-Mar-2025 RO'000	Unaudited 3 months 31-Mar-2024 RO'000
Interest income	15	58,588	55,713
Interest expense	16	(34,727)	(31,734)
Net interest income		23,861	23,979
Income from Islamic financing / Investments	15	12,388	11,547
Unrestricted investment account holders' share of profit and profit expense	16	(7,154)	(6,737)
Net income from Islamic financing and Investment activities		5,234	4,810
Fees and commission income	20	10,448	8,401
Fees and commission expense	20	(2,691)	(1,765)
Net fees and commission income		7,757	6,636
Other operating income		4,273	2,819
Operating income		41,125	38,244
Staff and administrative costs		(18,712)	(16,801)
Depreciation		(1,710)	(1,676)
Operating expenses		(20,422)	(18,477)
Net Impairment losses on financial assets		(6,550)	(7,484)
Recovery of bad debts written-off		489	193
Bad debts written off		(342)	-
Profit from operations after provision		14,300	12,476
Income tax expense		(2,145)	(1,671)
Profit for the period		12,155	10,805
Other comprehensive income:			
<i>Items that will not be reclassified to Profit and Loss:</i>			
Movement in fair value reserve - FVOCI equity instrument		(5,728)	(352)
Realised (loss) / gain FVOCI equity instrument		(27)	(484)
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>			
Movement in fair value reserve - FVOCI debt Instruments		411	(1,483)
Change in fair value of cash flow hedge		(481)	-
Other comprehensive income / (loss) for the period		(5,825)	(2,319)
Total comprehensive income for the period		6,330	8,486
Earnings per share attributable to equity shareholders of the Bank (basic and diluted) (Rials Omani)	17	0.0040	0.0036

The accompanying notes on pages 9 to 55 form an integral part of these interim condensed financial statements.

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Cash flow hedge reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balances as at 1 January 2025	299,635	95,656	76,192	16,988	1,281	12,184	(709)	645	(2,605)	85,664	584,931	155,500	740,431
Profit for the period	-	-	-	-	-	-	-	-	-	12,155	12,155	-	12,155
Other comprehensive income for the period:													
Cashflow hedge	-	-	-	-	-	-	-	(481)	-	-	(481)	-	(481)
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(5,728)	(27)	(5,755)	-	(5,755)
FVOCI debt instruments	-	-	-	-	-	-	-	-	411	-	411	-	411
Total comprehensive income for the period	-	-	-	-	-	-	-	(481)	(5,317)	12,128	6,330	-	6,330
Perpetual Tier 1 capital securities:												-	-
Stock dividend	13	4,345	-	-	-	-	-	-	-	(4,345)	-	-	-
Cash dividend	13	-	-	-	-	-	-	-	-	(19,626)	(19,626)	-	(19,626)
Balances as at 31 March 2025	303,980	95,656	76,192	16,988	1,281	12,184	(709)	164	(7,922)	73,821	571,635	155,500	727,135

The accompanying notes on pages 9 to 55 form an integral part of these interim condensed financial statements.

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (CONTINUED)

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balances as at 1 January 2024	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(58)	80,646	577,454	155,500	732,954
Profit for the period	-	-	-	-	-	-	-	-	-	10,805	10,805	-	10,805
Other comprehensive income for the period:													
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(352)	(484)	(836)	-	(836)
FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,483)	-	(1,483)	-	(1,483)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(1,835)	10,321	8,486	-	8,486
Perpetual Tier 1 capital securities:													
Dividend	13	-	-	-	-	-	-	-	-	(23,222)	(23,222)		(23,222)
Balances as at 31 March 2024	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(1,893)	67,745	562,718	155,500	718,218

The accompanying notes on pages 9 to 55 form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (CONTINUED)

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Cash flow hedge reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balances as at 1 January 2024	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(58)	80,646	577,454	155,500	732,954
Profit for the period	-	-	-	-	-	-	-	-	-	43,609	43,609	-	43,609
<i>Other comprehensive income for the period:</i>													
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	645	(832)	(383)	(570)	-	(570)
FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,715)	-	(1,715)	-	(1,715)
Total comprehensive income for the period	-	-	-	-	-	-	-	645	(2,547)	43,226	41,324	-	41,324
Transfer to legal reserve	-	-	4,361	-	-	-	-	-	-	(4,361)	-	-	-
Perpetual Tier 1 capital securities:													
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(10,625)	(10,625)	-	(10,625)
Dividend	13	-	-	-	-	-	-	-	-	(23,222)	(23,222)	-	(23,222)
Balances as at 31 December 2024	299,635	95,656	76,192	16,988	1,281	12,184	(709)	645	(2,605)	85,664	584,931	155,500	740,431

The accompanying notes on pages 9 to 55 form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	14,300	12,476
<i>Adjustment for:</i>		
Depreciation, amortization and impairment	1,710	1,676
Net impairment on financial assets and recovery of bad debts written off	6,403	7,291
Dividend income	(2,596)	(836)
End of service provision for the period	120	59
(Gain) on disposal of property and equipment	-	(62)
Operating profit before operating assets and liabilities changes	19,937	20,604
<i>Net increase/(decrease) in:</i>		
Due to banks	(108,680)	(97,496)
Loans, advances and financing to banks	(40,002)	(101,251)
Loans & advances and financing to customers	(153,228)	51,360
Other assets	(18,270)	3,818
Customer deposits	401,612	199,955
Other liabilities	(15,260)	9,428
Cash generated from operations before tax and end of service benefits	66,172	65,814
Taxes paid	-	-
End of service benefits paid	(82)	(31)
Net cash generated from operating activities	86,027	86,387
CASH FLOW FROM INVESTING ACTIVITIES		
Net movement in investment securities	(8,062)	(23,496)
Dividend received investment securities	2,596	836
Sale Proceeds of Property	-	62
Purchase of property, equipment and intangible assets	(1,548)	(2,195)
Net cash (used in) investing activities	(7,014)	(24,793)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend	(19,626)	(23,222)
Payment of AT1 coupon cost	-	-
Net cash used in financing activities	(19,626)	(23,222)
NET CHANGES IN CASH AND CASH EQUIVALENTS	59,387	38,372
Cash and cash equivalents at beginning of the year	324,808	265,319
Cash and cash equivalents at end of the period	384,195	303,691
<i>Cash and cash equivalent comprise of:</i>		
Cash and balances with Central Bank of Oman	327,970	130,055
Capital deposit with Central Bank of Oman	(500)	(500)
Due from banks with a short-term maturity of 3 months or less	56,725	174,136
	384,195	303,691

The accompanying notes on pages 9 to 55 form an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Dhofar SAOG (the “Bank”) is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in corporate, retail and investment banking activities through a network of 132 branches (31 March 2024: 118 branches) which comprises of 25 Islamic branches (31 March 2024: 24 Islamic branches) and 107 conventional branches (31 March 2024: 94 conventional branches). The Bank’s Islamic Banking Window, “Dhofar Islamic” has an allocated capital of RO 70 Million (31 March 2024: RO 70 million) from the core paid up capital of the shareholders. The Bank has a primary listing of its ordinary shares on the Muscat Stock Exchange (“MSX”), and the Bank’s Additional Tier 1 Perpetual Bonds are listed on the Muscat Stock Exchange (“MSX”). The Bank’s principal place of business is its Head Office located at Central Business District (“CBD”), Muscat, Sultanate of Oman.

The Bank employed 1,772 employees as of 31 March 2025 (31 March 2024: 1,702 employees).

2 BASIS OF PREPARATION

2.1 Statement of compliance and basis of accounting.

The unaudited interim condensed financial statements for the three-month period ended 31 March 2025 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, applicable regulations of the Central Bank of Oman (CBO) and the disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Financial Services Authority (FSA) formerly Capital Market Authority (CMA).

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Bank’s last annual financial statements as at and for the year ended 31 December 2024 (‘the last annual financial statements’).

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the last annual financial statements.

2.2 Basis of measurement.

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI).

2.3 Functional and presentation currency.

The financial statements are presented in Rial Omani (“RO”), which is the Bank’s functional (currency of primary economic environment in which the Bank operates) and presentation currency, rounded to the nearest million unless otherwise stated.

2.4 Use of estimates and judgments.

In preparing these interim condensed financial statements in conformity with IFRSs requires management to make judgements estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

2.4 Use of estimates and judgments (continued)

The significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2024.

3 Standards effective from 1 January 2025.

A number of new or amended standards became applicable for the current reporting period. The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

4 Standards issued but not yet effective.

A number of new standards and amendments have been issued by the International Accounting Standards Board (IASB) but are not yet mandatory for the period beginning 1 January 2025. The Bank is evaluating the impact on future financial statements, if any, on adopting these pronouncements.

5. Cash and balances with the Central Bank of Oman

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Cash in hand	54,314	42,102	46,628
Balances with the Central Bank of Oman	273,654	87,951	133,219
Placements with the Central Bank of Oman	2	2	17,325
Cash held by a custodian	-	-	2
	<u>327,970</u>	<u>130,055</u>	<u>197,174</u>

As at 31 March 2025 cash and balances with Central bank of Oman includes capital deposit amounting to RO 0.5 million (31 March 2024 - RO 0.5 million and 31 December 2024 – RO 0.5 million). This is not available for day-to-day operations of the Bank and cannot be withdrawn without the Central Bank of Oman approval.

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

6. Loans, advances and financing to banks (at amortised cost)

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Syndicated loans to other banks	24,406	1,955	29,579
Placements with other banks	89,917	338,412	141,800
Current clearing accounts	50,840	22,754	25,193
	<u>165,163</u>	<u>363,121</u>	<u>196,572</u>
Less: impairment allowance	(91)	(543)	(93)
	<u>165,072</u>	<u>362,578</u>	<u>196,479</u>

7. Loans, advances and financing to customers (Conventional and Islamic)

(a) Conventional Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Loans	3,150,319	2,892,493	3,054,196
Overdraft	149,477	136,841	140,489
Loans against trust receipts	137,509	117,270	140,504
Bills discounted	39,242	38,072	29,869
Advances against credit cards	13,553	10,858	14,379
	<u>3,490,100</u>	<u>3,195,534</u>	<u>3,379,437</u>
Gross Loans, advances and financing to customers	<u>3,490,100</u>	<u>3,195,534</u>	<u>3,379,437</u>
Less: Impairment allowance including reserved interest	(161,056)	(188,233)	(158,212)
	<u>3,329,044</u>	<u>3,007,301</u>	<u>3,221,225</u>

(b) Islamic Banking Window financing	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Housing finance	238,593	217,156	232,180
Corporate finance	511,562	481,039	479,226
Consumer finance	24,768	21,731	23,788
	<u>774,923</u>	<u>719,926</u>	<u>735,194</u>
Less: Impairment allowance	(23,527)	(20,294)	(22,804)
	<u>751,396</u>	<u>699,632</u>	<u>712,390</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

7. Loans, advances, and financing to customers *(continued)*

(c) The movement in the allowance for expected credit losses is analysed below:

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
i. Allowance for expected credit losses (Conventional and Islamic)			
1 January	155,805	169,188	169,188
Reclassification of ECL related to accrued interest	-	(1,441)	(1,441)
Allowance made during the period	8,735	10,703	47,180
Released to the profit or loss during the period	(2,874)	(3,102)	(15,340)
Written off during the period	(4,184)	(3,755)	(43,782)
Balance at the end of the period	157,482	171,593	155,805
ii. Reserved interest			
1 January	25,211	35,023	35,023
Reserved during the period	3,674	5,712	22,784
Recoveries to profit or loss during the period	(1,756)	(3,662)	(15,514)
Written-off during the period	(28)	(139)	(17,082)
Balance at the end of the period	27,101	36,934	25,211
Total allowance for expected credit losses	184,583	208,527	181,016

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances and financing to customers; (continued)

(c) The movement in the impairment allowance is analysed below; (continued):

i. Comparison of provision held as per IFRS 9 and required as per CBO norms

Disclosure requirements containing the risk classification –wise gross and net amount outstanding, provision required as per CBO norms, allowance made as per IFRS 9, interest recognized as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

In accordance with CBO circular BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per the extant CBO norms, including those on restructuring of loans accounts for regulatory reporting purposes.

As at 31 March 2025

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)- (10)	(8) = (3)- (5)	(9)	(10)
Standard	Stage 1	3,320,383	43,758	8,884	34,874	3,276,625	3,311,499	-	-
	Stage 2	284,897	2,690	9,358	(6,668)	282,207	275,539	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,605,280	46,448	18,242	28,206	3,558,832	3,587,038	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	453,986	4,430	54,245	(49,815)	444,813	399,741	-	4,743
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		453,986	4,430	54,245	(49,815)	444,813	399,741	-	4,743
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	24,486	4,711	5,016	(305)	19,417	19,470	-	358
Subtotal		24,486	4,711	5,016	(305)	19,417	19,470	-	358
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	14,267	5,565	5,309	256	8,095	8,958	-	607
Subtotal		14,267	5,565	5,309	256	8,095	8,958	-	607
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	167,004	115,209	74,670	40,539	30,402	92,334	-	21,393
Subtotal		167,004	115,209	74,670	40,539	30,402	92,334	-	21,393
Total loans and advances		4,265,023	176,363	157,482	18,881	4,061,559	4,107,541	-	27,101
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	2,379,133	147	2,754	(2,607)	2,378,986	2,376,379	-	-
	Stage 2	346,184	-	2,499	(2,499)	346,184	343,685	-	-
	Stage 3	3,211	-	1,553	(1,553)	3,211	1,658	-	-
Subtotal		2,728,528	147	6,806	(6,659)	2,728,381	2,721,722	-	-
Total (31 March 2025)	Stage 1	5,699,516	43,905	11,638	32,267	5,655,611	5,687,878	-	-
	Stage 2	1,085,067	7,120	66,102	(58,982)	1,073,204	1,018,965	-	4,743
	Stage 3	208,968	125,485	86,548	38,937	61,125	122,420	-	22,358
	Total	6,993,551	176,510	164,288	12,222	6,789,940	6,829,263	-	27,101

* Net of provision and reserve interest as per CBO norms

Other items disclosed above includes outstanding exposure and respective provisions held against due from banks, investments, other assets, loan commitments and financial guarantees.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances and financing to customers (*continued*)

(c) The movement in the impairment allowance is analysed below (*continued*):

i. Comparison of provision held as per IFRS 9 and required as per CBO norms

As at 31 March 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms* (7)=(3)-(4)- (10)	Net Carrying Amount as per IFRS 9 (8) = (3)- (5)	Interest recognised in P&L as per IFRS 9 (9)	Reserve interest as per CBO norms (10)
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)- (10)	(8) = (3)- (5)	(9)	(10)
Standard	Stage 1	2,841,883	36,631	12,219	24,412	2,805,252	2,829,664	-	-
	Stage 2	540,837	6,098	18,850	(12,752)	534,739	521,987	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,382,720	42,729	31,069	11,660	3,339,991	3,351,651	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	319,703	3,779	40,232	(36,453)	313,864	279,471	-	2,060
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		319,703	3,779	40,232	(36,453)	313,864	279,471	-	2,060
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	8,752	2,146	3,253	(1,107)	6,386	5,499	-	220
Subtotal		8,752	2,146	3,253	(1,107)	6,386	5,499	-	220
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	30,014	10,470	10,245	225	18,068	19,769	-	1,476
Subtotal		30,014	10,470	10,245	225	18,068	19,769	-	1,476
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	174,271	122,643	86,794	35,849	18,450	87,477	-	33,178
Subtotal		174,271	122,643	86,794	35,849	18,450	87,477	-	33,178
Total loans and advances		3,915,460	181,767	171,593	10,174	3,696,759	3,743,867	-	36,934
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,874,681	179	3,085	(2,906)	1,874,502	1,871,596	-	-
	Stage 2	293,484	-	5,596	(5,596)	293,484	287,888	-	-
	Stage 3	3,165	-	1,524	(1,524)	3,165	1,641	-	-
Subtotal		2,171,330	179	10,205	(10,026)	2,171,151	2,161,125	-	-
Total (31 March 2024)	Stage 1	4,716,564	36,810	15,304	21,506	4,679,754	4,701,260	-	-
	Stage 2	1,154,024	9,877	64,678	(54,801)	1,142,087	1,089,346	-	2,060
	Stage 3	216,202	135,259	101,816	33,443	46,069	114,386	-	34,874
	Total	6,086,790	181,946	181,798	148	5,867,910	5,904,992	-	36,934

* Net of provision and reserve interest as per CBO norms

Other items disclosed above includes outstanding exposure and respective provisions held against due from banks, investments, other assets, loan commitments and financial guarantees.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances and financing to customers (continued)

(c) The movement in the impairment allowance is analysed below (continued):

i. Comparison of provision held as per IFRS 9 and required as per CBO norms

As at 31 December 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	3,155,963	43,336	8,910	34,426	3,112,627	3,147,053	-	-
	Stage 2	293,017	2,688	16,183	(13,495)	290,329	276,834	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,448,980	46,024	25,093	20,931	3,402,956	3,423,887	-	-
Special Mention	Stage 1	66	1	1	-	65	65	-	-
	Stage 2	473,597	4,489	46,836	(42,347)	464,832	426,761	-	4,276
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		473,663	4,490	46,837	(42,347)	464,897	426,826	-	4,276
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	8,376	2,100	2,830	(730)	6,091	5,546	-	185
Subtotal		8,376	2,100	2,830	(730)	6,091	5,546	-	185
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	32,907	10,109	10,788	(679)	21,365	22,119	-	1,433
Subtotal		32,907	10,109	10,788	(679)	21,365	22,119	-	1,433
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	150,705	105,777	70,257	35,520	25,611	80,448	-	19,317
Subtotal		150,705	105,777	70,257	35,520	25,611	80,448	-	19,317
Total loans and advances		4,114,631	168,500	155,805	12,695	3,920,920	3,958,826	-	25,211
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,996,316	147	2,410	(2,263)	1,996,169	1,993,906	-	-
	Stage 2	306,717	-	2,222	(2,222)	306,717	304,495	-	-
	Stage 3	3,209	-	1,485	(1,485)	3,209	1,724	-	-
Subtotal		2,306,242	147	6,117	(5,970)	2,306,095	2,300,125	-	-
Total (31 December 2024)	Stage 1	5,152,345	43,484	11,321	32,163	5,108,861	5,141,024	-	-
	Stage 2	1,073,331	7,177	65,241	(58,064)	1,061,878	1,008,090	-	4,276
	Stage 3	195,197	117,986	85,360	32,626	56,276	109,837	-	20,935
	Total	6,420,873	168,647	161,922	6,725	6,227,015	6,258,951	-	25,211

* Net of provision and reserve interest as per CBO norms

Other items disclosed above includes outstanding exposure and respective provisions held against due from banks, investments, other assets, loan commitments and financial guarantees.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances and financing to customers (continued)

(d) Restructured Loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans.

At 31 March 2025

(Amounts in RO '000)									
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	78,512	814	793	21	77,698	77,719	-	-
	Stage 2	352,922	3,469	41,540	(38,071)	349,453	311,382	-	-
Subtotal		431,434	4,283	42,333	(38,050)	427,151	389,101	-	-
Classified as non-performing	Stage 3	24,815	14,394	7,003	7,391	8,273	17,812	-	2,148
Sub total		24,815	14,394	7,003	7,391	8,273	17,812	-	2,148
Total (31 March 2025)	Stage 1	78,512	814	793	21	77,698	77,719	-	-
	Stage 2	352,922	3,469	41,540	(38,071)	349,453	311,382	-	-
	Stage 3	24,815	14,394	7,003	7,391	8,273	17,812	-	2,148
	Total	456,249	18,677	49,336	(30,659)	435,424	406,913	-	2,148

* Net of provision and reserve interest as per CBO norms

As at 31 March 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	66,690	669	1,122	(453)	66,021	65,568	-	-
	Stage 2	368,635	3,645	46,022	(42,377)	364,990	322,613	-	-
Subtotal		435,325	4,314	47,144	(42,830)	431,011	388,181	-	-
Classified as non-performing	Stage 3	20,471	7,850	8,225	(375)	10,977	12,246	-	1,644
Sub total		20,471	7,850	8,225	(375)	10,977	12,246	-	1,644
Total (31 March 2024)	Stage 1	66,690	669	1,122	(453)	66,021	65,568	-	-
	Stage 2	368,635	3,645	46,022	(42,377)	364,990	322,613	-	-
	Stage 3	20,471	7,850	8,225	(375)	10,977	12,246	-	1,644
	Total	455,796	12,164	55,369	(43,205)	441,988	400,427	-	1,644

* Net of provision and reserve interest as per CBO norms

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(d) Restructured Loans *(continued)*

At 31 December 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)- (10)	(8) = (3)- (5)	(9)	(10)
Classified as performing	Stage 1	83,794	864	860	4	82,930	82,934	-	-
	Stage 2	379,872	3,704	41,934	(38,230)	376,168	337,938	-	-
Subtotal		463,666	4,568	42,794	(38,226)	459,098	420,872	-	-
Classified as non- performing	Stage 3	25,458	13,104	6,573	6,531	10,439	18,885	-	1,915
Sub total		25,458	13,104	6,573	6,531	10,439	18,885	-	1,915
Total (31 December 2024)	Stage 1	83,794	864	860	4	82,930	82,934	-	-
	Stage 2	379,872	3,704	41,934	(38,230)	376,168	337,938	-	-
	Stage 3	25,458	13,104	6,573	6,531	10,439	18,885	-	1,915
	Total	489,124	17,672	49,367	(31,695)	469,537	439,757	-	1,915

* Net of provision and reserve interest as per CBO

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025****7. Loans, advances, and financing to customer (continued)****(e) Comparison of allowance for expected credit losses charges as per IFRS 9 and as per CBO norms****i. Allowance for expected credit losses charge and provisions held**

31 March 2025	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	176,510	164,288	12,222
Gross NPL ratio	4.82%	4.82%	-
Net NPL ratio	1.36%	2.31%	(0.95) %

Gross NPL ratio (Non-performing Loans) is 4.82% and Net NPL ratio is 2.31% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 22.36 million.

31 March 2024	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	181,946	181,798	148
Gross NPL ratio	5.44%	5.44%	-
Net NPL ratio	1.10%	1.99%	(0.89)%

Gross NPL ratio (Non-performing Loans) are 5.44% and Net NPL ratio is 1.99% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 34.87 million.

31 December 2024	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	168,647	161,922	6,725
Gross NPL ratio	4.67%	4.67%	-
Net NPL ratio	1.29%	2.12%	(0.83) %

Gross NPL ratio (Non-performing Loans) are 4.67% and Net NPL ratio is 2.12% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 20.94 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(f) Stage wise exposure, allowance for expected credit losses and net exposures

The following table discloses the stage-wise gross exposure, impairment, and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at, 31 March 2025:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	273,656	-	-	273,656
Due from Banks	164,914	249	-	165,163
Sovereign	477,974	-	-	477,974
Investment Securities at amortized cost	40,746	-	-	40,746
Investment Securities at FVOCI	31,290	10,000	-	41,290
Loans and advances	3,320,383	738,883	205,757	4,265,023
Acceptances	36,171	4,360	-	40,531
Total funded gross exposure	4,345,134	753,492	205,757	5,304,383
Letters of credit/guarantee	622,555	98,740	3,211	724,506
Loan commitment / unutilized limits	731,827	232,835	-	964,662
Total non-funded gross exposure	1,354,382	331,575	3,211	1,689,168
Total gross exposure	5,699,516	1,085,067	208,968	6,993,551
Allowance for expected credit losses				
Due from Banks	86	5	-	91
Investment Securities at FVOCI	143	564	-	707
Loans and advances	8,884	63,603	84,995	157,482
Acceptances	544	1	-	545
Total funded impairment	9,657	64,173	84,995	158,825
Letters of credit/guarantee	562	1,228	1,553	3,343
Loan commitment/unutilized limits	1,419	701	-	2,120
Total non-funded impairment	1,981	1,929	1,553	5,463
Total impairment	11,638	66,102	86,548	164,288
Net exposure				
Central Bank balances	273,656	-	-	273,656
Due from Banks	164,828	244	-	165,072
Sovereign	477,974	-	-	477,974
Investment Securities at amortized Cost	40,603	(564)	-	40,039
Investment Securities at FVOCI	31,290	10,000	-	41,290
Loans and advances	3,311,499	675,280	120,762	4,107,541
Acceptances	35,627	4,359	-	39,986
Total funded net exposure	4,335,477	689,319	120,762	5,145,558
Letter of credit/guarantee	621,993	97,512	1,658	721,163
Loan commitment / unutilized limits	730,408	232,134	-	962,542
Total net non-funded exposure	1,352,401	329,646	1,658	1,683,705
Total net exposure	5,687,878	1,018,965	122,420	6,829,263

Gross exposure of loans and advances of RO 205.76 million under stage 3 includes reserved interest of RO 22.36 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

	Stage 1	Stage 2	Stage 3	RO'000 Total
Opening Balance – as at 1 January 2025				
Due from banks	93	-	-	93
Loans and advances to customers	8,707	63,223	83,875	155,805
Investment securities at FVOCI (Debt)	240	-	-	240
Loan commitments and financial guarantees	1,045	1,146	1,484	3,675
Acceptances	439	2	-	441
Unutilised	797	870	1	1,668
Total	11,321	65,241	85,360	161,922
Net transfer between stages				
Due from banks	(1)	1	-	-
Loans and advances to customers	1,711	(2,568)	857	-
Loan commitments and financial guarantees	42	(42)	-	-
Unutilised	(5)	5	-	-
Total	1,747	(2,604)	857	-
Charge for the Period (net)				
Due from banks	(6)	4	-	(2)
Loans and advances to customers	(1,534)	2,948	4,447	5,861
Investment securities at FVOCI (Debt)	(97)	564	-	467
Loan commitments and financial guarantees	(525)	124	69	(332)
Acceptances	105	(1)	-	104
Unutilised	627	(174)	(1)	452
Total net of recovery	(1,430)	3,465	4,515	6,550
Written-off	-	-	(4,184)	(4,184)
Closing Balance – as at 31 March 2025				
- Due from banks	86	5	-	91
- Loans and advances to customers	8,884	63,603	84,995	157,482
- Investment securities at FVOCI (Debt)	143	564	-	707
- Loan commitments and financial guarantees	562	1,228	1,553	3,343
- Acceptances	544	1	-	545
- Unutilised	1,419	701	-	2,120
Total expected credit losses	11,638	66,102	86,548	164,288

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

The following table discloses the stage-wise gross exposure, impairment and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at, 31 March 2024:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	87,953	-	-	87,953
Due from Banks	363,121	-	-	363,121
Sovereign	376,583	-	-	376,583
Investment Securities at amortized cost	10,152	-	-	10,152
Investment Securities at FVOCI	29,301	-	-	29,301
Loans and advances	2,841,883	860,540	213,037	3,915,460
Acceptances	38,721	9,689	-	48,410
Total funded gross exposure	3,747,714	870,229	213,037	4,830,980
Letters of credit/guarantee	521,174	115,445	3,165	639,784
Loan commitment / unutilized limits	447,676	168,350	-	616,026
Total non-funded gross exposure	968,850	283,795	3,165	1,255,810
Total gross exposure	4,716,564	1,154,024	216,202	6,086,790
Allowance for expected credit losses				
Due from Banks	543	-	-	543
Investment Securities at FVOCI	89	-	-	89
Loans and advances	12,219	59,082	100,292	171,593
Acceptances	17	14	-	31
Total funded impairment	12,868	59,096	100,292	172,256
Letters of credit/guarantee	1,535	4,600	1,524	7,659
Loan commitment/unutilized limits	901	982	-	1,883
Total non-funded impairment	2,436	5,582	1,524	9,542
Total impairment	15,304	64,678	101,816	181,798
Net exposure				
Central Bank balances	87,953	-	-	87,953
Due from Banks	362,578	-	-	362,578
Sovereign	376,583	-	-	376,583
Investment Securities at amortized Cost	10,152	-	-	10,152
Investment Securities at FVOCI	29,212	-	-	29,212
Loans and advances	2,829,664	801,458	112,745	3,743,867
Acceptances	38,704	9,675	-	48,379
Total funded net exposure	3,734,846	811,133	112,745	4,658,724
Letter of credit/guarantee	519,639	110,845	1,641	632,125
Loan commitment / unutilized limits	446,775	167,368	-	614,143
Total net non-funded exposure	966,414	278,213	1,641	1,246,268
Total net exposure	4,701,260	1,089,346	114,386	5,904,992

Gross exposure of loans and advances of RO 213.04 million under stage 3 includes reserved interest of RO 34.87 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances and financing to customers *(continued)*

(f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

	Stage 1	Stage 2	Stage 3	RO'000 Total
Opening Balance – as at 1 January 2024				
Due from banks	444	-	-	444
Loans and advances to customers	12,986	56,042	98,719	167,747
Investment securities at FVOCI (Debt)	45	-	-	45
Loan commitments and financial guarantees	1,422	4,360	1,441	7,223
Acceptances	23	12	-	35
Unutilised	1,448	838	1	2,287
Total	16,368	61,252	100,161	177,781
Net transfer between stages				
Loans and advances to customers	857	(2,869)	2,012	-
Loan commitments and financial guarantees	676	(388)	-	-
Unutilised	100	(100)	-	-
Total	1,633	(3,357)	2,012	-
Charge for the Period (net)				
Due from banks	99	-	-	99
Loans and advances to customers	(1,623)	5,909	3,315	7,601
Investment securities at FVOCI (Debt)	44	-	-	44
Loan commitments and financial guarantees	14	339	83	436
Acceptances	(6)	2	-	(4)
Unutilised	(1,225)	533	-	(692)
Total net of recovery	(2,697)	6,783	3,398	7,484
Written-off	-	-	(3,755)	(3,755)
Closing Balance – as at 31 March 2024				
Due from banks	543	-	-	543
Loans and advances to customers	12,220	59,082	100,291	171,593
Investment securities at FVOCI (Debt)	89	-	-	89
Loan commitments and financial guarantees	2,112	4,311	1,524	7,947
Acceptances	17	14	-	31
Unutilised	323	1,271	1	1,595
Total expected credit losses	15,304	64,678	101,816	181,798

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customer *(continued)*

(f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

The following table discloses the stage-wise gross exposure, impairment, and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at, 31 December 2024:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	150,544			150,544
Cash held by a custodian	2	-	-	2
Due from Banks	196,572	-	-	196,572
Sovereign	480,313	-	-	480,313
Investment Securities at amortized cost	35,802	-	-	35,802
Investment Securities at FVOCI	47,761	-	-	47,761
Loans and advances	3,156,029	766,614	191,988	4,114,631
Acceptances	40,514	5,872	-	46,386
Total funded gross exposure	4,107,537	772,486	191,988	5,072,011
Letters of credit/guarantee	626,456	88,763	3,209	718,428
Loan commitment / unutilized limits	418,352	212,082	-	630,434
Total non-funded gross exposure	1,044,808	300,845	3,209	1,348,862
Total gross exposure	5,152,345	1,073,331	195,197	6,420,873
Allowance for expected credit losses				
Due from Banks	93	-	-	93
Investment Securities at FVOCI	240	-	-	240
Loans and advances	8,911	63,019	83,875	155,805
Acceptances	439	2	-	441
Total funded impairment	9,683	63,021	83,875	156,579
Letters of credit/guarantee	838	1,352	1,485	3,675
Loan commitment/unutilized limits	800	868	-	1,668
Total non-funded impairment	1,638	2,220	1,485	5,343
Total impairment	11,321	65,241	85,360	161,922
Net exposure				
Central Bank balances	150,544	-	-	150,544
Cash held by a custodian	2	-	-	2
Due from Banks	196,479	-	-	196,479
Sovereign	480,313	-	-	480,313
Investment Securities at amortized Cost	35,802	-	-	35,802
Investment Securities at FVOCI	47,521	-	-	47,521
Loans and advances	3,147,118	703,595	108,113	3,958,826
Acceptances	40,075	5,870	-	45,945
Total funded net exposure	4,097,854	709,465	108,113	4,915,432
Letter of credit/guarantee	625,618	87,411	1,724	714,753
Loan commitment / unutilized limits	417,552	211,214	-	628,766
Total net non-funded exposure	1,043,170	298,625	1,724	1,343,519
Total net exposure	5,141,024	1,008,090	109,837	6,258,951

Gross exposure of loans and advances of RO 191.99 million under stage 3 includes reserved interest of RO 20.94 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

	Stage 1	Stage 2	Stage 3	RO'000 Total
Opening Balance – as at 1 January 2024				
Due from banks	444	-	-	444
Loans and advances to customers	12,986	56,042	98,719	167,747
Investment securities at FVOCI (Debt)	45	-	-	45
Loan commitments and financial guarantees	1,422	4,360	1,441	7,223
Acceptance	23	12	-	35
Unutilised	1,448	838	1	2,287
Total	16,368	61,252	100,161	177,781
Net transfer between stages				
Loans and advances to customers	2,533	(4,098)	1,565	-
Loan commitments and financial guarantees	1,207	(1,209)	2	-
Unutilised	18	(18)	-	-
Total	3,758	(5,325)	1,567	-
Charge for the Period (net)				
Due from banks	(351)	-	-	(351)
Loans and advances to customers	(6,812)	11,279	27,373	31,840
Investment securities at FVOCI (Debt)	195	-	-	195
Loan commitments and financial guarantees	(1,584)	(2,005)	41	(3,548)
Acceptance	416	(10)	-	406
Unutilised	(669)	50	-	(619)
Total net of recovery	(8,805)	9,314	27,414	27,923
Written-off	-	-	(43,782)	(43,782)
Closing Balance – as at 31 December 2024				
Due from banks	93	-	-	93
Loans and advances to customers	8,707	63,223	83,875	155,805
Investment securities at FVOCI (Debt)	240	-	-	240
Loan commitments and financial guarantees	1,045	1,146	1,484	3,675
Acceptances	439	2	-	441
Unutilised	797	870	1	1,668
Total expected credit loss	11,321	65,241	85,360	161,922

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(g) Reconciliation of financial assets and liabilities

31 March 2025	Notes	Designated as at FVTPL RO'000	FVOCI – equity instruments RO'000	FVOCI – debt instruments RO'000	Amortised cost RO'000	Total carrying amount RO'000
Cash and balances with CBO	5	-	-	-	327,970	327,970
Loans and advances to banks	6	-	-	-	165,072	165,072
Loans and advances to customers	7	-	-	-	4,080,440	4,080,440
Investment securities	8	4,726	90,071	137,521	421,782	654,100
Other assets		2,768	-	-	86,961	89,729
		<u>7,494</u>	<u>90,071</u>	<u>137,521</u>	<u>5,082,225</u>	<u>5,317,311</u>
Due to banks	11	-	-	-	329,758	329,758
Deposits from customers	12	-	-	-	4,164,473	4,164,473
Other liabilities		1,871	-	-	114,289	116,160
		<u>1,871</u>	<u>-</u>	<u>-</u>	<u>4,608,520</u>	<u>4,610,391</u>
31 March 2024	Notes	Designated as at FVTPL RO'000	FVOCI – equity instruments RO'000	FVOCI – debit instruments RO'000	Amortised cost RO'000	Total carrying amount RO'000
Cash and balances with CBO	5	-	-	-	130,055	130,055
Loans and advances to banks	6	-	-	-	362,578	362,578
Loans and advances to customers	7	-	-	-	3,706,933	3,706,933
Investment securities	8	745	44,847	131,939	303,607	481,138
Other assets		4,523	-	-	67,525	72,048
		<u>5,268</u>	<u>44,847</u>	<u>131,939</u>	<u>4,570,698</u>	<u>4,752,752</u>
Due to banks	11	-	-	-	408,420	408,420
Deposits from customers	12	-	-	-	3,499,178	3,499,178
Other liabilities		4,208	-	-	137,443	141,651
		<u>4,208</u>	<u>-</u>	<u>-</u>	<u>4,045,041</u>	<u>4,049,249</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

7. Loans, advances, and financing to customers *(continued)*

(g) Reconciliation of financial assets and liabilities *(continued)*

31 December 2024	Notes	Designated as at FVTPL RO'000	FVOCI – equity instruments RO'000	FVOCI – debt instruments RO'000	Amortised cost RO'000	Total carrying amount RO'000
Cash and balances with CBO	5	-	-	-	197,174	197,174
Loans and advances to banks	6	-	-	-	196,479	196,479
Loans and advances to customers	7	-	-	-	3,933,615	3,933,615
Investment securities	8	2,370	82,479	143,587	420,049	648,485
Other assets		6,095	-	-	69,742	75,837
		<u>8,465</u>	<u>82,479</u>	<u>143,587</u>	<u>4,817,059</u>	<u>5,051,590</u>
Due to banks	11	-	-	-	438,438	438,438
Deposits from customers	12	-	-	-	3,762,861	3,762,861
Other liabilities		4,469	-	-	127,337	131,806
		<u>4,469</u>	<u>-</u>	<u>-</u>	<u>4,328,636</u>	<u>4,333,105</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

8. Investment's securities

	Unaudited 31-Mar-25 RO'000	Unaudited 31-Mar-24 RO'000	Audited 31-Dec-24 RO'000
Equity investments:			
Measured at FVTPL	4,726	745	2,370
Measured at FVOCI	90,071	44,847	82,479
Gross equity investments	94,797	45,592	84,849
Debt investments:			
Measured at FVOCI	138,228	132,028	143,827
Measured at amortized cost	421,782	303,607	420,049
Gross debt investments	560,010	435,635	563,876
Total investment securities	654,807	481,227	648,725
Less: Impairment loss allowance	(707)	(89)	(240)
Total investment securities	654,100	481,138	648,485
	Unaudited 31-Mar-25 RO'000	Unaudited 31-Mar-24 RO'000	Audited 31-Dec-24 RO'000
Investment securities measured as at FVTPL	4,726	745	2,370
Investment securities measured at FVOCI	227,592	176,786	226,066
Debt investments measured at amortised cost	421,782	303,607	420,049
	654,100	481,138	648,485

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

8. Investment securities (continued)

8.1 Categories of investments by measurement

31 March 2025	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Foreign securities	-	33,343	-	33,343
Other services sector	-	1,871	-	1,871
Unit funds	3,944	-	-	3,944
Financial services sector	-	13,264	-	13,264
Industrial sector	-	40,841	-	40,841
	<u>3,944</u>	<u>89,319</u>	<u>-</u>	<u>93,263</u>
Unquoted Equities:				
Local securities	782	752	-	1,534
Unit funds	-	-	-	-
	<u>782</u>	<u>752</u>	<u>-</u>	<u>1,534</u>
Gross Equity investments	<u>4,726</u>	<u>90,071</u>	<u>-</u>	<u>94,797</u>
Quoted Debt:				
Government Bonds and Sukuk	-	96,938	338,036	434,974
Foreign Bonds	-	-	10,400	10,400
Local Bonds and Sukuks	-	29,631	30,346	59,977
	<u>-</u>	<u>126,569</u>	<u>378,782</u>	<u>505,351</u>
Unquoted Equities:				
Treasury Bills	-	-	43,000	43,000
Foreign bonds	-	11,659	-	11,659
	<u>-</u>	<u>11,659</u>	<u>43,000</u>	<u>54,659</u>
Gross debt investments	<u>-</u>	<u>138,228</u>	<u>421,782</u>	<u>560,010</u>
Total Investment Securities	<u>4,726</u>	<u>228,299</u>	<u>421,782</u>	<u>654,807</u>
Less: Impairment losses on investments	<u>-</u>	<u>(707)</u>	<u>-</u>	<u>(707)</u>
	<u>4,726</u>	<u>227,592</u>	<u>421,782</u>	<u>654,100</u>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
At 1 January 2025	143,609	82,457	420,049	2,370	648,485
Additions	11,550	13,765	35,922	2,324	63,561
Disposals and redemption	(18,676)	(562)	(34,340)	-	(53,578)
Gain /(loss) from change in fair value	411	(5,755)	-	32	(5,312)
Amortisation of discount and premium	5	14	82	-	101
Movement in interest accrued	1,329	152	69	-	1,550
Total	<u>138,228</u>	<u>90,071</u>	<u>421,782</u>	<u>4,726</u>	<u>654,807</u>
Less: Impairment losses on investments	<u>(684)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>(707)</u>
At 31 March 2025	<u>137,544</u>	<u>90,048</u>	<u>421,782</u>	<u>4,726</u>	<u>654,100</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

8. Investment securities (continued)

8.1 Categories of investments by measurement (continued)

31 March 2024	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Other services sector	-	24,879	-	24,879
Foreign security	-	-	-	-
Financial services sector	-	8,583	-	8,583
Industrial sector	-	10,677	-	10,677
	-	44,139	-	44,139
Unquoted Equities:				
Local securities	745	708	-	1,453
Unit funds	-	-	-	-
	745	708	-	1,453
Gross Equity investments	745	44,847	-	45,592
Quoted Debt:				
Government Bonds and Sukuk	-	102,727	273,856	376,583
Foreign Bonds	-	-	5,149	5,149
Local Bonds and Sukuks	-	29,301	10,152	39,453
Treasury Bills	-	-	14,450	14,450
Gross debt investments	-	132,028	303,607	435,635
Total Investment Securities	745	176,875	303,607	481,227
Less: Impairment losses on investments	-	(89)	-	(89)
	745	176,786	303,607	481,138

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
At 1 January 2024	123,420	45,143	290,159	755	459,477
Additions	10,000	-	30,663	-	40,663
Disposals and redemption	(470)	(117)	(17,300)	-	(17,887)
Gain /(loss) from change in fair value	(1,980)	(352)	-	(10)	(2,342)
Amortisation of discount and premium	(14)	14	85	-	85
Movement in Interest Accrued	1,072	159	-	-	1,231
Total	132,028	44,847	303,607	745	481,227
Less: Impairment losses on investments	(70)	(19)	-	-	(89)
At 31 March 2024	131,958	44,828	303,607	745	481,138

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

8. Investment securities (continued)

8.1 Categories of investments by measurement (continued)

31 December 2024	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Foreign securities	-	33,337	-	33,337
Other services sector	-	2,070	-	2,070
Unit funds	1,602	-	-	1,602
Financial services sector	-	13,098	-	13,098
Industrial sector	-	29,263	-	29,263
	<u>1,602</u>	<u>77,768</u>	<u>-</u>	<u>79,370</u>
Unquoted Equities:				
Local securities	768	4,711	-	5,479
Unit funds	-	-	-	-
	<u>768</u>	<u>4,711</u>	<u>-</u>	<u>5,479</u>
Gross Equity investments	<u>2,370</u>	<u>82,479</u>	<u>-</u>	<u>84,849</u>
Quoted Debt:				
Government Bonds and Sukuk	-	96,066	335,907	431,973
Foreign Bonds	-	-	5,334	5,334
Local Bonds and Sukuks	-	29,229	30,468	59,697
	<u>-</u>	<u>125,295</u>	<u>371,709</u>	<u>497,004</u>
Unquoted Equities:				
Treasury Bills	-	-	48,340	48,340
Foreign bonds	-	18,532	-	18,532
	<u>-</u>	<u>18,532</u>	<u>48,340</u>	<u>66,872</u>
Gross debt investments	<u>-</u>	<u>143,827</u>	<u>420,049</u>	<u>563,876</u>
Total Investment Securities	2,370	226,306	420,049	648,725
Less: Impairment losses on investments	-	(240)	-	(240)
	<u>2,370</u>	<u>226,066</u>	<u>420,049</u>	<u>648,485</u>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
At 1 January 2024	123,420	45,143	290,159	755	459,477
Additions	48,539	40,011	203,305	1,601	293,456
Disposals and redemption	(24,383)	(2,483)	(73,869)	(18)	(100,753)
Gain /(loss) from change in fair value	(1,715)	(832)	-	32	(2,515)
Amortisation of discount and premium	(6,742)	57	333	-	(6,352)
Movement in interest accrued	4,708	583	121	-	5,412
Total	<u>143,827</u>	<u>82,479</u>	<u>420,049</u>	<u>2,370</u>	<u>648,725</u>
Less: Impairment losses on investments	(218)	(22)	-	-	(240)
At 31 December 2024	<u>143,609</u>	<u>82,457</u>	<u>420,049</u>	<u>2,370</u>	<u>648,485</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

9. Intangible assets

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Cost			
01-Jan	42,463	39,003	39,003
Additions	835	749	3,484
Disposals	-	(33)	(24)
	<u>43,298</u>	<u>39,719</u>	<u>42,463</u>
Depreciation			
01-Jan	29,876	26,663	26,663
Charge for the year	762	754	3,220
Disposals	-	-	(7)
	<u>30,638</u>	<u>27,417</u>	<u>29,876</u>
Carrying Value	<u>12,660</u>	<u>12,302</u>	<u>12,587</u>

10. Property and equipment

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Conventional	14,048	7,934	14,203
Islamic window	1,121	1,223	1,201
	<u>15,169</u>	<u>9,157</u>	<u>15,404</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

11. Due to banks

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Syndicated Inter bank borrowings	82,438	134,755	122,842
Interbank borrowings	233,353	271,487	313,965
Payable on demand	13,967	2,178	1,631
	<u>329,758</u>	<u>408,420</u>	<u>438,438</u>

At 31 March 2025 Inter Bank borrowings with one bank represented 20% or more of the bank's total inter-bank borrowings (31 March 2024: one bank and 31 December 2024: no banks). The Bank did not had any defaults of principal, interest, or other breaches during the year on its borrowed funds.

12. Deposits from customers

Conventional Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Current accounts	1,125,343	1,075,300	995,920
Savings accounts	513,064	428,814	486,194
Time and certificate deposits	1,689,564	1,369,431	1,570,276
Margin accounts	16,230	25,817	14,491
	<u>3,344,201</u>	<u>2,899,362</u>	<u>3,066,881</u>
Islamic Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Current accounts	262,137	150,567	229,022
Savings accounts	106,953	83,047	99,548
Time deposits	433,197	360,316	360,120
Margin accounts	17,985	5,886	7,290
	<u>820,272</u>	<u>599,816</u>	<u>695,980</u>

The current accounts and time deposits include deposits from the Government of the Sultanate of Oman and its entities amounting to RO 1.837 billion (31 March 2024 - RO 1.526 billion, 31 December 2024 - RO 1.494 billion)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

13. Share capital

The authorised share capital consists of 5,000,000,000 ordinary shares of RO 0.100 each (31 March 2024: 5,000,000,000 ordinary shares of RO 0.100 each, 31 December 2024: 5,000,000,000 ordinary shares of RO 0.100 each).

At 31 March 2025, the issued and paid up share capital comprise of 3,039,798,532 ordinary shares of RO 0.100 each (31 March 2024: 2,996,351,436 ordinary shares of RO 0.100 each, 31 December 2024: 2,996,351,436 ordinary shares of RO 0.100 each).

The Board of Directors proposed a total cash dividend of 6.55%, (six and fifty five) baizas per share and stock dividend of 1.45% (one and fourty five) baizas per share , total of RO 23.971 million (2023: 7.75%; RO 23.222 million). The shareholders in the Annual General Meeting held on 23 March 2025, approved the cash dividend of 6.55% and stock dividend of 1.45%

Shareholders

The following shareholders of the Bank own 10% or more of the Bank's share capital: -

	Unaudited 31-Mar-25		Unaudited 31-Mar-24		Audited 31-Dec-24	
	No. of shares	%	No. of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG	730,891,846	24.04%	721,757,594	24.09%	720,445,388	24.04%
Eng. Abdul Hafidh Salim Rajab Al Ojaili and his related Companies	759,797,455	24.99%	747,625,653	24.95%	748,937,859	24.99%
Social Protection Fund	304,261,726	10.01%	756,448,831	25.25%	299,912,988	10.01%
Sub Total	1,794,951,027	59.05%	2,225,832,078	74.28%	1,769,296,235	59.05%
Others	1,244,847,505	40.95%	770,519,358	25.72%	1,227,055,201	40.95%
Total	3,039,798,532	100.00%	2,996,351,436	100.00%	2,996,351,436	100.00%

The Bank's Islamic Banking Window, "Dhofar Islamic" has an allocated capital of RO 70 million in respect of Islamic Banking Window from the core paid up capital of the Bank as of 31 March 2025 (31 March 2024: RO 70 million, 31 December 2024: RO 70 million)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025****13. Share capital** *(Continued)***Tier 1 RO Securities**

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

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

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

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

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

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

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

14. Net assets per share

Net assets per share is calculated by dividing the net assets attributable to equity holders of the bank at the period end by the number of shares outstanding at period end as follows:

	Unaudited 31-Mar-2025	Unaudited 31-Mar-2024	Audited 31-Dec-2024
Net assets (RO)	<u>571,635,000</u>	<u>562,718,000</u>	<u>584,931,437</u>
Number of shares outstanding at the end of the period / year	<u>3,039,798,532</u>	<u>2,996,351,436</u>	<u>2,996,351,436</u>
Net assets per share (RO)	<u>0.188</u>	<u>0.188</u>	<u>0.195</u>

15. Interest income/ income from islamic financing and investments

Conventional Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000
Loans and advances	48,103	47,876
Due from banks	4,644	3,207
Investments	5,841	4,630
Total	<u>58,588</u>	<u>55,713</u>
Islamic Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2025 RO'000
Islamic financing receivables	10,843	10,309
Islamic due from banks	164	67
Investments	1,381	1,171
Total	<u>12,388</u>	<u>11,547</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

16. Interest expense / Unrestricted investment account holder's share of profit and profit expense.

Conventional Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000
Customers' deposits	(28,168)	(25,369)
Bank borrowings	<u>(6,559)</u>	<u>(6,365)</u>
Total	<u>(34,727)</u>	<u>(31,734)</u>
Islamic Banking	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000
Customer deposits	(6,870)	(5,933)
Bank borrowing	<u>(284)</u>	<u>(804)</u>
Total	<u>(7,154)</u>	<u>(6,737)</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025****17. Earnings per share (basic and diluted)**

The calculation of basic and diluted earnings per share is based on profit for the three-month period ended 31 March 2025 attributable to ordinary shareholders as follows:

	Unaudited 31-Mar-2025	Unaudited 31-Mar-2024
Profit for the period (RO) ('000)	12,155	10,805
Less: Additional Tier 1 Coupon (RO) ('000)	<u>-</u>	<u>-</u>
Profit for the period attributable to equity holders of the Bank (RO) ('000)	12,155	10,805
Weighted average number of shares outstanding during the period	3,039,798,532	3,039,798,532
Earnings per share basic and diluted (RO)	0.0040	0.0036

Earnings per share (basic and diluted) have been derived by dividing the profit for the period attributable to equity holders of the bank after coupon on Tier I capital securities by the weighted average number of shares outstanding during the period. As there are no dilutive potential shares issued by Bank, the diluted earnings per share is identical to the basic earnings per share.

For the purpose of earning per share calculation, the Bank has restated the previous year weighted average number of shares outstanding, to include 1.45% bonus shares and bonus element (43,447,096 shares) in respect of bonus shares issued during the year.

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

18. Related parties' transactions

In the ordinary course of business, the Bank conducts certain transactions on mutually agreed terms with its Directors, shareholders and companies over which they are able to exert significant influence. The aggregate amounts of balances with such related parties are as follows:

	Unaudited 31-Mar- 2025 RO'000	Unaudited 31-Mar- 2024 RO'000	Audited 31-Dec- 2024 RO'000
Loans, advances and financing			
Shareholders holding 20% or more interest in the Bank and their related entities	109,106	57,019	111,844
Other related parties	52,688	77,052	86,883
	161,794	134,071	198,727
Deposits and other accounts			
Shareholders holding 20% or more interest in the Bank and their related entities	169,108	441,336	145,712
Other related parties	410,815	156,770	439,375
	579,923	598,106	585,087
Contingent liabilities and commitments			
Shareholders holding 20% or more interest in the Bank and their related entities	5,390	3,194	4,901
Other related parties	3,907	7,483	11,037
	9,297	10,677	15,938
Remuneration paid to Directors			
Chairman			
– remuneration paid	36	36	36
– sitting fees paid	1	1	7
Other Directors			
– remuneration paid	264	264	264
– sitting fees paid	17	15	69
	318	316	376
Other transactions			
Rental payment to related parties	403	371	564
Insurance	619	871	4,997
Other transactions	110	46	771
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	42	38	53

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

18. Related parties' transactions (continued)

The details of senior member borrowings as per the guidance available in regulatory requirements of Central Bank of Oman are set out as follows:

Senior members

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar- 2024 RO'000	Audited 31-Dec- 2024 RO'000
(a) Senior members			
Total exposure:			
Direct	161,795	138,512	198,727
Indirect	10,465	10,677	15,938
	<u>172,260</u>	<u>149,189</u>	<u>214,665</u>
Number of members	<u>41</u>	<u>41</u>	<u>41</u>

19. Contingent Liabilities and Commitment

Letters of credit, guarantees and other commitments provided by the Bank to the customers are as follows:

	Unaudited 31-Mar-2025 RO'000	Unaudited 31-Mar-2024 RO'000	Audited 31-Dec-2024 RO'000
Letters of credit	74,296	87,526	76,811
Guarantees and performance bonds	<u>650,210</u>	<u>552,258</u>	<u>641,617</u>
	<u>724,506</u>	<u>639,784</u>	<u>718,428</u>

At 31 March 2025, the Irrevocable unutilised limits towards the loans, advances and financing to customer amount to RO 962.54 million (31 March 2024: RO 616.03 and 31 December 2024: RO 630.43 million).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

20. Disaggregation of net fees and commission income

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 March 2025						
Fee Income						
Transactional services	4,825	153	15	4,993	350	5,343
Trade services	11	978	597	1,586	261	1,847
Syndication and other financing related services	365	2,320	193	2,878	320	3,198
Advisory and asset management services	-	-	-	-	60	60
	<u>5,201</u>	<u>3,451</u>	<u>805</u>	<u>9,457</u>	<u>991</u>	<u>10,448</u>
Fee Expense						
Transactional Services	(2,298)	(49)	(66)	(2,413)	(61)	(2,474)
Syndication and Other Financing related services	-	-	(143)	(143)	(74)	(217)
	<u>(2,298)</u>	<u>(49)</u>	<u>(209)</u>	<u>(2,556)</u>	<u>(135)</u>	<u>(2,691)</u>
Net fee and commission income	<u>2,903</u>	<u>3,402</u>	<u>596</u>	<u>6,901</u>	<u>856</u>	<u>7,757</u>

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 March 2024						
Fee Income						
Transactional services	3,230	171	118	3,519	265	3,784
Trade services	-	1,017	676	1,693	326	2,019
Syndication and other financing related services	172	1,827	252	2,251	273	2,524
Advisory and asset management services	-	-	-	-	74	74
	<u>3,402</u>	<u>3,015</u>	<u>1,046</u>	<u>7,463</u>	<u>938</u>	<u>8,401</u>
Fee Expense						
Transactional Services	(1,366)	(18)	(76)	(1,460)	(15)	(1,475)
Syndication and Other Financing related services	-	-	(203)	(203)	(87)	(290)
	<u>(1,366)</u>	<u>(18)</u>	<u>(279)</u>	<u>(1,663)</u>	<u>(102)</u>	<u>(1,765)</u>
Net fee and commission income	<u>2,036</u>	<u>2,997</u>	<u>767</u>	<u>5,800</u>	<u>836</u>	<u>6,636</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

20. Disaggregation of net fees and commission income (continued)

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
31 December 2024	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fee Income						
Transactional services	14,891	535	319	15,745	1,029	16,774
Trade services	14	4,484	2,524	7,022	752	7,774
Syndication and other financing related services	1,240	6,920	3,420	11,580	1,234	12,814
Advisory and asset management services	-	227	-	227	825	1,052
	<u>16,145</u>	<u>12,166</u>	<u>6,263</u>	<u>34,574</u>	<u>3,840</u>	<u>38,414</u>
Fee Expense						
Transactional Services	(8,025)	(93)	(282)	(8,400)	(81)	(8,481)
Syndication and Other Financing related services	-	-	(1,151)	(1,151)	(209)	(1,360)
Fee Expense	<u>(8,025)</u>	<u>(93)</u>	<u>(1,433)</u>	<u>(9,551)</u>	<u>(290)</u>	<u>(9,841)</u>
Net fee and commission income	<u>8,120</u>	<u>12,073</u>	<u>4,830</u>	<u>25,023</u>	<u>3,550</u>	<u>28,573</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

21. Risk Management

The interim disclosures prepared as per guidance available in regulatory requirements of the Central Bank of Oman are set out as follows:

(a) Credit Risk

Customer concentrations

	Assets			Liabilities		
	Gross loans and financing to banks	Gross Loans, advances and financing to customers	Gross Investment Securities	Deposits from customers	Due to banks	Contingent liabilities
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 March 2025						
Personal	-	1,571,997	-	934,380	-	258
Corporate	165,163	2,032,756	431,572	920,448	329,758	288,096
Government	-	660,270	223,235	2,309,645	-	436,152
	<u>165,163</u>	<u>4,265,023</u>	<u>654,807</u>	<u>4,164,473</u>	<u>329,758</u>	<u>724,506</u>
31 March 2024						
Personal	-	1,485,358	-	924,925	-	93
Corporate	363,131	1,882,806	89,739	900,249	408,420	639,617
Government	-	547,296	391,488	1,674,004	-	74
	<u>363,131</u>	<u>3,915,460</u>	<u>481,227</u>	<u>3,499,178</u>	<u>408,420</u>	<u>639,784</u>
31 December 2024						
Personal	-	1,550,440	-	995,105	-	239
Corporate	196,572	1,998,284	168,412	783,019	438,438	279,397
Government	-	565,907	480,313	1,984,737	-	438,792
	<u>196,572</u>	<u>4,114,631</u>	<u>648,725</u>	<u>3,762,861</u>	<u>438,438</u>	<u>718,428</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

21. Risk Management *(continued)*

(a) Credit Risk *(continued)*

Credit Quality Analysis:

The financial assets have been segregated into various portfolios like exposure to Banks, Sovereign, Wholesale Banking and Retail customers. Exposure to Retail customer includes personal loans, housing loans and credit cards. Exposure to Wholesale Banking customer includes exposure other than retail and bank exposure.

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

The following table provides the exposure to non-trading financial assets measured at amortized cost & FVOCI. Exposure to financial asset includes outstanding as at, 31 March 2025:

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
31 March 2025				
<i>Exposure</i>				
Banks and cash held with a custodian	492,793	249	-	493,042
Sovereigns	477,974	-	-	477,974
Wholesale banking	3,128,182	1,068,486	171,834	4,368,502
Retail banking	1,528,531	6,332	37,134	1,571,997
Investments	72,036	10,000	-	82,036
Total	5,699,516	1,085,067	208,968	6,993,551
Provision for expected credit losses	11,638	66,102	86,548	164,288
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
31 March 2024				
<i>Exposure</i>				
Banks and cash held with a custodian	492,432	201	-	492,633
Sovereigns	376,583	-	-	376,583
Wholesale banking	2,397,974	1,144,370	150,419	3,692,763
Retail banking	1,410,122	9,453	65,783	1,485,358
Investments	39,453	-	-	39,453
Total	4,716,564	1,154,024	216,202	6,086,790
Provision for expected credit losses	15,304	64,678	101,816	181,798
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
31 December 2024				
<i>Exposure</i>				
Banks and cash held with a custodian	347,118	-	-	347,118
Sovereigns	480,313	-	-	480,313
Wholesale banking	2,734,806	1,067,031	157,602	3,959,439
Retail banking	1,506,545	6,300	37,595	1,550,440
Investments	83,563	-	-	83,563
Total	5,152,345	1,073,331	195,197	6,420,873
Provision for expected credit losses	11,321	65,241	85,360	161,922

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025****22. Risk Management** *(continued)***(a) Credit Risk** *(continued)***Inputs, assumptions, and techniques used for estimating impairment****a. Significant increase in credit risk (SICR)**

The assessment of SICR since origination of a financial asset considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking information. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap.

For retail exposures, significant increase in credit risk is more objective and is estimated at account level. The assessment is done using days past due information as well change in the rating grade of the borrower. The process of identifying the significant increase in credit risk has been automated and based on the days past due or deterioration in the rating grade of the borrower significant increase in credit risk is assessed. For non-retail exposures, the Bank uses both quantitative and qualitative criteria. Under quantitative criteria, Bank uses the days past due parameter or change in the rating grade to assess significant increase in credit risk. Under qualitative criteria, Bank uses various criteria like change in value or quality of collateral, modification of terms including extension of moratorium, deferment of payment, waiver of covenants (restructure), frequent change in senior management, deferment / delay in commencement of commercial operations etc. to assess the significant increase in credit risk.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. Dynamic scenario weights are calculated in the ECL application, derived based on the distribution fitting to the historical default rate and the macroeconomic projection. External information considered includes economic data and forecasts published by monetary authorities. A comprehensive review is performed at least annually on the design of the scenarios by the Bank's senior management.

b. Liquidity Risk

The Central Bank of Oman has issued guidelines on the implementation of Basel III liquidity framework which are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR is a short time ratio designed to increase resilience against a liquidity shortage of up to 30 days. The Bank is in compliance of the regulatory limit of LCR as at, 31 March 2025, with LCR of 158.71% calculated on weighted average value for the period ended (31 March 2024: 112.82%) (31 December 2024: 157.54%).

The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to address liquidity mismatches and reduce funding risk over a one-year horizon. It is effective January 2018, with a minimum ratio of 100% as per the regulatory guidance. The Bank is meeting the regulatory limit of NSFR as at, 31 March 2025, with a NSFR of 107.45% calculated on weighted average value for the period ended (31 March 2024: 106.15%) (31 December 2024: 109.68%).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

21. Risk Management *(continued)*

b. Liquidity Risk *(continued)*

Maturity profile of assets and liabilities

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 March 2025						
Cash and balances with Central Bank of Oman	98,542	36,620	61,874	71,255	59,679	327,970
Loan and advances to customer	484,973	306,213	146,176	838,354	2,304,724	4,080,440
Loans and advances to banks	124,379	23,100	8,470	9,123	-	165,072
Investment Securities	22,889	180,243	38,387	337,142	75,439	654,100
Other assets	40,277	-	-	-	48,936	89,213
Total Assets Funded	771,060	546,176	254,907	1,255,874	2,488,778	5,316,795
Spot and Forward Purchases (notional value)	98,717	159,179	72,613	99,715	0	430,224
Total Assets Funded and Non Funded	869,777	705,355	327,520	1,355,589	2,488,778	5,747,019
Due to banks	216,910	30,415	-	82,433	-	329,758
Deposits from customers	580,016	595,611	1,006,521	1,094,606	887,719	4,164,473
Other liabilities	66,052	19,036	8,235	8,606	27,887	129,816
Total liabilities	862,978	645,062	1,014,756	1,185,645	915,606	4,624,047
Spot and Forward Purchases (notional value)	98,746	159,227	72,612	99,871	-	430,456
Loan commitments	385,016	577,525	-	-	-	962,541
Letter of credit	29,718	44,578	-	-	-	74,296
Guarantees and performance bonds	260,084	390,126	-	-	-	650,210
Total Liabilities Funded and Non Funded	1,636,542	1,816,518	1,087,368	1,285,516	915,606	6,741,550
Cumulative Liabilities	1,636,542	3,453,060	4,540,428	5,825,944	6,741,550	
Gap	766,765	1,111,163	759,848	(70,073)	(1,573,172)	
Cumulative Gap	766,765	1,877,928	2,637,776	2,567,703	994,531	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

21. Risk Management *(continued)*

b. Liquidity Risk *(continued)*

Maturity profile of assets and liabilities

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 March 2024						
Cash and balances with Central Bank of Oman	18,172	22,693	23,077	36,104	30,009	130,055
Loan and advances to customer	210,863	455,972	200,800	666,007	2,173,291	3,706,933
Loans and advances to banks	189,328	132,825	40,425	-	-	362,578
Investments securities	12,231	54,599	35,302	307,552	71,454	481,138
Other assets	20,104	-	-	-	51,913	72,017
Total Assets Funded	450,698	666,089	299,604	1,009,663	2,326,667	4,752,721
Spot and Forward Purchases (notional value)	243,777	93,382	28,524	17,506	-	383,189
Total Assets Funded and Non Funded	694,475	759,471	328,128	1,027,169	2,326,667	5,135,910
Due to banks	103,895	131,275	19,250	154,000	-	408,420
Deposits from customers	490,813	612,923	623,282	975,139	797,021	3,499,178
Other liabilities	93,715	20,847	10,060	9,329	24,962	158,913
Subordinated loans	-	-	-	-	-	-
Total liabilities	688,423	765,045	652,592	1,138,468	821,983	4,066,511
Spot and Forward Purchases (notional value)	243,779	93,504	28,574	17,543	-	383,400
Loan commitments	289,640	326,386	-	-	-	616,026
Letter of credit	87,526	-	-	-	-	87,526
Guarantees and performance bonds	552,258	-	-	-	-	552,258
Total Liabilities Funded and Non Funded	1,861,626	1,184,935	681,166	1,156,011	821,983	5,705,721
Cumulative Liabilities	1,861,626	3,046,561	3,727,727	4,883,738	5,705,721	
Gap	1,167,151	425,464	353,038	128,842	(1,504,684)	
Cumulative Gap	1,167,151	1,592,615	1,945,653	2,074,495	569,811	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

21. Risk Management *(continued)*

b. Liquidity Risk *(continued)*

Maturity profile of assets and liabilities

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 December 2024						
Cash and balances with Central Bank of Oman	96,030	21,389	18,097	36,361	25,297	197,174
Loan and advances to customer	492,126	294,435	137,996	818,908	2,190,150	3,933,615
Loans and advances to banks	140,140	28,875	22,747	4,810	-	196,572
Investments securities	38,896	153,217	63,435	321,837	71,340	648,725
Other assets	46,386	-	-	-	34,994	81,380
Total Assets Funded	813,578	497,916	242,275	1,181,916	2,321,781	5,057,466
Spot and Forward Purchases (notional value)	306,466	118,976	72,309	104,335	-	602,086
Total Assets Funded and Non-Funded	1,120,044	616,892	314,584	1,286,251	2,321,781	5,659,552
Future Interest cash inflows	21,055	99,369	89,553	470,304	413,860	1,094,141
Due to banks	223,971	91,630	-	122,837	-	438,438
Deposits from customers	348,808	771,787	638,361	1,187,587	816,318	3,762,861
Other liabilities	24,632	18,284	9,223	8,004	64,438	124,581
Total liabilities	597,411	881,701	647,584	1,318,428	880,756	4,325,880
Spot and Forward Purchases (notional value)	306,430	118,957	72,313	104,495	-	602,195
Loan commitments	252,174	378,260	-	-	-	630,434
Letter of credit	30,724	46,087	-	-	-	76,811
Guarantees and performance bonds	256,647	384,970	-	-	-	641,617
Total Liabilities Funded and Non-Funded	1,443,386	1,809,975	719,897	1,422,923	880,756	6,276,937
Future Interest cash outflows	10,402	65,812	73,445	175,191	259,465	584,315
Cumulative Liabilities Gap	1,443,386 (323,342)	3,253,361 (1,193,083)	3,973,258 (405,313)	5,396,181 (136,672)	6,276,937 1,441,025	
Cumulative Gap	(323,342)	(1,516,425)	(1,921,738)	(2,058,410)	(617,385)	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**
22. Capital risk management

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders within acceptable risk return framework. The Bank's overall strategy remains unchanged from prior year.

The capital base of the Bank consists of debt, which includes borrowings and equity attributable to shareholders of the Bank

Capital adequacy

The ratio of equity to risk weighted assets, as formulated by the Basel II and Basel III, for three- month period ended 31 March 2025 is 16.10% (31 March 2024 – 17.62%, 31 December 2024 – 16.51%).

Capital structure	Unaudited 31-Mar-25 RO'000	Unaudited 31-Mar-24 RO'000	Audited 31-Dec-24 RO'000
Common Equity Tier (CET) I/ TIER I CAPITAL			
Paid up capital	303,980	299,635	299,635
Legal reserve	76,192	71,831	76,192
Share premium	95,656	95,656	95,656
Special reserve	16,988	16,988	16,988
Stock Dividend	-	-	4,345
Retained earnings	61,693	57,424	61,693
CET I/Tier I Capital	554,509	541,534	554,509
Additional Tier I regulatory adjustments:			
Deferred tax assets	(449)	(6,209)	(364)
Negative investment revaluation reserve	(11,429)	(4,434)	(5,686)
Regulatory provision adjustment	(17,658)	-	(17,658)
Total CET 1 capital	524,973	530,891	530,801
Additional Tier I capital (AT1)	155,500	155,500	155,500
Total Tier 1 Capital (T1=CET1+AT1)	680,473	686,391	686,301
TIER II CAPITAL			
Investment revaluation reserve	1,577	926	1,608
General provision	11,638	21,290	17,429
Total Tier II capital	13,215	22,216	19,037
Total eligible capital	693,688	708,607	705,338
Risk weighted assets			
Banking book	3,859,305	3,730,574	3,830,473
Trading book	173,752	32,496	166,075
Operational risk	275,000	257,700	275,000
Total	4,308,057	4,020,770	4,271,548
Total Tier 1 Capital (T1=CET1+AT1)	680,473	686,391	686,301
Tier II capital	13,215	22,216	19,037
Total regulatory capital	693,688	708,607	705,338
Common Equity Tier 1 ratio	12.19%	13.20%	12.43%
Tier I capital ratio	15.80%	17.07%	16.07%
Total capital ratio	16.10%	17.62%	16.51%

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

23. Fair value information

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2025	Level 1	Level 2	Level 3	Total	Cost
	RO'000	RO'000	RO'000	RO'000	RO'000
<i>Financial asset</i>					
Investments at FVOCI	204,980	10,907	12,412	228,299	231,302
Investments at FVTPL	3,944	-	782	4,726	4,914
<i>Derivative financial instruments</i>					
Cash flow hedge	-	164	-	164	-
Commodities Purchase Contracts	-	265	-	265	-
IRS customer	-	1,623	-	1,623	-
Forward purchase contracts	-	-	-	-	-
Forward sales contracts	-	716	-	716	-
Total assets	208,924	13,675	13,194	235,793	236,216
31 March 2024	Level 1	Level 2	Level 3	Total	Cost
	RO'000	RO'000	RO'000	RO'000	RO'000
<i>Financial assets</i>					
Investments at FVOCI	597	708	176,875	178,180	177,954
Investments at FVTPL	-	745	745	1,490	1,008
<i>Derivative financial instruments</i>					
Forward foreign exchange contracts	-	450	-	450	-
IRS customer	-	4,073	-	4,073	-
Total assets	597	5,976	177,620	184,193	178,962

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

24. Fair value information (continued)

At 31 December 2024	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
Financial assets					
Investments at FVOCI	192,347	10,716	23,243	226,306	228,062
Investments at FVTPL	1,602	-	768	2,370	2,589
<i>Derivative financial instruments</i>					
Cash flow hedge	-	759	-	759	-
Commodities purchase contracts	-	305	-	305	-
Forward foreign exchange contracts	-	1,112	-	1,112	-
IRS customer	-	3,919	-	3,919	-
Total	<u>193,949</u>	<u>16,811</u>	<u>24,011</u>	<u>234,771</u>	<u>230,651</u>
Financial liabilities					
<i>Derivative financial instruments</i>					
Commodities sale contracts	-	228	-	228	-
Forward foreign exchange contracts	-	322	-	322	-
Interest rate swaps	-	3,919	-	3,919	-
Total	<u>-</u>	<u>4,469</u>	<u>-</u>	<u>4,469</u>	<u>-</u>

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index process and expected price volatilities and correlations.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

31 March 2025	Positive Fair Value	Negative Fair Value	Notional Amount Total	RO'000 Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
Derivatives:						
Cash flow hedge	164	-	76,018	-	-	76,018
Commodities purchase contracts	265	-	7,217	3,889	3,328	-
Commodities Sale contracts	-	220	7,172	3,865	3,307	-
Interest rate swaps	-	1,623	134,551	-	-	134,551
IRS customer	1,623	28	134,551	-	-	134,551
Forward purchase contracts	-	-	799,961	234,976	299,809	265,176
Forward sales contracts	716	-	798,904	234,709	299,160	265,035
Total	<u>2,768</u>	<u>1,871</u>	<u>1,958,374</u>	<u>477,439</u>	<u>605,604</u>	<u>875,331</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

24. Fair value information (continued)

31 March 2024	Positive Fair Value	Negative Fair Value	Notional Amount Total	RO'000		
				Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
Derivatives:						
Interest rate swaps	-	4,073	51,375	-	-	51,375
IRS customer	4,073	-	51,375	-	-	51,375
Forward purchase contracts	-	135	383,189	310,625	55,058	17,506
Forward sales contracts	450	-	383,400	310,712	55,145	17,543
Total	4,523	4,208	869,339	621,337	110,203	137,799

31 December 2024	Positive fair value	Negative Fair Value	Notional amount total	RO 000's		
				Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
Derivatives:						
Cash flow hedge	759	-	153,018	-	-	153,018
Commodities purchase contracts	305	-	15,788	8,657	7,131	-
Commodities sale contracts	-	228	15,711	8,625	7,086	-
Interest rate swaps	-	3,919	94,129	-	-	94,129
IRS with customer	3,919	-	94,129	-	-	94,129
Forward purchase contracts	-	322	1,028,567	458,167	290,743	279,657
Forward sales contracts	1,112	-	1,027,522	457,918	290,126	279,478
Total	6,095	4,469	2,428,864	933,367	595,086	900,411

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025****25 . Segmental information**

The Bank is organised into four main business segments:

- 1) Retail banking – incorporating, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- 2) Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products;
- 3) Treasury and investments;
- 4) Islamic Banking

Other operations comprise investment management and institutional finance neither of which constitutes a separately reportable segment which are included in “Treasury and investments” segment. Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income or expense between the business segments. Segment total revenue presented in the table below is the total Interest income, income from Islamic financing/investments, net fees and commission income and other operating income.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position. The profit for the period also includes inter segment revenues

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank as below:

31 March 2025	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	8,476	14,178	1,296	-	(89)	23,861
Net income from Islamic financing	-	-	-	5,145	89	5,234
Other revenues	3,048	3,305	4,221	1,456	-	12,030
Segment operating revenues	11,524	17,483	5,517	6,601	-	41,125
Operating expenses including depreciation	(9,998)	(5,461)	(1,507)	(3,456)	-	(20,422)
Net Impairment losses on financial assets	361	(5,053)	(134)	(1,577)	-	(6,403)
Profit from operations after provision	1,887	6,969	3,876	1,568	-	14,300
Tax expenses	(283)	(1,046)	(581)	(235)	-	(2,145)
Profit for the period	1,604	5,923	3,295	1,333	-	12,155
Segment assets	1,473,163	2,435,927	718,001	997,510	(87,493)	5,537,108
Less: Impairment allowance	(31,323)	(130,278)	(178)	(24,147)	-	(185,926)
Total segment assets	1,441,840	2,305,649	717,823	973,363	(87,493)	5,351,182
Segment Liabilities	877,850	2,569,461	401,956	856,810	(87,493)	4,618,584
Add: Impairment allowance	1,907	2,828	396	332	-	5,463
Total segment Liabilities	879,757	2,572,289	402,352	857,142	(87,493)	4,624,047

Segmental profit for the current period considers the impact of Fund Transfer Pricing (FTP).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank as below:

31 March 2024	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	8,191	15,376	1,048	-	-	24,615
Net income from Islamic financing	-	-	-	4,170	-	4,170
Other revenues	2,562	2,843	2,644	1,410	-	9,459
Segment operating revenues	10,753	18,219	3,692	5,580	-	38,244
Operating expenses including depreciation	(9,074)	(5,272)	(1,141)	(2,990)	-	(18,477)
Net Impairment losses on financial assets	25	(6,363)	(128)	(825)	-	(7,291)
Profit from operations after provision	1,704	6,584	2,423	1,765	-	12,476
Tax expenses	(224)	(864)	(318)	(265)	-	(1,671)
Profit for the period	1,480	5,720	2,105	1,500	-	10,805
Segment assets	1,325,428	2,090,673	868,646	850,567	(141,395)	4,993,919
Less: Impairment allowance	(60,821)	(127,443)	(632)	(20,294)	-	(209,190)
Total segment assets	1,264,607	1,963,230	868,014	830,273	(141,395)	4,784,729
Segment Liabilities	772,818	2,253,245	450,018	722,569	(141,395)	4,057,255
Add: Impairment allowance	2	8,150	781	323	-	9,256
Total segment Liabilities	772,820	2,261,395	450,799	722,892	(141,395)	4,066,511

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank is as below:

31 December 2024	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	32,882	59,424	4,726	-	(977)	96,055
Net income from Islamic financing	-	-	-	17,137	977	18,114
Other revenues	9,537	11,084	12,906	5,146	-	38,673
Segment operating revenues	42,419	70,508	17,632	22,283	-	152,842
Operating expenses including depreciation	(37,756)	(24,148)	(5,167)	(11,780)	-	(78,851)
Net Impairment losses on financial assets	(223)	(21,452)	380	(2,509)	-	(23,804)
Profit from operations after provision	4,440	24,908	12,845	7,994	-	50,187
Tax expenses	(566)	(3,176)	(1,637)	(1,199)	-	(6,578)
Profit for the period	3,874	21,732	11,208	6,795	-	43,609
Segment assets	1,401,782	2,250,378	782,445	922,713	(90,481)	5,266,837
Less: Impairment allowance	(32,065)	(126,590)	(179)	(22,956)	-	(181,790)
Total segment assets	1,369,717	2,123,788	782,266	899,757	(90,481)	5,085,047
Segment Liabilities	833,932	2,347,492	464,134	784,196	(90,481)	4,339,273
Add: Impairment allowance	1	5,021	-	321	-	5,343
Total segment Liabilities	833,933	2,352,513	464,134	784,517	(90,481)	4,344,616