

## BOARD OF DIRECTORS REPORT

On behalf of the Board of Directors of Bahrain Islamic Bank (BisB), I am pleased to present the Annual Financial and Sustainability Report for the year ended 31 December 2025. This year, the Bank delivered its soundest, most remarkable financial performance to date. This exceptional performance was apparent to its financial strength resilience and execution, despite a challenging macroeconomic environment characterized by funding volatility, margin pressure and continued global uncertainty. The performance was driven by disciplined balance sheet management, improved asset quality, effective execution of strategic initiatives, and deliberate emphasis on enhancing the Bank's customer experience initiatives, service quality and value proposition, which together delivered sustainable financial outcome.

The Board remains confident with the Bank's sound financial position and its ability to navigate ongoing uncertainties while continuing to deliver sustainable value to shareholders.

During the year 2025, the Bank recorded an outstanding net profit of BD 18.5 million, compared to BD 5.1 million for the year ended 31 December 2024. This performance was underpinned by the successful execution of the sale of one of the largest real estate investments, undertaken as part of our broader balance sheet optimization strategy to enhance capital efficiency and unlock value for shareholders.

More importantly, the Bank's strong financial performance was primarily driven by sustainable improvement in core profitability, supported by solid underlying operating momentum and growth in reoccurring revenue streams.

The Bank continued to grow its assets selectively while maintaining discipline in risk management. Total assets increased by 17%, from BD 1,542 million as of 31 December 2024 to BD 1,804 million as of 31 December 2025, while customer deposits grew by 13%, from BD 1,039 million as of 31 December 2024 to BD 1,174 million as of 31 December 2025, driven primarily by a healthy growth in low-cost deposits. Islamic financing remained stable at BD 1 billion as of 31 December 2025, reflecting our continued focus on high-quality asset and risk-adjusted returns rather than volume-led growth.

The Bank further strengthened its capital and liquidity positions, evidenced by a boosted Capital Adequacy Ratio from 20.4% as of 31 December 2024 to 24.9% as of 31 December 2025, as well as materially improved liquidity metrics remaining comfortably above regulatory requirements, reinforcing balance sheet resilience and funding stability.

### Macroeconomic Environment and Risk Oversight

Throughout the year, BisB closely monitored an evolving macroeconomic environment characterized by yield curve inversion, sustained elevated profit rates, intensified sector competition, and evolved regulatory requirements. In response, the Bank continued to improve the structure of the balance sheet, by diversifying the source of funding, and changing the composition of the liabilities. These actions reflect a disciplined approach to risk management and reinforce the Bank's ability to navigate market volatility while preserving long-term financial stability.

### Operational Performance and Business Segments

Operational efficiency also improved significantly, with the cost-to-income ratio declining from 70% for the year ended 31 December 2024 to 51% for the year ended 31 December 2025. This improvement reflects enhanced income quality, cost optimization, digitalization initiatives, transformation and effective group-level synergies.



+973 17 515 151



+973 17 535 808

Bahrain Islamic Bank (BisB)



bisb.com

Performance during the year was supported by positive contributions across all core business segments. Retail Banking delivered solid growth through an expanded product offering, improved customer experience and entry into new customer segments and markets, resulting in improved portfolio quality. Corporate Banking remained aligned with strategy, prioritizing high quality exposures and selective financing to well rated counterparties. Treasury performance was robust, supported by proactive liquidity management, interbank placement optimization, improved sukuk portfolio performance, and higher foreign exchange income.

### Strategic Progress and Sustainability

Being the second year of the Future Forward Strategy, 2025 marked a key phase of execution and consolidation. The Bank made solid progress in strengthening balance sheet resilience, improving profitability and operational efficiency, advancing digital transformation, and reinforcing customer-centricity. These initiatives have enhanced the Bank's ability to operate effectively in a dynamic environment while laying the foundations for sustainable long-term growth.

Sustainability and responsible banking continued to be embedded within the Bank's strategy and operating model. During the year, progress was achieved through an updated materiality assessment, the development of a three-year sustainability roadmap, strengthened governance arrangements, the formulation of a decarbonization plan, and the launch of the sustainable finance framework. These initiatives support long-term value creation aligned with national priorities and the best global practices.

### Contribution to Bahrain Economic Vision 2030

As the first and national Islamic financial institution of Bahrain, BisB remains committed to supporting Bahrain Economic Vision 2030. Through Shari'a compliant financing, support for government-related initiatives, digital transformation, SME development, talent development, education, and sustainable finance, the Bank continues to contribute to economic diversification, financial stability, innovation, and social development.

### Governance and Outlook

Strong governance remains central to the Board's oversight. During the year, governance frameworks were refreshed, oversight processes strengthened, and accountability further enhanced, supported by the continued guidance of the Shari'a Supervisory Board to ensure full compliance with Shari'a principles.

### Acknowledgements

On behalf of the shareholders, the Board of Directors expresses its sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, for their wise leadership and continued support of the Kingdom's Islamic banking sector.

The Board also thanks the Central Bank of Bahrain, the Ministry of Industry and Commerce, the external auditor and other relevant authorities for their guidance and support.

The Board extends its appreciation to the Shari'a Supervisory Board, shareholders, customers, executive management, and employees for their commitment and professionalism, which were instrumental in delivering the Bank's strong performance during the year.



+973 17 515 151



+973 17 535 808

Bahrain Islamic Bank (BisB)



bisb.com

As part of the Bank's obligation to maintain utmost transparency with our valued shareholders, we are pleased to attach the table below that shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31<sup>st</sup> December 2025.

**First: Board of directors' remuneration details:**

Name	Fixed remunerations		Variable remunerations		Agregate amount (Does not include expense allowance)	Expenses (Does not include expense allowance)
	Salaries	Others***	Total	Incentive plans	Bonus	Others***
<b>First: Independent Directors:</b>						
1. Mohamed Abdulrahman Bucheeri <i>*Appointed on 24 March 2025</i>	20,903	8,000	-	749	29,652	-
2. Khalid Abdulaziz Al Jassim	27,055	22,000	-	60	49,115	-
3. Marwan Khaled Tabbara	27,055	19,000	-	-	46,055	-
4. Naser Mohamed Al Hamad <i>*Appointed on 24 March 2025</i>	20,903	15,099	-	-	36,002	-
5. Saqer AbdulMohsen Al Sijari <i>*Resigned on 24 March 2025</i>	6,152	3,306	-	968	10,426	-
<b>Second: Non-Executive Directors:</b>						
1. Zaid Khalid Abdulrahman	40,583	9,000	-	45	49,628	-
2. Mohamed Abdulla Nooruddin	27,055	15,000	-	-	42,055	-

Name	Fixed remunerations		Variable remunerations		End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses (Does not include expense allowance)	Allowance
	Remunerations of the chairman and BOD*	Total	Salaries	Others**				
1. Usman Ahmed	27,055**	14,000	-	-	41,055	-	-	41,055
2. Ali Ehsan Abbas	27,055**	15,000	-	-	42,055	-	-	42,055
3. Rana AbdulAziz Qambar	27,055**	14,000	-	-	41,055	-	-	41,055
4. Mohsin Rahim <i>*Resigned on 24 March 2025</i>	6,152**	2,000	-	-	8,152	-	-	8,152
5. Hisham Saeed Al Kurdi <i>*Resigned on 17 August 2025</i>	16,975**	6,000	-	-	22,975	-	-	22,975
<b>Total</b>	<b>273,998</b>	<b>142,405</b>	<b>-</b>	<b>1,822</b>	<b>418,225</b>	<b>-</b>	<b>-</b>	<b>418,225</b>

Note: All amounts stated in Bahraini Dinars.

\*Subject to AGM and regulatory approval.

\*\*Remuneration is paid to the entity (shareholder) represented by these board members.

Other remunerations:

\*\*\* It includes in-kind benefits – specific amount – remuneration for technical, administrative and advisory works (if any).

\*\*\*\* It includes the board member's share of the profits - Granted shares (insert the value) (if any).



## بنك البحرين الإسلامي

صندوق بريد 5240، المنامة  
مملكة البحرين  
PO Box 5240, Manama  
Kingdom of Bahrain  
Swift Code: BIBBBHBM رمز السويفت:

### Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including CEO * and Senior Financial Officer **	1,141,533	330,514	-	1,472,047

**Note: All amounts must be stated in Bahraini Dinars.**

\* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director,...etc). This includes the outgoing and incoming CEOs.

\*\* The company's highest financial officer (CFO, Finance Director, ...etc)

**Zaid Khalid Abdulrahman**  
Chairman