

## IMPORTANT NOTICE

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached base offering circular following this notice, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base offering circular (the “**Base Offering Circular**”). In accessing the Base Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time-to-time, each time you receive any information from the Issuer, the Arrangers or the Dealers (each, as defined in the Base Offering Circular) as a result of such access.

**Confirmation of Your Representation:** By accessing the Base Offering Circular you have confirmed to the Issuer, the Arrangers and the Dealers that (i) you understand and agree to the terms set out herein, (ii) you are either (a) a person who is outside the United States and that the electronic mail address you have given is not located in the United States, its territories and possessions, or (b) a person that is a “Qualified Institutional Buyer” (a “**QIB**”) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the Base Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Arrangers and the Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Notes.

You are reminded that the Base Offering Circular has been delivered to you on the basis that you are a person into whose possession the Base Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Offering Circular, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

**Restrictions:** THE FOLLOWING ELECTRONIC TRANSMISSION MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND TO QIBS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS DOCUMENT CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES DESCRIBED THEREIN.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH REGULATION S OR RULE 144A.

The Base Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and an Arranger or Dealer or any affiliate of the applicable Arranger or applicable Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The Base Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers or the Dealers, any person who controls any of the Issuer, the Arrangers or the Dealers, any director, officer, employee or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Arrangers or the Dealers. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# BASE OFFERING CIRCULAR



## THE KINGDOM OF BAHRAIN *acting through the Ministry of Finance and National Economy* Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the “**Programme**”), The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy (the “**Issuer**”) may, subject to compliance with all applicable laws, regulations and directives, from time-to-time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively “**Bearer Notes**” and “**Registered Notes**”). The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time-to-time by the Issuer (each, a “**Dealer**”, and together, the “**Dealers**”), which appointment may be for a specific Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes or on an ongoing basis. References in this Base Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

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**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.**

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Application may be made to the United Kingdom (“**UK**”) Financial Conduct Authority (the “**FCA**”) for Notes issued under the Programme to be admitted to the official list of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s main market. For the purposes of any such application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) № 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (as amended, the “**UK Prospectus Regulation**”). Accordingly, this Base Offering Circular has not been reviewed or approved by the FCA and has not been approved as a base prospectus by any other competent authority under the UK Prospectus Regulation. Notes admitted to the Official List and admitted to trading on the London Stock Exchange’s main market will not be subject to the prospectus requirements but will be issued in accordance with the listing rules of the London Stock Exchange.

References in this Base Offering Circular to the Notes being “**listed**” (and all related references) shall mean that, unless otherwise specified in the applicable Pricing Supplement (as defined below), the Notes have been admitted to trading on the London Stock Exchange’s main market and have been admitted to the Official List. The London Stock Exchange’s main market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) № 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in a pricing supplement document (the “**Pricing Supplement**”).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or any U.S. state securities laws and may not be offered or sold in the United States unless an exemption from the registration requirements of the Securities Act is available and such offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See “*Form of the Notes*” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, and sales of such Registered Notes may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, €STR, SOFR or SONIA as specified in the applicable Pricing Supplement. As at the date of this Base Offering Circular, the administrator of EURIBOR is included in the FCA’s register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”). As at the date of this Base Offering Circular, the administrators of €STR, SOFR and SONIA are not included in the FCA’s register of administrators under the UK Benchmarks Regulation. As far as the Issuer is aware, €STR, SOFR and SOFR do not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of that regulation.

The Issuer has been assigned a long-term foreign currency rating of B+ (negative outlook) by S&P Global Ratings Europe Limited (“**Standard & Poor’s**”) and a long-term foreign currency and local currency rating of B+ (negative outlook) by Fitch Ratings Ltd. (“**Fitch**”). Standard & Poor’s is established in the European Union (the “**EU**”), included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with Regulation (EC) № 1060/2009 (as amended) (the “**CRA Regulation**”) and registered under the CRA Regulation. The rating issued by Standard & Poor’s has been endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the United Kingdom and is registered in accordance with Regulation (EC) № 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Fitch is established in the United Kingdom and is registered in accordance with the UK CRA Regulation. Fitch is not established in the EU and has not applied for registration under the CRA Regulation. The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the EU and is registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

### Arrangers

Citigroup  
HSBC

First Abu Dhabi Bank  
J.P. Morgan

National Bank of Bahrain

### Dealers

Citigroup  
HSBC

First Abu Dhabi Bank  
J.P. Morgan

National Bank of Bahrain

The date of this Base Offering Circular is 29 April 2025.

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Offering Circular and the applicable Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Offering Circular is in accordance with the facts and this Base Offering Circular makes no omission likely to affect its import.

This Base Offering Circular includes a map of Bahrain, statistical data and macroeconomic information regarding Bahrain for the periods indicated (comprising information on unemployment levels, the national income, the real Gross Domestic Product (“**GDP**”), the consumer price index (“**CPI**”) and inflation, price levels, average monthly wage rates, foreign direct investment levels, the balance of payments, the crude oil and oil refining industries, the banking industry, foreign reserves, the budget, domestic liquidity, Bahrain Bourse (“**BHB**”) (the “**Bahrain Bourse**”) transactions and the equity holdings of the Government of Bahrain (the “**Government**”) in local and foreign companies) and information regarding clearing and settlement of the Notes under the following headings: “*Overview of The Kingdom of Bahrain*”, “*Economy of The Kingdom of Bahrain*”, “*Balance of Payments and Foreign Trade*”, “*Monetary and Financial System*”, “*Public Finance*”, “*Indebtedness*” and “*Book-Entry Clearance System*”. This information has been extracted from information provided by:

- (i) the International Monetary Fund (the “**IMF**”) (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*” and “*Monetary and Financial System*”);
- (ii) the World Bank Group (the “**World Bank**”) (in the case of certain information included under the heading “*Risk Factors*”);
- (iii) the Ministry of Finance and National Economy (the “**MOFNE**”) (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*”, “*Public Finance*” and “*Indebtedness*”);
- (iv) the Information eGovernment Authority (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*” and “*Balance of Payments and Foreign Trade*”);
- (v) the Central Bank of Bahrain (the “**CBB**”) (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*”, “*Balance of Payments and Foreign Trade*” and “*Monetary and Financial System*”);
- (vi) the General Organization for Social Insurance and Civil Service Bureau (in the case of certain information included under the heading “*Economy of The Kingdom of Bahrain*”);
- (vii) the National Oil and Gas Authority (“**NOGA**”) (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*”, “*Balance of Payments and Foreign Trade*” and “*Public Finance*”);
- (viii) the Bahrain Bourse (in the case of certain information included under the heading “*Monetary and Financial System*”);
- (ix) the Ministry of Industry and Commerce (in case of certain information included under the heading “*Economy of The Kingdom of Bahrain*”);
- (x) the Nationality, Passports and Residences Affairs (in case of certain information included under the heading “*Economy of The Kingdom of Bahrain*”);
- (xi) Bahrain Mumtalakat Holding Co. B.S.C.(c) (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*” and “*Public Finance*”);
- (xii) Bapco Energies B.S.C.(c) (in the case of certain information included under the headings “*Economy of The Kingdom of Bahrain*” and “*Public Finance*”);
- (xiii) the Telecommunications Regulatory Authority (in the case of certain information included under the heading “*Economy of The Kingdom of Bahrain*”);
- (xiv) the Survey & Land Registration Bureau (in the case of certain information included under the heading “*Overview of The Kingdom of Bahrain*”); and

- (xv) DTC, Euroclear and Clearstream, Luxembourg (in the case of certain information included under the heading “*Book-Entry Clearance System*”).

The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by each of the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Arrangers, the Agents and the Dealers and their respective affiliates have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Agents or the Arrangers or their respective affiliates as to the accuracy or completeness of the information contained in this Base Offering Circular or any other information provided by the Issuer in connection with the Programme nor any responsibility for any acts or omissions of the Issuer or any other person in connection with this Base Offering Circular or the issue and offering of Notes under the Programme. None of the Dealers, the Agents or the Arrangers or any of their respective affiliates accepts any liability in relation to the information contained in this Base Offering Circular or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers, the Agents or the Arrangers.

Neither this Base Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers, the Agents or the Arrangers or any of their affiliates that any recipient of this Base Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers, the Agents or the Arrangers or any of their affiliates to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. Without limitation, the Dealers, the Agents and the Arrangers expressly do not undertake to review the economic condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

**MiFID II product governance / target market** – The Pricing Supplement in respect of any Notes will include a legend entitled “MiFID II product governance”, which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR product governance / target market** – The Pricing Supplement in respect of any Notes will include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither

the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

This Base Offering Circular has been prepared on the basis that any Notes with a minimum denomination of less than €100,000 (or equivalent in another currency) will only be offered to the public pursuant to an exemption under section 86 of the Financial Services and Markets Act 2000 (the “FSMA”), in the case of Notes offered in the UK or Article 1(4) of Regulation (EU) № 2017/1129 (the “Prospectus Regulation”), in the case of Notes offered in the European Economic Area (the “EEA”).

## **NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME-TO-TIME (THE “SFA”)**

Unless otherwise stated in the applicable Pricing Supplement all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY**

This Base Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers, the Arrangers and their respective affiliates do not represent that this Base Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers, the Arrangers or any of their respective affiliates, which is intended to permit a public offering of any Notes or distribution of this Base Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Offering Circular and the offer or sale of Notes in the United States, the EEA, the United Kingdom, the Kingdom of Bahrain (“**Bahrain**”), the United Arab Emirates (the “**UAE**”) (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre), the Abu Dhabi Global Market, the Dubai International Financial Centre, the Kingdom of Saudi Arabia (“**Saudi Arabia**”), the State of Kuwait, Japan and Singapore. See “*Subscription and Sale and Transfer and Selling Restrictions*”.

None of the Dealers, Arrangers, any Agents, any of their respective affiliates or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of any Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Offering Circular. Any consents or approvals that are needed in order to purchase any Notes must be obtained prior to the deadline specified for any such consent or approval. The Issuer, the Arrangers, the Dealers, the Agents and their respective affiliates are not responsible for compliance with these legal requirements. The appropriate characterisation of the Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase any Notes, is subject to significant interpretative uncertainties.

## **U.S. INFORMATION**

**This Base Offering Circular is being submitted on a confidential basis in the United States to QIBs (as defined under “*Form of the Notes*”) for informational use, solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. This Base Offering Circular may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.**

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on, and in accordance with, Rule 144A under the Securities Act (“Rule 144A”) or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together, “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

**NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

Bahrain is a foreign sovereign state outside the United States and the United Kingdom, and a substantial portion of the assets of the Issuer are located outside the United States and the United Kingdom. As a result, it may not be possible for investors to effect service of process within the United States and/or the United Kingdom upon the Issuer or to enforce against it in the United States courts or courts located in the United Kingdom judgments obtained in United States courts or courts located in the United Kingdom, respectively, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

A substantial part of the Issuer’s assets are located in Bahrain. If the choice of law by the parties in relation to any applicable agreement relating to the transaction is English law, the courts of Bahrain are likely to apply English law as the governing law of the transaction at the request of a party, provided that (a) the relevant provisions of English law are proved, as a matter of evidence, by the parties relying on it; and (b) such provisions are not contrary to Bahraini public order or morality.

The Issuer, to the extent permitted by law and subject as set out below, has irrevocably and unconditionally waived and agreed not to raise with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and to the extent permitted by law, irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property or assets whatsoever of any order or judgment made or given in connection with any proceedings. The Issuer’s waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Notes, and under no circumstances shall such waiver be interpreted as a general waiver by the Issuer or a waiver of immunity in respect of: (a) property used by a diplomatic or consular mission of the Issuer; (b) property of a military character and under the control of a military authority or defence agency of the Issuer; or (c) public or state-owned property located in Bahrain.

Investors should be aware that, pursuant to Article 15(1) of the Execution Law in Civil and Commercial Matters promulgated by Legislative Decree № 22 of 2021, state property may not be attached nor may execution be carried out against it, and in related proceeding brought in the courts of Bahrain to enforce or seek recognition of a judgment or award obtained outside of Bahrain, the waiver of immunity would not be given effect to the extent that it violates Article 15(1). See “*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme—Risks relating to enforcement—Waiver of sovereign immunity*”.

The Issuer has agreed that any dispute in relation to the Notes may be referred to, and finally resolved by, arbitration in London, England under the Arbitration Rules of the London Court of International Arbitration (the “**Rules**”). However, before the arbitration tribunal has been constituted in respect of a claim asserted or brought by or against Noteholder(s), such Noteholder(s) may, by notice in writing to the Issuer, require that the dispute be referred to the courts of England, which shall have exclusive jurisdiction to settle any such dispute. In these circumstances, each party has agreed to submit to the exclusive jurisdiction of the courts of England. Notwithstanding that a judgment may be obtained in an English court, there is no assurance that the Issuer has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced.

Bahrain has ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and the party seeking to enforce the arbitration award must supply the duly authenticated original or a duly certified copy of the award and the original or a duly certified copy of the arbitration agreement. Enforcement of an arbitration award may be refused at the request of the party against whom it is invoked, if that party furnishes to the competent authority, where the recognition and enforcement is sought, proof that:

- (i) the party to the agreement was, under the law applicable to it, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected to or failing any indication thereon under the laws of Bahrain;
- (ii) the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case;
- (iii) the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration or it contains decisions on matters beyond the scope of the submission to arbitration. Provided that the decision on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside;
- (iv) the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the laws of the country where the arbitration took place; or
- (v) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the laws of which, that award was made.

Recognition and enforcement of an arbitral award may also be refused if the competent authority in Bahrain finds that the subject matter of the dispute is not capable of settlement by arbitration under the laws of Bahrain or the recognition or enforcement of the award would be contrary to the public policy of Bahrain.

There is limited reciprocity between Bahrain and other countries in relation to the recognition and enforcement of judgments. The courts of Bahrain may enforce a foreign law judgment without re-examining the merits of the claim, provided that:

- (i) such court enforces judgments and orders rendered in Bahrain;
- (ii) the courts of Bahrain did not have jurisdiction in the matter in respect of which the order or judgment has been made and it was made by a foreign court of competent jurisdiction under the jurisdiction rules or laws applied by such court;
- (iii) the parties had been served with due notice to attend and had been properly represented;
- (iv) the judgment was final in accordance with the law of the court making it; and
- (v) the judgment did not conflict with any previous decision of the courts of Bahrain and did not involve any conflict with public order or morality in Bahrain.

To date, there has been no reciprocity between England and Bahrain and the United States and Bahrain in relation to the recognition and enforcement of judgments. In order to enforce an English court judgment or a United States court judgment in the courts of Bahrain, a fresh case must be filed in the courts of Bahrain, which may accept the English court judgment or the United States court judgment as evidence of a debt.

Judicial precedents in Bahrain generally do not have binding effect on subsequent decisions except for decisions of the Constitutional Court. Although decisions rendered by the Court of Cassation do not have binding effect on lower courts, the present practice is for the lower courts to adhere to the precedents and principles laid down by the Court of Cassation. There is no formal system of reporting court decisions in Bahrain except for those decisions of the Court of Cassation and the Constitutional Court.

In addition, subject to the provisions of Legislative Decree № 27 of 2021 amending the Judicial Authority Law issued by virtue of Legislative Decree № 42 of 2002 and Ministerial Order № 28 of 2023, no document will be admitted in evidence in the courts of Bahrain unless it is submitted in Arabic or accompanied by a duly authenticated Arabic translation approved by the official translator of the courts of Bahrain, which will be the official text.

See “*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme—Risks relating to enforcement—Enforcement risk*”.



## NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

This Base Offering Circular does not constitute an offer of securities in Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law № 64 of 2006, as amended from time-to-time). This Base Offering Circular and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Notes, whether directly or indirectly, to persons in Bahrain, other than as marketing to “accredited investors”, as such term is defined by the Central Bank of Bahrain Rulebook, Volume 6, for an offer outside Bahrain.

A copy of this Base Offering Circular has been filed with the CBB. The CBB has not reviewed, approved or registered this Base Offering Circular or related offering documents and it has not in any way considered the merits of the Notes to be marketed for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Offering Circular. No offer of Notes will be made to the public in Bahrain and this Base Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

The offering of Notes issued under the Programme will comply with Legislative Decree № (4) of 2001 with respect to the Prevention and Prohibition of the Laundering of Money, as amended from time-to-time, and the Ministerial Orders issued thereunder, including, but not limited to, Ministerial order № (7) of 2001 with respect to Institution’s Obligations Concerning the Prohibition and Combating of Money Laundering and Anti-Money Laundering and Combating of Financial Crime Module contained in the Central Bank of Bahrain Rulebook, Volume 6.

## NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Saudi Arabian Capital Market Authority (the “**Capital Market Authority**”).

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

## NOTICE TO RESIDENTS OF CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Circular or any applicable Pricing Supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), so long as a concurrent distribution of the Notes is made to investors in the United States, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering. In the event the Notes are distributed to investors in Canada without a concurrent distribution of the Notes to investors in the United States, the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest may apply.

## THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Offering Circular or any supplement thereto;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Offering Circular may be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Overview of The Kingdom of Bahrain*", "*Economy of The Kingdom of Bahrain*", "*Balance of Payments and Foreign Trade*", "*Monetary and Financial System*", "*Public Finance*" and "*Indebtedness*" and other sections of this Base Offering Circular. The Issuer has based these forward looking statements on its current view with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as at the date of this Base Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Offering Circular, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, events relating to the Issuer and the Issuer's actual results may be materially different from those expected, estimated or predicted.

The risks and uncertainties referred to above include, but are not limited to, the following:

External factors, such as:

- the impact of the COVID-19 pandemic on national, regional and global economies;
- the impact of changes in the international prices of commodities, including in particular the prices of crude oil, natural gas and aluminium;
- global and regional conflicts, including recent developments involving the Islamic Republic of Iran;
- terrorism;
- interest rates in financial markets outside Bahrain;
- present and future exchange rates and the ability to maintain the peg of the Bahraini Dinar to the U.S. Dollar;

- investors' perceptions of Bahrain;
- the impact of changes in the credit ratings and outlooks of Bahrain; and
- economic conditions in Bahrain's major export markets.

Internal factors, such as:

- the volumes of crude oil, natural gas and aluminium produced and exported from Bahrain;
- the impact of fiscal consolidation, diversification and removal of subsidies;
- domestic inflation;
- delays in projects and implementation of fiscal reform (including a failure to achieve estimated savings from subsidies reforms and fiscal consolidation);
- changes in political, social, legal or economic conditions in Bahrain;
- domestic terrorism and the domestic security situation;
- the level of foreign currency reserves;
- natural disasters; and
- the levels of foreign direct and portfolio investment.

Without limiting the generality of the foregoing, this Base Offering Circular contains estimates of, and statements with respect to anticipated items of, public revenues and expenditures, and revenues and expenditures of Government-owned entities, for future periods. Any forward looking statements contained in this Base Offering Circular speak only as at the date of this Base Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Offering Circular any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

Information included herein which is identified as being derived from information published by Bahrain or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of Bahrain. All other information herein with respect to Bahrain is included herein as a public official statement made on the authority of the Ministry of Finance and National Economy of Bahrain.

## **CERTAIN DEFINED TERMS AND CONVENTIONS**

Capitalised terms which are used but not defined in any particular section of this Base Offering Circular will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Offering Circular.

Certain figures and percentages included in this Base Offering Circular have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Base Offering Circular, unless the contrary intention appears, a reference to a law or a provision of law is a reference to that law or provision as extended, amended or re-enacted.

The Notes are development bonds for the purposes of Decree Law № (13) of 2023 and Decree Law № (10) of 2024, each on the amendment of provisions of Decree Law № (15) of 1977 on the issuance of development bonds.

Any website referred to in this document does not form part of this Base Offering Circular.

## Exchange Rate Data

In this Base Offering Circular, unless otherwise specified or the context otherwise requires, references to “U.S.\$” and “U.S. Dollars” are to the lawful currency of the United States of America and references to “Bahraini Dinars” and “BD” are to the lawful currency of Bahrain.

This Base Offering Circular contains a conversion of certain Bahraini Dinar amounts into U.S. Dollars at specified rates solely for the convenience of the reader. These conversions should not be construed as representations that the Bahraini Dinar amounts actually represent such U.S. Dollar amounts or could actually be converted into U.S. Dollars at the rate indicated.

The Bahraini Dinar has been pegged to the U.S. Dollar at a fixed exchange rate of BD 0.376 = U.S.\$1.00, and, unless otherwise indicated, U.S. Dollar amounts in this Base Offering Circular have been converted from BD at this exchange rate.

References to a “billion” are to a thousand million.

## Fiscal Data

Bahrain’s budget is prepared on a modified cash basis. This means that flows are recorded when cash is received or disbursed. Although non-monetary flows can be recorded, most accounting systems (including that used in Bahrain) using the modified cash basis do not record non-monetary flows because the focus is on cash management rather than resource flows. In addition, with respect to accruals, the time of recording may diverge significantly from the time of the economic activities and transactions to which they relate. For example, the interest paid on a zero-coupon bond would not be recorded until the bond matures, which could be many years after the expense was incurred. For this reason, together with the fact that a number of extra-budgetary transactions are only presented on a net basis, social security spending is sometimes recorded off-budget. Accordingly, actual Government funding and its aggregate subsidy bill may not be completely reflected in the budget, and off-budget expenses have a significant impact on the Government’s financial reserves. See “*Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk Factors relating to the Issuer—Bahrain’s fiscal deficit and debt ratio may not be fully reflective of all of the Government’s obligations*” and “*Public Finance*”.

## Statistical Information

The statistical information contained in this Base Offering Circular has been produced by the MOFNE, the CBB, the Economic Development Board of Bahrain (the “EDB”), the Information eGovernment Authority (previously known as the Central Informatics Organisation) (the “IGA”) and certain other named sources. Such statistical information may differ from statistics produced by similar sources in Western Europe and the United States for a variety of reasons, including the use of different definitions and different cut-off times. In addition, standards of accuracy of statistical data may vary from ministry to ministry or authority to authority or from period to period due to the application of different methodologies. In this Base Offering Circular, data is presented, as applicable, as having been provided by the relevant ministry or authority to which the data is attributed, and no attempt has been made to reconcile such data to data compiled by other ministries or by other organisations, such as the IMF or the World Bank. Bahrain produces data in accordance with the IMF’s enhanced general data dissemination system.

The Dealers and the Arrangers have not separately investigated the accuracy of such statistical information and no assurance can be given that any such information, where it differs from that provided by other sources, is more accurate or reliable.

Where specified, certain statistical information has been estimated based on information currently available and should not be relied upon as definitive or final. Such information may be subject to future adjustment. In addition, in certain cases, the information is not available for recent periods and, accordingly, has not been updated. Certain information, figures and percentages included in this Base Offering Circular for all or part of 2022 and subsequent periods are preliminary and subject to further adjustment and revision. While the Government does not expect revisions to be material, no assurance can be given that material adjustments will not be made. Final figures will be published on the relevant

Government website, when available. The information for past periods should not be viewed as indicative of current circumstances or periods not presented.

## **STABILISATION**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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## OVERVIEW

*This overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Offering Circular. It does not contain all the information investors may consider important in making their investment decision. Therefore, investors should read this entire Base Offering Circular carefully, including, in particular, the section entitled “Risk Factors”.*

*Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this overview.*

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) № 2019/980 as it forms part of domestic law by virtue of the EUWA.

### Overview of The Kingdom

Bahrain’s economy has a track record of continued growth and low inflation. In line with its priority to develop non-oil activities, such as manufacturing and financial services since the late 1960s, Bahrain has remained a regional leader in economic diversification. Bahrain is believed to have one of the most diverse economies in the Gulf Cooperation Council (the “GCC”), a regional intergovernmental political and economic union of which Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (the “UAE”) are member countries. The hydrocarbons sector (crude petroleum and natural gas) represents a significant part of GDP (14.9% of real GDP for the year ended 31 December 2023, as compared to 16.9% of real GDP for the year ended 31 December 2022, 18.0% for the year ended 31 December 2021 and 18.6% for the year ended 31 December 2020) and a critical component of Government finances. Although oil continues to play an important part in Bahrain’s economy, Bahrain also has an increasingly important financial services industry (acting as a financial centre for the Middle East and North Africa (the “MENA region”). In the nine months ended 30 September 2024, the financial services sector contributed more to GDP (17.2%) than the hydrocarbons sector (14.2%). Manufacturing, oil refining, aluminium production and tourism are also significant contributors to Bahrain’s GDP.

Bahrain’s real GDP grew by 2.1% in 2019. In 2020, economic growth in Bahrain was primarily impacted by the COVID-19 pandemic and lower international oil prices, with real GDP declining by 5.9%. In 2021, Bahrain’s real GDP increased by 4.4%, in 2022, Bahrain’s real GDP increased by 6.2%. In 2023, Bahrain’s real GDP increased by 3.9%. The IMF (in its April 2025 World Economic Outlook) forecasts that Bahrain’s real GDP grew by 2.8% in 2024 and will grow by 2.8% in 2025. The Government forecasts that Bahrain’s real GDP grew by 2.7% in 2024 and will grow by 3.5% in 2025.

The following tables set forth certain summary statistics about the economy of Bahrain and public finance as at or for the periods indicated.

	For the year ended 31 December <sup>(1)</sup>					For the nine months ended 30 September 2024
	2019	2020	2021	2022	2023 <sup>(2)</sup>	
GDP at current prices (U.S.\$ millions) <sup>(2)</sup> .....	40,447	35,838	40,840	46,458	46,192	34,590
GDP at constant 2010 prices (U.S.\$ millions) <sup>(2)</sup> .....	36,234	34,092	35,575	37,774	39,239	29,434
Percentage change over previous period						
At current prices (%).....	2.2	(11.4)	14	13.8	(0.6)	1.7
At constant 2010 prices (%).....	2.1	(5.9)	4.4	6.2	3.9	1.9
Per capita						
At current prices (U.S.\$) <sup>(2)(3)</sup> .....	27,260	24,343	27,148	30,471	29,290	— <sup>(4)</sup>
At constant 2010 prices (U.S.\$) <sup>(2)(3)</sup> .....	24,421	23,157	23,648	24,775	24,881	— <sup>(4)</sup>

#### Notes:

- (1) Certain figures in this table differ from previously published figures.
- (2) Using the fixed conversion rate of BD0.376 = U.S.\$1.00.
- (3) Assuming a population of 1,483,756 in 2019, 1,472,204 in 2020, 1,504,365 in 2021, 1,524,693 in 2022 and 1,577,059 in 2023.
- (4) Data unavailable.

Source: Information eGovernment Authority

	For the year ended 31 December				
	2020	2021	2022	2023	2024 <sup>(1)</sup>
	(U.S.\$ millions)				
Inward FDI flow .....	31,705.1	33,484.3	36,244.7	43,470.5	45,948.4
Current Account Surplus/(Deficit) .....	(3,244.7)	2,602.4	6,838.6	2,699.5	2,281.9
Budget Surplus/(Deficit) .....	(4,443)	(2,533)	(494)	(2,058)	(2,502)
Government Revenue .....	5,538	6,956	9,425	8,500	8,206
Oil and Gas Revenue .....	3,279	4,743	6,440	5,411	4,948
Non-oil and Gas Revenue .....	2,260	2,213	2,986	3,088	3,372
Total Expenditure .....	9,981	9,489	9,919	10,558	10,708
Overall Budget Deficit to GDP Ratio (%) .....	(12)	(6)	(1)	(4)	(5)

**Notes:**

(1) Figures for the year ended 31 December 2024 are preliminary.

Source: CBB and Ministry of Finance and National Economy

## Bahrain's Budgets and Key Priorities

In late 2018, the Government announced the Fiscal Balance Programme (the “FBP”), which set out a roadmap for addressing Bahrain’s fiscal challenges over the medium-term, with the overall objective to achieve a balanced budget by 2022, which target was subsequently revised to 2024 to reflect the impact of the COVID-19 pandemic and the lower international oil price environment in 2019 and 2020. To achieve this goal, initiatives were introduced aimed at: (i) reducing Government operational expenditures; (ii) introducing a voluntary retirement scheme for government employees; (iii) balancing the Electricity and Water Authority’s expenditures and revenue; (iv) streamlining the distribution of cash subsidies to citizens in need; (v) improving the efficiency of Government expenditure; and (vi) simplifying Government processes and increasing non-oil revenue.

The revised FBP’s targets and additional measures were in line with the principles set out in the original 2018 FBP and included: (i) increasing VAT to 10% with effect from 1 January 2022 (pursuant to Law № 33 issued on 18 December 2021); (ii) increasing annual contributions to the budget from Government-owned entities from 2023; (iii) introducing new Government services revenue initiatives, including a newly established Revenue Development Taskforce to drive non-oil revenue growth and the introduction of new fees and services; (iv) restructuring ministries and Government entities to streamline resources and increase manpower efficiency; (v) reducing recurrent non-manpower expenditure; (vi) reducing project spend (without impacting major projects); and (vii) establishing a mechanism to review and adjust commodities prices on a periodic basis to ensure they are in line with market prices.

While the FBP was not revised in 2025, a number of fiscal consolidation measures and targets were introduced in the 2025/2026 budget, including: (i) increasing non-hydrocarbon revenues, including through the implementation of a domestic minimum top-up tax; (ii) ensuring the sustainability and development of the health care sector by introducing health insurance for non-Bahrainis and visitors; (iii) developing the infrastructure and real estate sectors, as well as the logistics and transportation sectors; and (iv) improving the efficiency of recurrent expenditures of ministries and government entities, and, by doing so, reducing expenditures by at least 5%, as compared to 2024.

The main objectives of Bahrain’s State budget for the years 2023-2026 are:

- implementation of the Government Plan 2023-2026 (see “*Overview of The Kingdom of Bahrain—Vision 2030—Government Plan 2023 – 2026*”);
- implementation of the FBP initiatives during 2018 - 2024;
- implementing fiscal consolidation measures in connection with:
  - developing new non-oil revenue streams;
  - recovering costs on existing Government fees and services;
  - controlling Government expenditure growth; and
  - redirecting Government subsidies to target lower-income segments of the population.

The revised FBP targets and the additional measures to be introduced are in line with the principles set out in the original 2018 FBP. The key components of the revised FBP include: (i) increasing VAT to 10% with effect from 1 January 2022



(pursuant to Law № 33 issued on 18 December 2021); (ii) increasing annual contributions to the budget from Government-owned entities from 2023; (iii) introducing new Government services revenue initiatives, including a newly established Revenue Development Taskforce to drive non-oil revenue growth and the introduction of new fees and services; (iv) restructuring ministries and Government entities to streamline resources and increase manpower efficiency; (v) reducing recurrent non-manpower expenditure; (vi) reducing project spend (without impacting major projects); and (vii) establishing a mechanism to review and adjust commodities prices on a periodic basis to ensure they are in line with market prices.

Bahrain has benefitted from support from GCC countries. In October 2018, Saudi Arabia, Kuwait and the UAE pledged U.S.\$10.3 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 31 December 2024, Bahrain had received U.S.\$7.5 billion in support, as part of the total U.S.\$10.3 billion pledged.

In October 2021, a joint statement was made by the finance ministers of Saudi Arabia, Kuwait and the UAE reiterating their support for the FBP and the two year extension to its targets. The principal terms of this funding package include: (i) a 0% interest rate (thereby reducing the future interest payment bill of the Government); (ii) a term of 30 years per drawdown (which is expected to improve the Government's debt payment profile); and (iii) a seven-year grace period (accordingly, the Kingdom will not be required to make any repayments during the FBP).

Bahrain's key priorities are set forth in, *inter alia*, its Vision 2030 (as defined below) and the Government Plan 2023-2026. These key priorities include:

- protecting Bahrain's security environment by strengthening the rule of law and enhancing democratic institutions;
- transforming its economy from oil-dependent to globally competitive, diverse and fuelled by private enterprise, high productivity sectors (such as financial services and industry) and establishing stable financial and monetary systems;
- doubling the disposable income of every household from 2008 levels by 2030 and supporting rising living standards by implementing reforms to education, healthcare, housing and labour market regulation;
- investing in Bahrain's port infrastructure to provide modern transport, commodity and cargo terminals;
- investing in Bahrain's housing stock to provide high quality and safe housing; and
- achieving sustainable development through efficient utilisation of resources and rationalising the operations of the Government to better respond to Bahrain's needs.

In 2022, the Government commenced the rollout of a five-pillar national economic growth and fiscal balance plan (the "**National Economic Recovery Plan**"). The National Economic Recovery Plan is in line with Vision 2030 and aims to support Bahrain's post-COVID recovery and economic diversification, as well as to enhance long-term international competitiveness.

The key initiatives undertaken by Bahrain to further its priorities include:

- *Fiscal initiatives to consolidate and enhance the flexibility of Bahrain's finances*

Bahrain has adopted policies that prioritise fiscal sustainability and expand its efforts to diversify revenue streams, as well as to consolidate and enhance Bahrain's financial flexibility. The Government has adopted a three-pronged approach to achieve this goal: (a) developing non-oil streams of revenue; (b) increasing fees, such as fees for licences and services provided by the Civil Aviation Authority, visa fees, postal rates and traffic violation penalties; (c) reallocating subsidies to lower-income segments of the population; and (d) controlling the growth of current public spending. In order to control the growth of current public spending, the Government has launched a fiscal sustainability framework and strategy and has established six ministerial teams, which seek to revise and reduce recurrent expenditures. See "*Public Finance—Fiscal Policy*."

- *Continuing the development of oil and gas capacity, including Bahrain Petroleum Company ("**Bapco**") modernisation programme and construction of pipeline with Saudi Arabia*

Bahrain has embarked on its plans to invest U.S.\$15.0 billion over two decades to develop oil and gas resources. In October 2018, construction of a new pipeline between Bahrain and Saudi Arabia, which is aimed at increasing capacity and efficiency, was completed. See "*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Mining—New AB4 pipeline*". It is also working on the Bapco Modernisation Programme (defined below) with the aim of increasing its refining capacity at the Sitra oil refinery by a third and significantly improving

its product mix. See “*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Mining—Refining.*”

- *Developing non-oil streams of revenue, with a focus on financial services and international trade*

Bahrain is one of the primary financial centres for the MENA region, with its financial sector being the largest non-oil contributor to real GDP (accounting for 16.6% of real GDP for 2020, 16.9% of real GDP for 2021, 16.4% of real GDP for 2022 and 16.9% of real GDP for 2023 and 17.2% of real GDP for the nine months ended 30 September 2024). Bahrain continues to place strong emphasis on attracting commercial, investment and Islamic banks to the country. As a member of the GCC, Bahrain participates in a number of trade agreement negotiations. See “*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Trade.*”

- *Developing a skilled and flexible labour force and developing an entrepreneurial generation*

Bahrain has formulated strategic and operational plans to increase employability, job creation and social support. Under Vision 2030 the Government aims to provide a number of different training programmes in the areas of financial services, hotel trade and technical retail. See “*Economy of the Kingdom of Bahrain—Employment.*” As part of its Tamkeen programme, the Government seeks to assist Bahraini individuals and enterprises by providing programmes on career progression, business incubators, pre-seed capital support and international placements. See “*Economy of the Kingdom of Bahrain—Employment—Tamkeen.*”

- *Strengthen the regulatory framework to support private sector investment in the Bahraini real estate market*

The Government has sought to strengthen the legal and supervisory framework of the real estate industry by introducing a sophisticated regulatory regime. New legislation has been introduced to regulate the activities of developers and protect investor returns, as well as to establish a joint judicial and expert committee to overcome obstacles that may delay projects. The purpose of this new regulatory framework is to attract investment for housing projects, and it contemplates close cooperation between the public and private sectors to deliver affordable housing to low- and middle-income Bahraini families. See “*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Real Estate.*”

## Overview of The Programme

**Issuer:** ..... The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy

**Legal Entity Identifier (LEI) of the Issuer:** ..... 549300RODM1WN85LFQ95

**Risk Factors:** ..... There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".

**Description:** ..... Global Medium Term Note Programme

**Arrangers:** ..... Citigroup Global Markets Limited  
First Abu Dhabi Bank PJSC  
HSBC Bank plc  
J.P. Morgan Securities plc  
National Bank of Bahrain B.S.C.

**Dealers:** ..... Citigroup Global Markets Limited  
First Abu Dhabi Bank PJSC  
HSBC Bank plc  
J.P. Morgan Securities plc  
National Bank of Bahrain B.S.C.

and any other Dealers appointed in accordance with the Programme Agreement from time-to-time.

**Certain Restrictions:** ..... Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time-to-time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Base Offering Circular.

### Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale and Transfer and Selling Restrictions*".

**Principal Paying Agent, Exchange Agent and Transfer Agent:** ..... Citibank N.A., London Branch

**Registrar:** ..... Citibank Europe plc

**Programme Size:** ..... The Programme is unlimited in amount.

<b>Distribution:</b> .....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b> .....	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
<b>Maturities:</b> .....	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time-to-time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b> .....	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b> .....	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Fixed Rate Notes:</b> .....	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b> .....	<p>Floating Rate Notes will bear interest at a rate determined on the basis of a reference rate set out in the applicable Pricing Supplement.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on the Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
<b>Zero Coupon Notes:</b> .....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
<b>Benchmark Discontinuation:</b> .....	In the event that a Benchmark Event (or, if applicable, a Benchmark Transition Event and its related Benchmark Replacement Date) occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 5.2(c) for further information.

<b>Redemption:</b> .....	<p>The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions: Notes having a maturity of less than one year</i>” above.</p>
<b>Denomination of Notes:</b> .....	<p>The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time-to-time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “<i>Certain Restrictions: Notes having a maturity of less than one year</i>” above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency) and in the case of any Legended Notes, the minimum specified denomination shall be U.S.\$200,000.</p>
<b>Taxation:</b> .....	<p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction in accordance with Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.</p>
<b>Negative Pledge:</b> .....	<p>The terms of the Notes will contain a negative pledge provision as further described in Condition 4.</p>
<b>Cross Acceleration:</b> .....	<p>The terms of the Notes will contain a cross acceleration provision as further described in Condition 10.</p>
<b>Status of the Notes:</b> .....	<p>The Notes and any relative Coupons constitute (subject to Condition 4) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, from time-to-time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due on the Notes and <i>vice versa</i>.</p>
<b>Meetings of Noteholders, Modification and Waiver:</b> .....	<p>The terms of the Notes contain a “collective action” clause, which permits defined majorities to bind all Noteholders. If the Issuer issues debt securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Notes, the Notes would be capable of aggregation for voting purposes with any such debt securities, thereby allowing “cross-series” modifications to the terms and conditions of all affected Series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on).</p>

See Condition 15 and “*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme—Risks related to Notes generally—The conditions of the Notes contain provisions which may permit their modification without the consent of all investors*”.

**Rating:**..... The Programme is expected to be rated B+ by Standard & Poor’s and B+ by Fitch. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

**Listing and Admission to Trading:**.... Application may be made for Notes issued under the Programme to be admitted to the Official List and admitted to trading on the London Stock Exchange’s main market.

Notes may be listed or admitted to trading, as the case may be, on further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading may also be issued.

The Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Clearing Systems:**..... Clearstream, Luxembourg and Euroclear for Bearer Notes, Clearstream, Luxembourg, Euroclear and DTC for Registered Notes and, in relation to any Tranche, any other clearing system as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer. See “*Form of the Notes*”.

**Governing Law:**..... The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

**Selling Restrictions:** ..... There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, the Kingdom of Bahrain, the UAE (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre), the Abu Dhabi Global Market, the Dubai International Financial Centre, Saudi Arabia, the State of Kuwait, Japan, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

**U.S. Selling Restrictions:** ..... Regulation S Compliance Category 1, Rule 144A, TEFRA C, TEFRA D and/or TEFRA not applicable, as specified in the applicable Pricing Supplement.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 (“**TEFRA D**”) unless (i) the applicable Pricing Supplement state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 (“**TEFRA C**”) or

(ii) the Notes have a term of one year or less (taking into account any unilateral right to extend or rollover the term).

## RISK FACTORS

*In purchasing Notes issued under the Programme, investors assume the risk that the Issuer may be unable to make all payments due or otherwise fulfil its obligations in respect of the Notes. There is a wide range of factors, which, individually or together, could result in the Issuer becoming unable to make all payments due or otherwise fulfil such obligations. The Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Offering Circular a number of factors which could materially adversely affect its ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Offering Circular and reach their own views prior to making an investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### **Risk factors relating to the Issuer**

##### ***Bahrain's economy may be impacted by global geopolitical and macroeconomic trends***

Recent global geopolitical and macroeconomic events, including the ongoing conflicts between Israel and Hamas and Israel and Hezbollah, the invasion of Ukraine by Russia and the related sanctions imposed on Russia by western and allied governments, the direct and indirect effects of the threat and imposition of U.S. and other tariffs and retaliatory measures, and the ongoing market and supply chain impacts of the COVID-19 pandemic, have given rise to substantial volatility in financial markets and elevated prices for energy and other commodities. Starting in the second half of 2021, global inflation increased due to supply chain constraints and were exacerbated by the Russian invasion of Ukraine in February 2022, which led to an increase in interest rates in 2022 and 2023 and a slowdown in the global economy. While inflationary pressures declined globally in the latter part of 2023 and 2024, the impact of U.S. trade policy in 2025, including the actual and threatened imposition of tariffs (including retaliatory measures) has led to an increase in financial market volatility and increased the risk of lower global growth and higher inflation in early 2025. See further “—*Impact of Global Trade Policy*”. Any continuation or worsening of such market or economic conditions could, in turn, adversely impact Bahrain's economy.

These trends have in the past, and may in the future, impact Bahrain. Following a period of mild deflation until the end of 2021, inflation increased in Bahrain in 2022 in line with global and regional trends, before falling back to low levels during 2023 and 2024, with inflation rates recorded of 0.1% in 2023 and 0.9% in 2024. Increases in inflation in 2022 were driven partly by disruptions to global supply chains as a result of the COVID-19 pandemic and following the relaxation of COVID-19 travel and trade restrictions, as well as by upward pressure on global food prices and the increased rate of VAT in Bahrain (which came into effect in January 2022) and the effects of the military conflict in Ukraine. Between May 2022 and July 2023, the CBB raised interest rates concurrently with the U.S. Federal Reserve, in an attempt to ease inflationary pressures. While inflationary trends abated in 2024, any prolonged period of weaker global growth or rising inflation may result in slow or stagnant economic growth in Bahrain and elevated unemployment levels.

##### ***Bahrain's economy remains significantly dependent on oil revenues and is vulnerable to external shocks***

Although the Government has sought to promote the growth of the non-oil sector, Government revenues remain significantly dependent on oil revenues. In 2023, the non-oil sector grew by 5.1% in real terms and 2.2% in nominal terms, as compared to 2022. In the nine months ended 31 December 2024, the non-oil sector grew by 3.0% in real terms and 2.5% in nominal terms, as compared to the nine months ended 31 December 2023. Actual revenue from oil and gas accounted for approximately 59.5% of total public revenues for 2024, 63.7% for 2023, 68.3% for 2022, 68.2% for 2021 and 59.2% for 2020.

Between 2014 and 2020, Bahrain's economy was affected by a low international oil price environment. In early March 2020, there was a substantial drop in international oil prices (by approximately U.S.\$11.00 per barrel) following Saudi Arabia's decision to cut export oil prices, as well as Russia and the Organisation of the Petroleum Exporting Countries (“OPEC”) failing to reach an agreement over proposed oil production cuts, and remained low due to the continuing impact of the COVID-19 pandemic. The average price of Brent crude oil in 2020 was U.S.\$41.96 per barrel, which was below the Government's budgeted price of U.S.\$60 per barrel for 2020. A continued low oil price environment in 2020 resulted in an increased fiscal deficit for 2020. However, since 2020, oil prices have fluctuated significantly and remain



volatile. In 2021 and 2022, demand for, as well as the price of, crude oil, surged as a result of reduced oil production during the COVID-19 pandemic and the impact of the conflict in Ukraine. On 8 March 2022, the price of Brent crude oil rose to a high of U.S.\$123.48 per barrel, the highest inflation-adjusted price since 2014. In 2023, while prices and demand remained higher than in 2020, the average price of Brent crude oil was U.S.\$83 per barrel, as compared to U.S.\$101 per barrel in 2022, reflecting the adjustment of global markets to the new trading dynamics since the launch of the conflict in Ukraine in 2022. During the first six months of 2024, the average price of Brent crude oil increased to U.S.\$86.41 per barrel as at 30 June 2024 due to the extension of oil production cuts by the OPEC+ (a coalition of OPEC members, plus other oil-producing countries), before decreasing to U.S.\$74.64 per barrel as at 31 December 2024, due to a decrease in demand. During January 2025, prices increased in response to the threat of U.S.-imposed tariffs, but have subsequently declined following the announcement of tariffs by the U.S. administration on 9 April 2025 in light of the potential negative impact on global trade. The average price of Brent crude oil as at 31 March 2025 was U.S.\$75.81 per barrel.

Bahrain's oil price estimate is set at U.S.\$60 per barrel in the 2025/2026 budget. However, there can be no assurance that oil prices will remain above the Government's budget or break-even amount or that the oil price will not decline again. If oil prices decline, Bahrain may not be able to materially increase production levels and offset the resulting revenue decline resulting from such oil price decreases.

As a result, Government revenues are susceptible to fluctuations in international oil prices. Bahrain also has smaller oil reserves than a number of other GCC countries, and Bahrain shares a substantial portion of its reserves with Saudi Arabia. Bahrain's main source of oil is from the Abu Saafa oilfield, which is on the maritime border with Saudi Arabia. Under a treaty with Saudi Arabia first signed in 1958, Bahrain is entitled to receive 50% of the output from the Abu Saafa field, although historically Bahrain has received significantly more than its 50% entitlement. However, no assurance can be given that Bahrain will continue to receive more than its 50% share of entitlement from the Abu Saafa oilfield, which further increases Bahrain's vulnerability to reductions in oil and gas revenues.

If Bahrain does not decrease public expenditure (or increase non-oil revenues), an environment of prolonged low oil prices may lead to a further widening in the fiscal deficit and adversely impact Bahrain's sovereign credit rating, as well as its borrowing/financing costs.

Additional factors, such as the price and availability of new technologies, including renewable energy and unconventional oil and gas extraction methods and the global geopolitical climate and other relevant conditions, have an indirect impact on oil demand and oil prices in Bahrain. Long-term effects may occur as a result of international regulatory efforts, such as the 2015 Paris Climate Agreement to curb greenhouse gas emissions and limit climate change. There can be no assurances that these factors, in combination with others, will not result in a prolonged decline in oil prices, which may continue to have an adverse effect on, among other things, Bahrain's GDP growth, Government revenues, balance of payments and foreign trade.

***Bahrain has large fiscal deficits, its fiscal consolidation efforts may not be successful, leading to an increase in public debt and debt financing costs***

Bahrain had an overall budget deficit of U.S.\$2.5 billion in 2024, as compared to an overall budget deficit of U.S.\$2.0 billion in 2023, U.S.\$494 million in 2022, U.S.\$2.5 billion in 2021 and U.S.\$4.4 billion in 2020. In general, historically, Bahrain has had a higher budget deficit in years where there has been a low oil price environment. The average oil price target in the 2025/2026 budget is U.S.\$60 per barrel. Bahrain's budget deficit represented 5% of GDP in 2024, as compared to 4% of GDP in 2023, as compared to 1% of GDP in 2022, 6% of GDP in 2021 and 12% of GDP in 2020.

Bahrain's fiscal deficit in past years has resulted in increases in its public debt and debt-to-GDP ratio. Total outstanding Government debt (which includes loans/financings from GCC members but excludes borrowings/financings from the CBB) was U.S.\$49.6 billion as at 31 December 2024, as compared to U.S.\$47.6 billion as at 31 December 2023, U.S.\$44.5 billion as at 31 December 2022, U.S.\$44.8 billion as at 31 December 2021 and U.S.\$39.8 billion as at 31 December 2020. The debt-to-GDP ratio was 107.7% as at 31 December 2024, as compared to 103.0% as at 31 December 2023, 95.8% as at 31 December 2022, 109.8% as at 31 December 2021 and 111.0% as at 31 December 2020.

The Kingdom faces significant debt maturities in the coming years, with U.S.\$1.6 billion of external debt maturing in 2025 and U.S.\$2.8 billion of external debt maturing in 2026, as at 31 March 2025. The Kingdom has benefited from international financial assistance in the past, in particular from the GCC Development Fund. Any material reduction in financial assistance by international donors may increase refinancing risk or affect confidence in Bahrain's economy. Moreover, Bahrain relies on the international capital markets for a substantial portion of its borrowing/financing requirements and is materially impacted by global credit market liquidity conditions, risk premia, especially for emerging markets and global monetary policy conditions. If the Kingdom is not able to refinance its debt or financial obligations on favourable terms or at all, it could materially impair the Kingdom's capacity to service its debt or financial obligations. Following an extended period of low interest rates, certain central banks, including the U.S. Federal Reserve (with whom the CBB followed suit), the European Central Bank and the Bank of England raised interest rates multiple times in 2022

and 2023 to combat high inflation, which led to increases in Bahrain's borrowing/financing costs. While interest rates were cut by each of these institutions during 2024 in response to a reduction in global inflation, there can be no assurance that interest rates will continue to be reduced or that interest rates will not be raised in the future.

The restructuring of the subsidies and incentives programmes may not result in expected savings and may have an adverse effect on economic growth and have been, and are likely to continue to be, subject to significant opposition or delays from the National Assembly or the public. For example, the adoption of each of the 2017/2018 budget and the 2019/2020 budget was delayed due, in part, to continuing debate regarding the restructuring of subsidies and efforts to reduce public spending. Despite the Government's attempts to achieve fiscal consolidation without a significant effect on living standards, there is a possibility that this may lead to social instability among the lower income sections of society. Any social instability may lead to a degree of political instability and have a negative impact on investors' perceptions of Bahrain. See also "*Bahrain has experienced domestic political disruptions*".

A failure to reduce the budget deficit and/or public spending (and the corresponding effect on the size of Bahrain's public debt), and a failure to further diversify the economy, could make the economy more susceptible to the risks associated with the sectors in which the economy is concentrated (for example, the oil industry), and any downturn in such sectors or the economy generally, could have an adverse effect on the economic and financial condition of Bahrain.

***Bahrain's fiscal deficit and debt ratio may not be fully reflective of all of the Government's obligations***

The potential liability of the Government for borrowings/financings by state-owned entities, even in the absence of a Government guarantee, may result in additional liabilities for the Government, which are not reflected in the Government's debt figures.

In addition, social security spending is sometimes recorded off-budget. Accordingly, actual Government funding and its aggregate subsidy bill may not be completely reflected in the budget, and off-budget expenses have a significant impact on the Government's financial reserves. See "*Certain Defined Terms and Conventions—Fiscal Data*".

***Bahrain's economy is significantly influenced by the economic and other conditions of Saudi Arabia, the United Arab Emirates, as well as other GCC countries.***

In addition to sharing oil production at the Abu Saafa oilfield with Saudi Arabia, Bahrain's economy is closely aligned and dependent on the economy of Saudi Arabia, as well as the economies of the other GCC countries. This includes trade and energy policies within the GCC. In May 2023, Saudi Arabia announced the setting up of a U.S.\$5 billion investment fund in Bahrain. Based on IGA statistics, non-oil exports to GCC countries amounted to 43.5% in 2024, and Saudi Arabia accounted for 23.0% of total non-oil exports and 52.8% of non-oil exports to GCC countries. As for non-oil imports, 16.1% of total non-oil imports in 2024 were from other GCC countries, and Saudi Arabia accounted for 6.4% of total non-oil imports and 39.7% of non-oil imports from GCC countries.

Accordingly, Bahrain's economy may be adversely affected by any adverse change in the social, political or economic conditions in Saudi Arabia and the other GCC countries. See also "*Bahrain is located in a region that has been subject to on-going geo-political and security concerns*". Although Bahrain has sought to diversify its geographical economic dependence, there can be no assurance that such geographical diversification will be successful which could have a material adverse effect on the economy and financial condition of Bahrain.

Bahrain has benefitted from support from GCC countries. In October 2018, Saudi Arabia, Kuwait and the UAE pledged U.S.\$10.3 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 31 December 2024, Bahrain had received U.S.\$7.5 billion in support, as part of the total U.S.\$10.3 billion pledged. Consequently, an amount of U.S.\$2.8 billion in support remains to be disbursed.

In October 2021, a joint statement was made by the finance ministers of Saudi Arabia, Kuwait and UAE reiterating their support for the FBP and the two year extension to its targets. However, there can be no assurance that future payments will be available, in a timely manner or at all and such payments may be subject to delays or conditions beyond Bahrain's control.

Furthermore, Bahrain benefits from a separate U.S.\$7.5 billion development fund established in 2011 with contributions made by the non-donee GCC member states (the "**GCC Development Fund**"). The GCC Development Fund includes investments in key infrastructure projects across the manufacturing, energy, healthcare and education sectors. The GCC Development Fund was originally established with the aim of raising U.S.\$10 billion for Bahrain with preliminary commitments from four GCC member states. As of 31 December 2024, an amount of U.S.\$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.\$5.8 billion had been certified as paid from the GCC Development Fund.

The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals set out in Vision 2030, and, in particular, on important infrastructure projects See “*Public Finance—Government Budget*” for a description of the priority projects to be financed through the GCC Development Fund, which is in addition to the Government project budget allocations. Under the terms of the GCC Development Fund, the Government has to coordinate with the Saudi Fund for Development (representing the Government of the Kingdom of Saudi Arabia) (the “**Saudi Fund**”), the Kuwait Fund for Arab Economic Development (representing the Government of the State of Kuwait) (the “**Kuwait Fund**”), and the Abu Dhabi Fund for Development (representing the Government of the UAE) (the “**Abu Dhabi Fund**”) to finalise the planned projects. This support has significantly contributed to Bahrain’s economy and fiscal stimulus. However, there can be no assurance that any further support may be available and the timings of any pledged support may be subject to changes, delays or conditions beyond Bahrain’s control, including political, economic and social conditions in Saudi Arabia and the GCC. Saudi Arabia and other GCC countries were also significantly negatively impacted by the COVID-19 pandemic and low oil prices in the years prior to the rebound in oil prices since 2021, and such factors may reduce the likelihood of additional support and timing of any payment. Any adverse change in the amount or rate at which funding under the fiscal support programme, the GCC Development Fund or any other fiscal support initiatives could have an adverse effect on Bahrain’s growth prospects, Bahrain’s ability to meet its external financing needs or further increase Bahrain’s budget deficit if Bahrain is required to turn to other funding sources to meet its development and other requirements.

### ***Bahrain has experienced domestic political disruptions***

Although Bahrain has not experienced any significant political or security disruptions in recent years, tensions with opposing political and social groups may impact investor perceptions of Bahrain’s political stability and foreign investment flows.

The most recent parliamentary elections were held on 12 November 2022. While hackers targeted certain Government and election websites prior to the elections in an effort to deter voters from participating and a few opposition political societies called for supporters to boycott the elections, 73% of eligible voters turned out to cast their votes, and independent candidates won 35 of 40 seats.

Although Bahrain’s security situation has stabilised over the past decade, since January 2017, there have been a number of small protests in various villages, and there can be no assurance that further protests or unrest will not occur in the future. In the event that significant political unrest should take place, such a development could have an adverse material impact on foreign direct investment in Bahrain or on its reputation, including its standing as a regional leader in the financial services sector. An unsettled political environment may also have negative implications on Bahrain’s fiscal accounts and future growth trajectory.

Political instability in the region may also have a material adverse effect on Bahrain’s economy and adversely affect the trading price of the Notes. See also “—*Bahrain is located in a region that has been subject to on-going geo-political and security concerns*”.

### ***Bahrain is located in a region that has been subject to on-going geo-political and security concerns***

Bahrain is located in a region that is strategically important, and parts of the region have, at times, experienced political instability. For example, the region is currently subject to a number of armed conflicts, including those in Yemen, Syria, Iraq, Lebanon and Palestine, as well as the multinational conflict with Islamic State. Bahrain, along with other Arab states, is currently participating in the Saudi-led intervention in Yemen, which began in 2015 and is ongoing. The intervention was in response to requests for assistance from the Yemeni government.

Since the Hamas attack on 7 October 2023 and the following military operations launched by Israel in Gaza, Bahrain had called for an immediate, permanent and comprehensive ceasefire in the Gaza Strip to protect civilians and to meet their humanitarian needs. The scale, duration and impact of this conflict on Bahrain and the region, as well as any global effects, cannot be predicted. On 1 October 2024, Israel invaded southern Lebanon and commenced air strikes against targets that Israel has said are associated with Hezbollah. The Kingdom subsequently renewed its call for an immediate, comprehensive and permanent ceasefire in the region.

More generally, since 2011, the prospect of a nuclear Iran has been at the centre of international geopolitical discourse. The comprehensive agreement between the U.N. Security Council’s five permanent members plus Germany (“**P5+1**”) and Iran that was reached on July 2015 (the “**Joint Comprehensive Plan of Action**”) conditions international economic sanctions relief, mainly U.S. and EU sanctions, on Iranian nuclear capabilities reduction and supervision by the International Atomic Energy Agency (the “**IAEA**”). After the IAEA confirmed that Iran met the relevant requirements of the Joint Comprehensive Plan of Action, certain economic sanctions were lifted on 16 January 2016 with a view to improving Iran’s position in the international community. However, certain other sanctions remain in place, and the

United States imposed certain additional sanctions on Iran in July 2017 relating to Iran's ballistic missile programme, human rights matters, arms sales and Iran's Revolutionary Guard Corps. On 8 May 2018, the United States announced its withdrawal from the Joint Comprehensive Plan of Action, reinstating U.S. nuclear sanctions on the Iranian regime. The United States also announced that it would not renew exceptional waivers for importing Iranian oil for several oil-importing countries, effective from May 2019. Since May 2019, a number of incidents in and around the Gulf have occurred, including the alleged seizure of oil tankers by Iran. On 2 January 2020, the United States carried out a military strike, which killed a senior Iranian military commander. As a result of this military strike, Iran launched missiles at a U.S. base in Iraq. On 4 January 2021, the IAEA reported that Iran had begun retaliating against the continuing U.S. sanctions by resuming the process of enriching uranium to 20% purity, which can be used to create nuclear bombs, in breach of the 2015 Joint Comprehensive Plan of Action. Under the Joint Comprehensive Plan of Action, restrictive measures were expected to be lifted on 18 October 2023. However, each of the EU, the United Kingdom and the United States have maintained nuclear-related sanctions against Iran due to Iran's non fulfilment of its obligations under the Joint Comprehensive Plan of Action. Tensions around the Strait of Hormuz continue to be high, with reports of seizures of vessels in recent years, and tensions further raised as a result of potential knock-on effects of the conflict between Israel and Hamas and Israel and Hezbollah or any escalation thereof. In January 2024, Bahrain was one of four countries that provided support to the United States and the United Kingdom in connection with strikes against Houthi military targets in response to attacks on Red Sea shipping. Any continuation or increase in international or regional tensions regarding Iran including further attacks on or seizures of oil tankers which disrupt international trade, including any impairment of trade flow through the Strait of Hormuz, or any military conflict could have a destabilising impact on the Gulf region, including with respect to Bahrain, including its ability to export oil and its security.

Bahrain has also been subject in recent years to cyber-attacks, including those traced to a network of electronic accounts operated in several countries, including Iran. These attacks have been aimed at inciting sedition, threatening social peace and destabilising security in Bahrain. There can be no assurance that Bahrain will not be subject to further cyber-attacks in the future.

These recent and ongoing developments, along with terrorist acts, acts of maritime piracy and other forms of instability in the region (that may or may not directly involve Bahrain), may contribute to instability in the Middle East and surrounding regions and may have a material adverse effect on Bahrain's attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and financial condition.

#### ***Bahrain's sovereign credit ratings are subject to revision and downgrade***

Ratings are an important factor in establishing the financial strength of debt issuers and are intended to measure an issuer's ability to repay its obligations based upon criteria established by the rating agencies. In May 2021, Standard & Poor's revised its outlook on Bahrain from stable to negative, citing increasing risks to the Government's ability to service external debt and maintain confidence in the exchange rate peg as, in Standard & Poor's view, fiscal reform measures may prove insufficient to stabilise debt to GDP and Bahrain's external and monetary positions remain weak due to continued pressure on foreign exchange reserves. Standard & Poor's affirmed Bahrain's long-term foreign currency sovereign credit rating at B+. In November 2021, Standard & Poor's revised its outlook from negative to stable, citing the expectation that the Government will implement measures to reduce the budget deficit and benefit from support from other GCC sovereigns if needed, in addition to the direct fiscal support already pledged. This rating and outlook were affirmed in April 2022. On 14 August 2020, Fitch downgraded Bahrain's long-term foreign-currency issuer default rating from BB- to B+ with a stable outlook, citing the combined impact of lower oil prices and the COVID-19 pandemic on Bahrain, which are causing increases in budget deficit and government debt, as well as continuing pressure on foreign currency reserves and GDP. This rating and outlook was affirmed in April 2021 and March 2022. On 29 April 2021, Moody's (which provides an issuer rating for Bahrain on an unsolicited basis) changed the outlook on Bahrain's long-term issuer rating from stable to negative and confirmed the rating as B2, citing increased downside risks stemming from a larger than earlier expected weakening in fiscal metrics and ongoing uncertainty around the timing and size of the augmentation of the financial support package for Bahrain from the GCC. On 22 April 2022, Moody's affirmed its B2 issuer and senior unsecured ratings and changed the outlook to stable, citing the easing of downside risks to Bahrain's ratings, including the expected continuation of the sustained increase in oil prices since early 2021 and the Government's renewed commitment to its medium-term fiscal adjustment programme. In November 2022, Standard & Poor's upgraded its outlook from stable to positive, citing the surge in regional activity tied to elevated oil prices, which is benefitting Bahrain's economy, and Standard & Poor's expectation that the Government will continue to implement fiscal reforms to reduce the budget deficit and benefit from additional support from other GCC sovereigns, if needed. Standard & Poor's affirmed the rating and the outlook in May 2023. In August 2023, Fitch affirmed Bahrain's long-term foreign-currency issuer default rating at B+ with a stable outlook citing strong financial backing from GCC partners, high GDP per capita and favourable human development indicators. In November 2023, Standard & Poor's revised the outlook on Bahrain's long-term foreign currency issuer default rating from positive to stable and affirmed the B+ rating, noting that spending pressures were expected to push Bahrain's fiscal deficits wider than Standard & Poor's previous forecasts. In May 2024, Standard & Poor's affirmed its B+/B long- and short-term foreign and local currency sovereign credit ratings on Bahrain. The outlook remained stable. In May 2024, Fitch affirmed Bahrain's long-term foreign-currency issuer default rating at

B+ with a stable outlook. In February 2025, Fitch revised the outlook on Bahrain's long-term foreign-currency issuer rating from stable to negative while affirming the rating at B+. In April 2025, Standard & Poor's revised the outlook on Bahrain's long-term foreign-currency issuer rating from stable to negative while affirming the B+/B long- and short-term foreign and local currency sovereign credit ratings.

The ratings may not reflect the potential impact of all risks related to structure, market, macro-economic performance and geo-politics and other factors that may affect the value of the Notes.

These ratings reflect the current opinion of the relevant rating agencies, and one or more of the ratings could be downgraded or withdrawn in the future. Rating agencies may increase the frequency and scope of ratings reviews, revise their criteria or take other actions that may negatively impact Bahrain's ratings. In addition, changes to the process or methodology of issuing ratings, or the occurrence of events or developments affecting Bahrain, could make it more difficult for Bahrain to achieve ratings that it would otherwise have expected. A credit rating is not a recommendation to buy, sell, or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time.

The Issuer cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be affirmed or withdrawn entirely by the relevant rating agency if, in its judgement, circumstances in the future so warrant. The Issuer has no obligation to inform Noteholders of any such revision, downgrade or withdrawal.

Any downgrade in Bahrain's credit rating or a change outlook could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market value of the Notes. Furthermore, any unsolicited ratings may not benefit from Government input but could also negatively impact Bahrain's cost of borrowing. Whilst the Government is continuing to monitor and manage the risk of further credit ratings downgrades or negative changes in outlook, there can be no assurance that its efforts in this respect will be sufficient or successful.

***Investing in securities involving emerging markets such as Bahrain generally involves a higher degree of risk***

Investing in securities involving emerging markets, such as Bahrain, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. Bahrain's economy is susceptible to future adverse effects similar to those suffered by other emerging market countries. International investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, Bahrain could be adversely affected by negative economic or financial developments in other emerging market countries. Key factors affecting the environment include the timing and size of adjustments in interest rates in the United States, further evidence of a slowdown in China and geo-political tensions in the Middle East, as well as the ongoing conflict between Israel and Hamas, and the on-going war between Russia and Ukraine.

Accordingly, there can be no assurance that the market for securities bearing emerging market risk, such as the Notes, will not be affected negatively by events elsewhere, especially in emerging markets. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

***Bahrain's efforts to further diversify its economy may not be successful***

As a result of continuing diversification efforts, since 2023, Bahrain's financial services sector has been the largest contributor to Bahrain's GDP, replacing the hydrocarbons sectors. However, oil continues to be a significant component of Bahrain's economy—particularly from the offshore Abu Saafa Field, which Bahrain shares with Saudi Arabia, and the onshore Bahrain Field—and the Government has been working towards increasing oil and gas production over the past few years. The Government has set out a comprehensive economic vision for Bahrain ("**Vision 2030**") to outline a path for the development of Bahrain's economy. Vision 2030 is based on continuing the realigning of Bahrain's economy from an oil-driven economy to a more diversified, competitive economy, predominantly focused on the finance, tourism, healthcare and industrial sectors. There can be no assurance that Bahrain's efforts to further diversify its economy and reduce its dependence on oil will be successful or that Bahrain's priority projects will have the desired effect of boosting productivity and diversifying public revenue sources.

***Bahrain may not be successful in addressing certain social policy concerns and failure to appropriately address such concerns may have an adverse impact on the financial condition of Bahrain***

A principal social policy concern in Bahrain is housing. The Government is seeking to invest in the housing sector, although such investment is expected to take several years to reduce the current shortage of affordable housing and the success of the Government's current social housing initiatives will depend, in part, on finding suitable partners in the

private sector to aid in real estate and infrastructure development. See “*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Real Estate*”.

Another social policy concern is unemployment. The level of unemployment among Bahraini nationals was 4.7% in 2019, 5.9% in 2020, 5.9% in 2021, 5.4% in 2022, 6.3% in 2023 and 6.2% in 2024. Bahrain employs a significant number of expatriate workers, notably in the private sector. Just under three-quarters of the employees registered with the Social Insurance Organisation (the “SIO”) are foreign nationals. See “*Overview of The Kingdom of Bahrain—Location and Population*”. In recent years, the Government has followed a policy of aiming to increase the number of Bahraini nationals in employment while also seeking to increase the efficiency of Government functions (through voluntary retirement programmes and otherwise), which have resulted in a considerable number of reductions of available roles. There are no assurances that this policy will be successful or that it will not have an impact on the financial condition of Bahrain. In addition, the implementation of voluntary retirement programmes may have a negative impact on the number of Bahraini nationals employed in the short-term.

#### ***A crisis in the financial services and banking sectors could have an adverse effect on Bahrain’s economy***

The Government has made concerted efforts to encourage the growth of its financial services and banking sectors, and Bahrain is one of the primary financial centres for the Middle East and North Africa. The financial services sector accounted for 16.6% of real GDP in 2020, 16.9% of real GDP in 2021, 16.4% of real GDP in 2022, 16.9% of real GDP in 2023 and 17.2% of real GDP for the nine months ended 30 September 2024. See “*Monetary and Financial System – Monetary and Exchange Rate Policy*”.

The Government is also a shareholder in various Bahraini banks, and Bahraini banks are major lenders to the Government. As at 31 December 2024, approximately 61% of domestic public debt was held by retail banks operating in Bahrain. In addition, retail banks maintain reserves and deposits with the CBB.

Furthermore, factors adversely affecting the asset quality, liquidity, capital adequacy or profitability of banks operating in Bahrain may add further pressure on the banking industry. While the loan to deposit ratio, the ratio of non-performing loans to gross loans and the ratio of liquid assets to total assets, which are key indicators of the state of the Bahraini banking sector, have remained broadly stable in recent years, any subsequent global or regional deterioration in the global financial services sector (including global commodity prices or any contagion effect in respect of the disruptions in the global banking sector in March 2023) could have an adverse impact on Bahrain’s economy, its extractive, financial, real estate and manufacturing sectors and its credit rating and adversely affect the trading price of the Notes. See “*Monetary and Financial System—The Banking Sector*”.

Further, given that the financial services sector has been the single largest non-oil contributor to GDP in recent years, a crisis in the sector could lead to the crystallisation of contingent liabilities on the Government’s balance sheet. In addition, any sustained outflows of capital from Bahrain as a result of deteriorating global or regional financial conditions, could place considerable pressure on the Bahraini Dinar’s fixed exchange rate against the U.S. Dollar.

#### ***Bahrain’s currency may be subject to depreciation***

Since 2001, the Bahraini Dinar has been formally pegged to the U.S. Dollar at a rate of BD 0.376 = U.S.\$1.00, having been previously informally pegged at the same rate since 1980. Any failure of the CBB to maintain this peg and the depreciation of the Bahraini Dinar against the U.S. Dollar (or other foreign currencies) may adversely affect the financial condition of Bahrain, as well as Bahrain’s ability to repay/pay its debt or financial obligations denominated in currencies other than the Bahraini Dinar, including amounts due under the Notes. The value of the Bahraini Dinar is impacted by a number of factors which are outside of Government control. Neither the Government nor the CBB have taken any steps to end the peg or devalue the Bahraini Dinar. However, while the GCC member states, including Bahrain, have indicated their commitment to maintaining the peg, there can be no assurance that there will not be a need for a devaluation as a result of internal or external factors. In particular, Bahrain’s gross foreign reserves have decreased in recent years from U.S.\$6,055.1 million as at 31 December 2014 to U.S.\$2,244.5 million as at 31 December 2020, before increasing to U.S.\$4,741.2 million as at 31 December 2021, U.S.\$4,510.9 million as at 31 December 2022, U.S.\$4,811.4 million as at 31 December 2023 and U.S.\$4,565.4 million as at 31 December 2024. As at 31 March 2025, Bahrain’s gross foreign reserves (including gold) were U.S.\$3,572.6 million and were estimated by the CBB to represent 2.1 months of import coverage and 3.1 months of non-oil import coverage.

There is a risk that a failure to maintain the peg to the U.S. Dollar, which could be sudden and could result in a depreciation of the Bahraini Dinar could result in reduced revenues in the balance of payments or outflows of capital from Bahrain, all of which could have a material adverse effect on Bahrain’s economy. Although a devaluation of the Bahraini Dinar could make exports, particularly aluminium (as further described below), more competitive in international markets, it may not be sufficient to mitigate the impact of a devaluation.

## ***Impact of Global Trade Policies***

Global trade policy, including the imposition of trade barriers or tariffs, can have a material impact on Bahrain's fiscal and economic condition. In recent years, U.S. trade policy in particular has focused on protecting domestic U.S. production and there have been various tariffs that have been announced or implemented. On 1 March 2018, the United States announced the implementation of a new 25% tariff on aluminium imports. Since aluminium is Bahrain's largest non-oil export product, accounting for 39.4% of non-oil exports in 2024, the tariff continues to negatively affect Bahrain.

On 5 April 2025, the United States announced that it would impose a "baseline" tariff of at least 10% (and 25% on steel and aluminium) on most imports into the United States, with potentially higher tariffs on countries with a trade of goods surplus to the United States. While certain higher tariffs on countries other than China have been announced to be subject to a 90-day delay, these policies and any retaliatory measures remain subject to significant uncertainty.

Whilst there has been a free trade agreement in place between the United States and Bahrain since 2004, and it is currently expected that Bahrain may be subject to the "baseline" tariff of 10%, there can be no assurance that further or increased tariffs will not be introduced.

Any of the aforementioned tariffs could have a material adverse impact on Bahrain's balance of trade and on its economy, either directly or indirectly, for example, by increasing the costs of trading with Bahrain's other trading partners that may be subject to such tariffs or as a result of an increase in cheaper goods no longer sold into the U.S. market (as a result of tariffs) being made available on the Bahrain market, thereby making Bahraini goods less competitive both domestically and internationally. In addition, it is not yet possible to predict the further indirect effects of such tariffs on the Bahraini economy nor the impact of any potential retaliatory measures imposed in response or the effects of the volatility created by these events and announcements.

***Bahrain has significant plans to expand its oil and gas capacities, and these plans are subject to construction and financing risks. Moreover, Bapco Energies (formerly, nogaholding) may not pay any dividends to the Government in future years***

Although Bahrain continues to seek to diversify its economy, the hydrocarbons sector (extraction of crude petroleum) continues to represent a significant part of GDP (14.9% of real GDP for the year ended 31 December 2023 and 14.2% for the nine months ended 30 September 2024) and a critical component of Government finances. See also "*Bahrain's economy remains significantly dependent on oil revenues and is vulnerable to external shocks*". Bahrain is engaged in a number of significant projects to enhance its oil and gas sector, and any delay or increase in costs of these projects may have a negative impact on Bahrain's public finances, may adversely affect the economy of Bahrain. Bahrain's projects to expand its oil and gas capabilities may also result in Bapco Energies B.S.C. (c), ("**nogaholding**", which was rebranded in 2023 as "**Bapco Energies**") not paying dividends to the Government in future years. In 2019, Bapco Energies (then nogaholding) declared a U.S.\$150.0 million dividend to the Government (for 2018). In 2022, a dividend of U.S.\$300.0 million was declared for the year 2020 and 2021, which was set off against outstanding receivables from the Government. In 2023, Bapco Energies paid dividends for the year 2022 of U.S.\$150.0 million, which were settled against balances with the Government. There were no dividends declared in 2024.

See "*Public Finance*" for details of the Government's diversification efforts.

Bapco Refining is presently working on a modernisation programme (the "**Bapco Modernisation Programme**") with the aim of increasing its refining capacity at the Sitra oil refinery by approximately 42%, significantly improving the quality and value of its product mix, which is estimated to cost approximately U.S.\$6.9 billion (including development costs, capital expenditures contingencies, senior debt interest and fees during construction and required liquidity reserves). Construction, commissioning and start-up of the project is due to be completed in 2025. The Bapco Modernisation Programme includes plans for the construction of new process units and support facilities to be integrated into the existing facility, and decommissioning older and less efficient units. In February 2018, Bapco (now, Bapco Refining) signed a U.S.\$4.1 billion engineering, procurement and construction ("**EPC**") contract with a consortium led by French-U.S. petroleum services group Technip Energies and including Técnicas Reunidas from Spain and Samsung Engineering from South Korea. In December 2018, greenfield construction at the site commenced. The financial close for the Bapco Modernisation Programme occurred on 9 May 2019 with the participation of five export credit agencies and a total of 21 banks (eight international, six regional and seven Bahraini banks). Since the financial close, the number of participating banks has increased to 30. As of 31 December 2024, the EPC elements of the Bapco Modernisation Programme were (according to the EPC contractor) approximately 98.5% complete, and construction is nearing completion, which represents a delay to the originally scheduled progress of the project (with one of the primary causes of the delay to the project being the impact of the COVID-19 pandemic, which limited the availability of workforce resources). Any further delays in the work relating to the Bapco Modernisation Programme may affect Bahrain's growth and revenue generation strategy and impact the Issuer's ability to satisfy its obligations under Notes under the Programme.

On 4 April 2018, the Ministry of Oil (formerly National Oil and Gas Authority (“NOGA”)) announced the largest ever discovery of oil and gas reserves in Bahrain at the Khalij Al-Bahrain Basin. Extensive work has been carried out to evaluate in-place volumes and Bapco Upstream (formerly, Tatweer Petroleum) is currently involved in the process of drilling a number of appraisal wells. Due to the risks and limitations of operating in the COVID-19 pandemic environment, plans for drilling and testing a number of key appraisal wells offshore were delayed until 2021, subject to improvement of the pandemic and international oil price conditions. The technical and commercial feasibility, timing, cost and financing of any potential exploitation of the Khalij Al-Bahrain Basin is in the process of being determined. Projects for the expansion of gas capacity are also ongoing. The Pre-Unayzah gas exploration project is in the appraisal phase, with estimates for the Pre-Unayzah gas reservoir resources announced in 2018 and re-entry and drilling of wells ongoing. The timing for the assessment of technical and commercial feasibility, timing, cost and financing of any potential exploitation is unknown. There can be no assurance that these discoveries will generate the anticipated increase in Bahrain’s oil and gas production or that development will be commercially viable.

Any delay in the completion of the Bapco Modernisation Programme or the exploitation of the Khalij Al-Bahrain Basin or Pre-Unayzah gas exploration and other projects, as a result of construction delays or other issues, including as a result of projects not being completed to specification, or the inability to obtain sufficient financing, may adversely affect Bahrain’s growth and revenue generation strategy and impact the Issuer’s ability to satisfy its obligations under Notes issued under the Programme.

### ***Increases in commercial tariffs of natural gas and diesel may impact the economy***

Starting from 1 April 2015, the commercial tariff of natural gas increased to U.S.\$2.50 per one million British Thermal Units (“mmbtu”). Under a multi-phased readjustment programme, the price of natural gas was scheduled to increase by 25 cents per mmbtu each year, until it reached U.S.\$4.00 per mmbtu by 1 April 2021. In order to support local industries affected by the COVID-19 pandemic, the Government decided not to increase the price to U.S.\$4.00 in April 2021. The gas price increased to U.S.\$4.00 per mmbtu on 1 April 2022. In January 2024, Aluminium Bahrain B.S.C. (“Alba”) signed a 10-year gas supply agreement with the Government superseding all previous agreements. Pursuant to this agreement, the gas price is fixed for the first five-year period at U.S.\$4.00 per mmbtu, following which the price will be determined by the competent authority. However, there can be no assurances that these increases will be sufficient or will not have an adverse effect on the economy of Bahrain. In addition, while local diesel prices have remained stable since 2019, petroleum product prices are frequently reviewed by the Government and are subject to change without prior notice.

### ***The prices of aluminium are cyclical, and sustained low prices may impact the economy***

Bahrain’s revenues are influenced by global aluminium prices through its ownership of Alba. Alba’s exports accounted for approximately 38.3% and 19.2% of Bahrain’s total exports in 2024 and 2023, respectively, with the increase reflecting increased production capacity at Alba’s sixth potline (“Line 6”) following completion of the Alba Line 6 Expansion Project. Alba’s exports also accounted for 38.3% and 39.4% of Bahrain’s total non-oil exports in 2023 and 2024, respectively.

The cyclical aluminium industry has historically experienced significant shifts in global demand and price volatility. Prior to 2021 the market faced overcapacity and declining prices for several years, with major producers cutting production. Aluminium prices fell from a high of U.S.\$2,597 per tonne in April 2018 to U.S.\$1,799 per tonne by December 2019. During 2020, the aluminium market was adversely impacted by the COVID-19 pandemic. Aluminium prices dropped to a low of U.S.\$1,421 per tonne in April 2020, driven by weaker global demand, before recovering to U.S.\$1,978 per tonne by December 2020 due in part to a strong recovery in demand from China. This fourth quarter recovery in demand continued in 2021 with aluminium prices trading above U.S.\$2,000 per tonne and reaching a high of U.S.\$2,656 per tonne in May 2021. In the first six months of 2022, end sector growth and demand from the automotive and aerospace sectors, coupled with constrained aluminium production across key geographies due to higher energy costs and geopolitical instability, caused aluminium trade prices to increase, reaching a peak of U.S.\$3,985 per tonne in March 2022. In the last six months of 2022, however, aluminium prices declined due to rising interest rates and weaker global demand, with a low price of U.S.\$2,079 per tonne in September 2022. In 2023, the aluminium market was adversely affected by rising interest rates, inflation, and supply chain disruptions, impacting global demand growth. In 2024, London Metal Exchange (“LME”) averaged U.S.\$2,419, ranging between U.S.\$2,100 per tonne and U.S.\$2,700 per tonne with the building and construction sectors limiting price increases, while the general cost structure for smelters provided a floor.

These circumstances make price forecasts for Alba’s products difficult to predict. Despite volatile international markets, Alba has generated significant profits for the Government, and its exports have continued to contribute to Bahrain’s balance of payments account. There can be no assurance that this trend will continue, and any future period of sustained low demand or low prices could have an adverse effect on Government revenues and the wider economy.



Alba's competitive position in the global aluminium market is dependent on its continued access to sufficient gas supplies on attractive terms from its sole supplier, Bapco Refining. Although Alba expects to remain highly competitive globally following the conclusion of a long-term agreement with Bapco Energies for the supply of gas on favourable terms and gas supply contracts in place for Lines 1 to 5 until November 2025 and for Line 6 until October 2028, as well as through reductions in production costs, efficiency improvement programmes, and maximising output of value-added products which attract higher premiums, no assurances can be given that Alba will maintain or improve its competitive position. Decisions by Bapco Energies to change the terms under which it supplies gas to Alba or Alba's inability to lock in a long-term alternative gas supplier on commercially attractive terms could have a material adverse effect on Alba's business, financial condition, results of operations and prospects.

Ongoing global geopolitical tensions, particularly those within the MENA region, can lead to factors that could affect Alba's performance. For example, the on-going civil war in Yemen could lead to disruption off its coast at the Bab al-Mandab gateway, which Alba relies on for shipments of incoming raw materials required for aluminium production and through which it ships a small portion of its finished product to customers outside of the GCC to Europe, the United States and Asia. Disruption to this shipping channel could require Alba to seek out alternative shipping routes, which may be more costly and less efficient.

In addition, on 1 March 2018, the United States announced the implementation of a new 25% tariff on aluminium imports, with such tariff applicable to Alba. Sales to the Americas (including the United States) accounted for approximately 14.3% of Alba's total sales in 2024.

#### ***Climate change may lead to rising temperatures and put pressure on crops and water resources***

According to the World Bank, climate change is already affecting the region and, in the future, will cause extreme heat to spread across more of the land for longer periods of time, making some regions unliveable and reducing growing areas for agriculture. Cities are expected to feel an increasing heat island effect and most capital cities in the Middle East could face four months of exceedingly hot days every year, according to the same source. Bahrain is a small island developing state that obtains its drinking water from underground freshwater deposits and, increasingly, from desalinisation plants. Climate change is likely to lead to changed precipitation patterns, sea level rises and more frequent extreme weather events, such as prolonged droughts and flooding.

While the Government has launched, and is participating in, a number of initiatives to adapt to and mitigate the effects of climate change (including, among others, the National Energy Strategy and the National Adaptation Investment Plan where adaptation projects will be listed to increase Bahrain's resilience to climate change in water, agriculture, biodiversity and urban planning sectors, with pre-feasibility studies conducted and a climate finance strategy expected to be developed to fund these projects), the population and economy of Bahrain remain subject to the risk of adverse changes in rainfall patterns, disruptions to ground and other water supplies, and rising temperatures, which may be exacerbated by climate change. Accordingly, there can be no assurance that Bahrain will not suffer from water shortages, pressure on crops and extreme heat conditions in the future, which could, in turn, require emergency or additional Government environmental-related spending and may have social consequences.

### **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

#### **Risks related to the structure of a particular issue of Notes**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for prospective investors. Set out below is a description of the most common such features:

***Notes subject to optional redemption by the Issuer: If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned, and an investor may not be able to reinvest the redemption proceeds in a manner that achieves a similar effective return***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

***If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, it may affect the secondary market and the market value of the Notes concerned***

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

***Notes that are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates***

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do market values for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

***The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”***

Interest rates and indices which are deemed to be “benchmarks” (including the Euro interbank offered rate (“EURIBOR”)) are the subject of national and international regulatory guidance and reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion (including the transition away from LIBOR), and “benchmarks” remain subject to ongoing monitoring. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences, which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

On 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk Free Rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) across Sterling bond, loan and derivative markets, so that SONIA is established as the primary Sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk free overnight rate” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the Euro area. On 13 September 2018, the working group on Euro risk free rates recommended the new Euro short-term rate (“€STR”) as the new risk free rate for the Euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the conditions of the Notes) occurs, including if an original Reference Rate (as defined in the conditions of the Notes) and/or any page on which an original Reference Rate may be published (or any other successor service) becomes unavailable.

Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate (each as defined in the conditions of the Notes), with or without the application of an Adjustment Spread (as defined in the conditions of the Notes) and may include amendments to the conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser (as defined in the conditions of the Notes), acting in good faith and following consultation with the Issuer, or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread, if applied, is (a) a spread (which may be positive, negative or zero) or, (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate, as the case may be, and is the spread, formula or methodology, which (i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the conditions of the Notes) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, or (iii) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be, or (iv) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate. Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with or without the application of an Adjustment Spread) may still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest (or the relevant component part thereof) for the relevant immediately following Interest Period may result in the Rate of Interest (or the relevant component part thereof) for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

If, following the occurrence of a Benchmark Event, the Issuer is unable to appoint an Independent Adviser; or the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread, the Issuer will have to exercise its discretion to determine (or to elect not to determine) a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread, in a situation in which it is presented with a conflict of interest.

Where the applicable Pricing Supplement specifies that Condition 5.2(c)(ii) is applicable, if the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined in the conditions of the Notes) has occurred, the then-current Benchmark will be replaced by a Benchmark Replacement (determined by the Issuer in accordance with the conditions of the Notes) for all purposes relating to the relevant Notes in respect of all determinations on such date and for all determinations on all subsequent dates. The Issuer will have to exercise its discretion to determine (or to elect not to determine) a Benchmark Replacement and, if applicable, a Benchmark Replacement Adjustment, in a situation in which it is presented with a conflict of interest.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes linked to or referencing a benchmark.

***The market continues to develop in relation to risk free rates (including overnight rates) which are possible reference rates for Floating Rate Notes***

Investors should be aware that the market continues to develop in relation to risk free rates, such as €STR, the Secured Overnight Financing Rate (“SOFR”) and SONIA, as reference rates in the capital markets for Euro, U.S. Dollar or Sterling bonds, as applicable, and their adoption as alternatives to the relevant interbank offered rates. This relates to the development both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such risk free rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk free rates, including term €STR, SOFR and SONIA reference rates (which seek to measure the market’s forward expectation of an average €STR, SOFR or SONIA over a designated term). The continued development of risk free reference rates for the Eurobond markets, as well as the continued development of €STR, SOFR and SONIA based rates and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The substance of the calculation of, and the adoption of market infrastructure for the issuing and trading of Eurobonds referencing, €STR, SOFR and SONIA continues to develop. In particular, investors should be aware that several different SOFR methodologies have been used in Eurobonds referencing SOFR issued to date and no assurance can be given that any particular methodology, including the compounding formula in the conditions of the Notes, will gain widespread market acceptance.

The market, or a significant part thereof, may adopt an application of risk free rates that differs significantly from that set out in the conditions of the Notes and used in relation to Floating Rate Notes that reference a risk free rate issued under this Base Offering Circular. The development of risk free rates for the Eurobond markets could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes that reference a risk free rate issued under the Programme from time-to-time. In addition, the manner of adoption or application of risk free rates in the Eurobond markets may differ materially compared with the application and adoption of risk free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk free rates.

Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

***Risk free rates differ from interbank offered rates in a number of material respects and have a limited history***

Risk free rates may differ from interbank offered rates in a number of material respects, including (without limitation) by, in most cases, being backwards looking, calculated on a compounded or weighted average basis and risk free overnight rates, whereas such interbank offered rates are generally expressed on the basis of a forward looking term and include a risk element based on interbank lending. As such, investors should be aware that interbank offered rates and any risk free rates may behave materially differently as interest reference rates for the Notes.

Interest on Notes which reference a backwards looking risk free rate is only capable of being determined immediately prior to or on the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk free rates to reliably estimate the amount of interest that will be payable on such Notes and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of

such Notes. Further, in contrast to Notes referencing interbank offered rates, if the Notes become due and payable as a result of an Event of Default under Condition 10, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. In addition, the manner of adoption or application of such risk free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk free rates in other markets such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

The use of risk free rates as a reference rate for Eurobonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such risk free rates.

Notes referencing risk free rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk free rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of subsequently issued indexed debt securities as a result. Further, if the relevant risk free rates do not prove to be widely used in securities like Notes issued under the Programme, the trading price of such Notes linked to such risk free rates may be lower than those of Notes referencing indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any Floating Rate Notes.

***The administrator of €STR, SOFR and SONIA may make changes that could change the value of €STR, SOFR and SONIA or discontinue €STR, SOFR and SONIA***

The European Central Bank, the Federal Reserve, the Bank of New York or the Bank of England (or their respective successors), as administrators of €STR, SOFR and SONIA, respectively, may make methodological or other changes that could change the value of €STR, SOFR and SONIA, including changes related to the method by which €STR, SOFR and SONIA is calculated, eligibility criteria applicable to the transactions used to calculate €STR, SOFR and SONIA, or timing related to the publication of €STR, SOFR and SONIA. In addition, the relevant administrator may alter, discontinue or suspend calculation or dissemination of €STR, SOFR and SONIA (in which case a fallback method of determining the interest rate on the relevant Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing €STR, SOFR and SONIA. Any of the foregoing could have a material adverse effect on the value or liquidity of, and return on, any Notes which reference €STR, SOFR and SONIA.

### **Risks related to Notes generally**

Set out below is a description of material risks relating to the Notes generally.

***The conditions of the Notes contain provisions, which permit their modification without the consent of all investors***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally or to pass resolutions in writing or through the use of electronic consents without the need for a meeting. Such provisions are commonly referred to as “collective action clauses”. These provisions permit defined majorities to bind all Noteholders, including any Noteholders who did not attend and vote at the relevant meeting or, as the case may be, sign the relevant written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. In addition, the conditions of the Notes permit “cross-series modifications” to be made to more than one series of debt securities, provided that each affected series of debt securities also contains a cross-series modification provision. The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of reserved matters across multiple Series of Notes.

Any modification or actions relating to any Reserved Matter (as defined in the conditions of the Notes), including in respect of payments and other important terms, may be made (a) to a single Series of Notes with the consent of the holders of 75% of the aggregate nominal amount of the outstanding Notes, and (b) to multiple series of securities which may be issued by the Issuer with the consent of both (i) the holders of at least two thirds of the aggregate nominal amount of all outstanding securities being aggregated and (ii) the holders of at least 50% in aggregate nominal amount of the outstanding

securities of each series being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the conditions of the Notes), any such modification or action relating to any Reserved Matter may be made to multiple series of the Issuer's securities with the consent of 75% of the aggregate nominal amount of the outstanding securities of all affected series, without requiring a particular percentage of the holders of any individual affected securities to vote in favour of or approve any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of certain series of securities only and, for the avoidance of doubt, the collective action provisions may be used for different groups of two or more securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

It is, therefore, possible that the conditions of the Notes may be amended, modified or waived in circumstances whereby the holders of securities voting in favour of or signing a written resolution in respect of an amendment, modification or waiver may be holders of different series of securities and, as such, the majority of Noteholders of the relevant Series would not necessarily have voted in favour of or signed a written resolution in respect of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple series of securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

***The conditions of the Notes restrict the ability of an individual holder to declare an Event of Default, and permit a majority of holders to rescind a declaration of such a default***

The Notes contain a provision which, if an Event of Default occurs, allows the holders of at least 25%, in aggregate nominal amount of the outstanding Notes to declare all the Notes to be immediately due and payable by providing notice in writing to the Issuer, whereupon the Notes shall become immediately due and payable at their Early Redemption Amount (as defined in the conditions of the Notes) with accrued interest (if any), without further action or formality.

The conditions of the Notes also contain a provision permitting the holders of at least 50%, in aggregate nominal amount of the outstanding Notes to notify the Issuer to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. The Issuer shall give notice thereof to the Noteholders, whereupon the relevant declaration shall be withdrawn and shall have no further effect.

***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes, which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount, which is less than the minimum Specified Denomination in its account with the relevant clearing system, would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at, or in excess of, the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount, which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time, may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at, or in excess of, the minimum Specified Denomination, such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes, which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders***

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each, as defined in “*Form of the Notes*”). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

***Transferability of the Notes may be limited under applicable securities laws***

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Notes issued under the Programme may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

***If an investor holds Notes, which are not denominated in the investor’s home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (i) the Investor’s Currency-equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors in such jurisdiction may receive less interest or principal than expected, or no interest or principal.

***Credit ratings assigned to the Issuer or any Notes do not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings do not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (x) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (y) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Offering Circular.

**Risks relating to enforcement**

***Enforcement risk***

Bahrain is a foreign sovereign state, and the vast majority of the assets of the Issuer are located outside the United Kingdom. As a result, it may not be possible for investors to enforce against it in courts located in the United Kingdom judgments obtained in courts located in the United Kingdom. A substantial part of the Issuer's assets are located in Bahrain.

If the choice of law by the parties in relation to any applicable agreement relating to the transaction is English law, the courts of Bahrain are likely to apply English law as the governing law of the transaction at the request of a party, provided that (i) the relevant provisions of English law are proved, as a matter of evidence, by the parties relying on it; and (ii) such provisions are not contrary to Bahraini public order or morality.

The Issuer has irrevocably agreed that the conditions of the Notes and any non-contractual obligations arising out of, or in connection with, them are governed by, and shall be construed in accordance with, English law.

Any dispute in relation to the conditions of the Notes, and any non-contractual obligations arising out of, or in connection with, them, may be referred to arbitration in London, England under the Rules. However, before the arbitration tribunal has been constituted in respect of a claim asserted or brought by or against a Noteholder, such Noteholder may, by notice in writing to the Issuer, require that the dispute be referred to the courts of England (who shall have exclusive jurisdiction to settle any such dispute).



In these circumstances, each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England. Notwithstanding that a judgment may be obtained in an English court, there is no assurance that the Issuer has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. Further, notwithstanding the agreement to submit to the exclusive jurisdiction of the courts of England, there is a possibility that the courts of Bahrain may assume jurisdiction where any defendants in a claim filed before the courts of Bahrain has an elected domicile or place of residence in Bahrain.

Bahrain has ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and the party seeking to enforce the arbitration award must supply the duly authenticated original or a duly certified copy of the award and the original or a duly certified copy of the arbitration agreement. Enforcement of the arbitration award may be refused at the request of the party against whom it is invoked, if that party furnishes to the competent authority, where the recognition and enforcement is sought, proof that:

- (i) the party to the agreement was, under the law applicable to it, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected to or failing any indication thereon under the laws of Bahrain; or
- (ii) the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or
- (iii) the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration or it contains decisions on matters beyond the scope of the submission to arbitration. Provided that the decision on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside; or
- (iv) the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the laws of the country where the arbitration took place; or
- (v) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the laws of which, that award was made.

Recognition and enforcement of an arbitral award may also be refused if the competent authority in Bahrain finds that the subject matter of the dispute is not capable of settlement by arbitration under the laws of Bahrain or the recognition or enforcement of the award would be contrary to the public policy of Bahrain.

There is limited reciprocity between Bahrain and other countries in relation to the recognition and enforcement of judgments. The courts of Bahrain may enforce a foreign court judgment without re-examining the merits of the claim, provided that:

- (i) such court enforces judgments and orders rendered in Bahrain;
- (ii) the courts of Bahrain did not have jurisdiction in the matter in respect of which the order or judgment has been made and it was made by a foreign court of competent jurisdiction under the jurisdiction rules or laws applied by such court;
- (iii) the parties had been served with due notice to attend and had been properly represented;
- (iv) the judgment was final in accordance with the law of the court making it; and
- (v) the judgment did not conflict with any previous decision of the courts of Bahrain and did not involve any conflict with public order or morality in Bahrain.

As there has been no reciprocity between England and Bahrain, the courts of Bahrain are unlikely to enforce an English judgment without requesting that a fresh case is filed in the courts of Bahrain which may lead to the possibility that the courts of Bahrain may re-examine the merits of the claim although the courts of Bahrain may also accept the English court judgment as evidence of a debt. The choice by the parties of English law as the governing law of the transaction will be recognised by the courts of Bahrain provided that the provisions thereof are (i) proved, as a matter of evidence to the satisfaction of the Bahraini court, by the party relying on it and (ii) not contrary to Bahraini public order and morality.

Generally where provisions relating to interest payments are provided for in an agreement, the courts of Bahrain may give effect to such a provision so long as the agreement between the parties which provides for payment of interest is a commercial agreement relating to commercial activities.

Judicial precedents in Bahrain generally do not have binding effect on subsequent decisions except as a directive for decisions of the Constitutional Court. Although decisions rendered by the Court of Cassation do not have binding effect on lower courts, the present practice, albeit non-binding, is for the lower courts to adhere to the precedents and principles laid down by the Court of Cassation. There is no formal system of reporting court decisions in Bahrain, except for those decisions of the Court of Cassation and the Constitutional Court.

In addition, subject to the provisions of Legislative Decree № 27 of 2021 amending the Judicial Authority Law issued by virtue of Legislative Decree № 42 of 2002 and Ministerial Order № 28 of 2023, no document will be admitted in evidence in the courts of Bahrain unless they are submitted in Arabic or accompanied by a duly authenticated Arabic translation approved by the official translator of the courts of Bahrain, which will be the official text.

### ***Waiver of sovereign immunity***

The Issuer, to the extent permitted by law and subject as set out below, has irrevocably and unconditionally waived and agreed not to raise with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and to the extent permitted by law, irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property or assets whatsoever of any order or judgment made or given in connection with any proceedings. The Issuer's waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Notes, and under no circumstances shall such waiver be interpreted as a general waiver by the Issuer or a waiver of immunity in respect of: (a) property used by a diplomatic or consular mission of the Issuer; (b) property of a military character and under the control of a military authority or defence agency of the Issuer; or (c) public or state-owned property located in Bahrain.

Investors should be aware that, pursuant to Article 15(1) of the Execution Law in Civil and Commercial Matters promulgated by Legislative Decree № 22 of 2021, state property may not be attached nor may execution be carried out against it, and in related proceeding brought in the courts of Bahrain to enforce or seek recognition of a judgment or award obtained outside of Bahrain, the waiver of immunity would not be given effect to the extent that it violates Article 15(1).

### ***Claims for specific enforcement***

In the event that the Issuer fails to perform its obligations under the Notes, the potential remedies available to the Noteholders include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific performance of a contractual obligation.

The amount of damages, which a court may award in respect of a breach, will depend upon a number of possible factors including an obligation on the Issuer and the Noteholders to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Issuer to perform its obligations under the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated by reference in, and form part of, this Base Offering Circular:

- (a) the Terms and Conditions of the Notes contained in the Base Prospectus dated 23 September 2019 (the “**2019 Base Prospectus**”), pages 35 to 67 (inclusive), prepared by the Issuer in connection with the Programme (available at [https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_420329ac-1ce3-4d78-91bd-8161aaa38187.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_420329ac-1ce3-4d78-91bd-8161aaa38187.PDF));
- (b) the Terms and Conditions of the Notes contained in the Base Offering Circular dated 21 January 2021 (the “**January 2021 Base Offering Circular**”), pages 37 to 68 (inclusive), prepared by the Issuer in connection with the Programme (available at [https://www.rns-pdf.londonstockexchange.com/rns/7346N\\_4-2021-2-2.pdf](https://www.rns-pdf.londonstockexchange.com/rns/7346N_4-2021-2-2.pdf));
- (c) the Terms and Conditions of the Notes contained in the Base Offering Circular dated 8 November 2021 (the “**November 2021 Base Offering Circular**”), pages 39 to 70 (inclusive), prepared by the Issuer in connection with the Programme (available at [http://www.rns-pdf.londonstockexchange.com/rns/1370T\\_2-2021-11-22.pdf](http://www.rns-pdf.londonstockexchange.com/rns/1370T_2-2021-11-22.pdf));
- (d) the Terms and Conditions of the Notes contained in the Base Offering Circular dated 10 October 2022 (the “**2022 Base Offering Circular**”), pages 44 to 85 (inclusive), prepared by the Issuer in connection with the Programme (available at: [https://www.rns-pdf.londonstockexchange.com/rns/9943C\\_1-2022-10-14.pdf](https://www.rns-pdf.londonstockexchange.com/rns/9943C_1-2022-10-14.pdf)); and
- (e) the Terms and Conditions of the Notes contained in the Base Offering Circular dated 2 February 2024 (the “**2024 Base Offering Circular**”), pages 40 to 80 (inclusive), prepared by the Issuer in connection with the Programme (available at: [https://www.rns-pdf.londonstockexchange.com/rns/4990D\\_1-2024-2-16.pdf](https://www.rns-pdf.londonstockexchange.com/rns/4990D_1-2024-2-16.pdf)).

No other part of the 2019 Base Prospectus, the January 2021 Base Offering Circular, the November 2021 Base Offering Circular, the 2022 Base Offering Circular or the 2024 Base Offering Circular forms part of, or is incorporated into, this Base Offering Circular. Any information contained therein which is not incorporated by reference in this Base Offering Circular is either deemed not relevant for investors or is otherwise covered elsewhere in this Base Offering Circular.

Following the publication of this Base Offering Circular, a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Offering Circular or in a document which is incorporated by reference in this Base Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Offering Circular or publish a new Base Offering Circular for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary bearer global note (a “**Temporary Bearer Global Note**”) or, if so specified in the applicable Pricing Supplement, a permanent bearer global note (a “**Permanent Bearer Global Note**” and, together with a Temporary Bearer Global Note, a “**Bearer Global Note**”), which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the “**Common Depositary**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Notes issued pursuant to TEFRA D must be initially represented by a Temporary Bearer Global Note.

While any Bearer Global Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “**Exchange Date**”), which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Bearer Global Note of the same Series against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. On the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Global Notes (other than Temporary Bearer Global Notes), interest coupons and talons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986”.

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Global Notes, interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

## Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a “**Regulation S Global Note**”).

The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“**QIBs**”). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “**Rule 144A Global Note**” and, together with a Regulation S Global Note, a “**Registered Global Note**”).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“**DTC**”); or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form and in the case of Regulation S Global Notes, outside the United States and its possessions.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available; or (ii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

## Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

## General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued on terms that it will from a date after its date of issue form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the two Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 29 April 2025 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

[**MiFID II product governance / Professional investors and ECPs only target market** - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) № 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"), only and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time** (the "**SFA**") - [Notice to be included if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA.]]

## APPLICABLE PRICING SUPPLEMENT

[Date]

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**THE KINGDOM OF BAHRAIN**  
*acting through the Ministry of Finance and National Economy*

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**Legal entity identifier (LEI): 549300RODM1WN85LFQ95**

**Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]  
under the  
Global Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Circular dated 29 April 2025 [and the supplement[s] to it dated [ ] [and [ ]]] [together] (the "**Base Offering Circular**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular in order to obtain all the relevant information. The Base Offering Circular has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html>.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Circular dated [original date] [and the supplement[s] to it dated [ ] [and [ ]]] which are incorporated by reference in the Base Offering Circular dated 29 April 2025. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular dated 29 April 2025 [and the supplement[s] to it [ ] [and [ ]]] [together] (the "**Base Offering Circular**"), including the Conditions incorporated by reference in the Base Offering Circular, in order to obtain all the relevant information. The Base Offering Circular has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html>.]

- |    |                    |   |
|----|--------------------|---|
| 1. | Issuer:            | The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy |
| 2. | (a) Series Number: | [ ]   |

- (b) Tranche Number: [ ]
- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [ ]/[Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (a) Series: [ ]
- (b) Tranche: [ ]
5. Issue Price: [ ]% of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6. (a) Specified Denominations: [ ]
- (b) Calculation Amount (in relation to calculation of interest in relation to Notes in global form or Registered definitive form (see Conditions)): [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]/Issue Date/Not Applicable]
8. Maturity Date: [ ]/[Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis:
- [[ ]% Fixed Rate]
- [[ ] +/- [ ]% Floating Rate]
- [Zero Coupon]
- (see paragraph [14]/[15]/[16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[ ]/[100]]% of their nominal amount
11. Change of Interest Basis: [ ]/[Not Applicable]
12. Put/Call Options:
- [Investor Put]
- [Issuer Call]
- [(see paragraph [17]/[18] below)]
- [Not Applicable]
13. (a) Status of the Notes: Senior
- (b) Date(s) approval(s) for issuance of Notes obtained: [ ]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [ ]% *per annum* payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s) (and in relation to Notes in global form or Registered definitive form see Conditions): [ ] per Calculation Amount
- (d) Broken Amount(s) (and in relation to Notes in global form or Registered definitive form see Conditions): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/[Not Applicable]



- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year] [Not Applicable]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [ , subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination not referencing €STR, SOFR or SONIA/Screen Rate Determination referencing €STR, SOFR or SONIA]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not Citibank N.A., London Branch as Principal Paying Agent): [ ] (the “**Calculation Agent**”)
- (f) Screen Rate Determination not referencing €STR, SOFR or SONIA: [Applicable/Not Applicable]
- Reference Rate: [ ] month EURIBOR
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (g) Screen Rate Determination referencing €STR, SOFR or SONIA: [Applicable/Not Applicable]
- Reference Rate: [€STR/SOFR/SONIA]
  - Interest Determination Date(s): [[ ]/The date falling [ ] Business Days prior to the first day of each Interest Period/First day of each Interest Period/The [ ] [first, second, third etc.] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][provide details]/The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - *Include this wording for Payment Delay only*]
  - Relevant Screen Page: [ ]
  - Index Determination [Applicable/Not Applicable]
  - Calculation Method: [Compounded Daily/Weighted Average/SOFR Compounded Index/SONIA Compounded Index]
  - Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
- (Insert only if Index Determination is “Not Applicable”. Otherwise specify “Not Applicable”).

- Observation Lookback Period: [[ ]/Not Applicable]  
(Insert only if Index Determination is “Not Applicable”. Otherwise specify “Not Applicable”.)
- Effective Interest Payment Date: [The date falling [ ] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Applicable Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption – used for Payment Delay only]/[Not Applicable]
- Rate Cut-off Date: [The date falling [ ] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – used for Payment Delay only]/[Not Applicable]
- Relevant Decimal Place: [ ] [5/7]  
(Unless otherwise specified, the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index)
- Relevant Number: [insert number being [two] or greater/Not Applicable]
- D: [365/360/[ ]]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (i) Benchmark Replacement fall back: [Condition 5.2(c)(i) is applicable/Condition 5.2(c)(ii) is applicable]
- (j) Margin(s): [+/-] [ ]% per annum
- (k) Minimum Rate of Interest: [ ]% per annum
- (l) Maximum Rate of Interest: [ ]% per annum
- (m) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]
- 16. Zero Coupon Note Provisions [Applicable/Not Applicable]
  - (a) Accrual Yield: [ ]% per annum
  - (b) Reference Price: [ ]
  - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

- 17. Issuer Call: [Applicable/Not Applicable]
  - (a) Optional Redemption Date(s): [ ]

- (b) Optional Redemption Amount: [[ ] per Calculation Amount]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ] per Calculation Amount
- (ii) Maximum Redemption Amount: [ ] per Calculation Amount
- (d) Notice period: Minimum period: [15] days  
Maximum period: [30] days
18. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [[ ] per Calculation Amount]
- (c) Notice periods: Minimum period: [15] days  
Maximum period: [30] days
19. Final Redemption Amount: [ ] per Calculation Amount
20. Early Redemption Amount: [ ] per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Bearer Notes:  
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event]  
[Permanent Bearer Global Note exchangeable for Definitive Notes upon an Exchange Event]  
[Registered Notes:  
[Regulation S Global Note (U.S.\$[ ] aggregate nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]  
[Rule 144A Global Note (U.S.\$[ ] aggregate nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
22. Additional Financial Centre(s): [Not Applicable/give details]
23. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

#### THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading: [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the main market of the London Stock Exchange plc and to be listed on the Official List of the United Kingdom Financial Conduct Authority] with effect from [ ].]/[None.]
- (b) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- [Standard & Poor's: [ ]]
- [Fitch: [ ]]
- [[Standard & Poor's] is established in the European Union and is registered under Regulation (EC) № 1060/2009 (as amended) (the “**CRA Regulation**”)]
- [[Fitch] is established in the United Kingdom and is registered under Regulation (EC) № 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealer] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business, for which they may receive fees.]

### 4. [YIELD (FIXED RATE NOTES ONLY)]

- Indication of yield: [ ]%
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 5. USE OF PROCEEDS

- (a) Use of proceeds: [See “Use of Proceeds” in the Base Offering Circular]/[ ]
- (b) Estimated amount of net proceeds: [ ]

### 6. OPERATIONAL INFORMATION

- (a) ISIN: [ ]
- (b) Common Code: [ ]
- (c) CUSIP: [ ]
- (d) CINS: [ ]
- (e) CFI: [[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the

- responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (f) FISN: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (g) Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable]/[ ]
- (h) Delivery: Delivery [against/free of] payment
- (i) Names and addresses of additional Paying Agent(s) (if any): [ ]
7. **DISTRIBUTION**
- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable]/[ ]
- (c) Date of Subscription Agreement: [ ]
- (d) Stabilisation Manager(s) (if any): [Not Applicable]/[ ]
- (e) If non-syndicated, name of relevant Dealer: [Not Applicable]/[ ]
- (f) U.S. Selling Restrictions: [Reg. S Compliance Category 1; Rule 144A; TEFRA D/TEFRA C/TEFRA not applicable]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Pricing Supplement” for a description of the content of Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy (the “**Issuer**”), pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (“**Registered Notes**”) (issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time-to-time, the “**Agency Agreement**”) dated 29 April 2025 and made between the Issuer, Citibank N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent), as exchange agent (the “**Exchange Agent**”, which expression shall include any successor exchange agent) and as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent) and the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents) and Citibank Europe plc as registrar (the “**Registrar**”, which expression shall include any successor registrar). The Principal Paying Agent, the Exchange Agent, the Transfer Agents, the Paying Agents, the Calculation Agent (if any is specified in the applicable Pricing Supplement) and the Registrar are together referred to as the “**Agents**”.

Interest bearing definitive Bearer Notes have interest coupons (“**Coupons**”) in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The pricing supplement for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which complete these Terms and Conditions (the “**Conditions**”). References to the “**applicable Pricing Supplement**” are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading), and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time-to-time, the “**Deed of Covenant**”) dated 29 April 2025 and made by the Issuer. The original of the Deed of Covenant is held by the Principal Paying Agent.

Copies of the Agency Agreement (including the forms of Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Principal Paying Agent. Copies of the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of and are bound by, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. Certain statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery, and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by applicable law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

For so long as The Depository Trust Company (“**DTC**”) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

### **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in Conditions 2.1 and 2.5, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time-to-time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within ten business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### **2.5 Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or
- (b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or



- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## 2.6 Definitions

In this Condition, the following expressions shall have the following meanings:

**“Legended Note”** means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **“Legend”**);

**“QIB”** means a “qualified institutional buyer” within the meaning of Rule 144A;

**“Regulation S”** means Regulation S under the Securities Act;

**“Regulation S Global Note”** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**“Rule 144A”** means Rule 144A under the Securities Act;

**“Rule 144A Global Note”** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**“Securities Act”** means the United States Securities Act of 1933, as amended.

## 3. STATUS OF THE NOTES

The Notes and any relative Coupons constitute (subject to Condition 4) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, from time-to-time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*.

## 4. NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Noteholders. For the avoidance of any doubt, the right of holders of Shari’a-compliant certificates to require the issuer thereof to sell the relevant underlying asset(s) to the Issuer (or any person on its behalf) following a default thereunder, however described, shall not of itself comprise a security interest for the purposes of the foregoing.

In these Conditions, **“Relevant Indebtedness”** means (i) any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, debentures, notes or other similar instruments; or (ii) any present or future obligations (whether incurred as principal or surety and including, for the avoidance of doubt, any such

obligation which is (or is intended to be) in compliance with the principles of Shari'a) in respect of monies borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments (including Shari'a-compliant certificates)) which, in each case, for the time being are, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and are denominated or payable, or which at the option of the relevant holder thereof may be payable, in a currency other than the lawful currency of the Kingdom of Bahrain.

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) *per annum* equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are Bearer Notes in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Bearer Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes, which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or
- (b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the Calculation Amount in the case of Fixed Rate Notes, which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Pricing Supplement:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

“**Calculation Amount**” means the amount specified as such in the applicable Pricing Supplement;

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

## 5.2 Interest on Floating Rate Notes

### (a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur; or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (C) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means:

- (1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than T2) specified in the applicable Pricing Supplement;
- (2) if T2 is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system (“**T2**”) is open; and
- (3) either (x) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian Dollars or New Zealand Dollars shall be Sydney and Auckland, respectively); or (y) in relation to any sum payable in Euros, a day on which T2 is open.

(b) **Rate of Interest**

The Rate of Interest payable from time-to-time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) *Screen Rate Determination for Floating Rate Notes not referencing €STR, SOFR or SONIA*

Where “Screen Rate Determination not referencing €STR, SOFR or SONIA” is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the applicable Pricing Supplement is not €STR, SOFR or SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate (as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5.2(b)(ii)(A), no offered quotation appears or, in the case of Condition 5.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as

indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

If, on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(b)(ii), but without prejudice to Condition 5.2(c), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

For the purposes of this Condition 5.2(b)(ii):

“**Reference Banks**” means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, selected by the Issuer; and

“**Specified Time**” means 11.00 a.m. (Brussels time).

(ii) *Screen Rate Determination for Floating Rate Notes referencing €STR, SOFR or SONIA – Non-Index Determination*

Where “Screen Rate Determination referencing €STR, SOFR or SONIA” is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the applicable Pricing Supplement is €STR, SOFR or SONIA and other than where “Index Determination” is specified as being “Applicable” in the applicable Pricing Supplement:

- (A) Where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Pricing Supplement as being “Compounded Daily”, the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin, (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable, where:

“**Compounded Daily Reference Rate**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Pricing Supplement and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_i - pBD \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

For the purposes of this Condition 5.2(b)(iii)(A):

**“Applicable Period”** means,

- (1) where **“Lag”**, **“Lock-out”** or **“Payment Delay”** is specified as the Observation Method in the applicable Pricing Supplement, the relevant Interest Period; and
- (2) where **“Observation Shift”** is specified as the Observation Method in the applicable Pricing Supplement, the Observation Period relating to such Interest Period;

**“Business Day”** or **“BD”**, in this Condition 5.2(b)(iii)(A) means (i) where **“€STR”** is specified as the Reference Rate, a day on which T2 is open for settlement of payments in Euros, (ii) where **“SOFR”** is specified as the Reference Rate, a U.S. Government Securities Business Day or (iii) where **“SONIA”** is specified as the Reference Rate, a London Banking Day;

**“D”** is the number specified in the applicable Pricing Supplement;

**“d”** means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

**“d<sub>0</sub>”** means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

**“Effective Interest Payment Date”** means any date or dates specified as such in the applicable Pricing Supplement;

**“€STR”** means, in respect of any Business Day, a reference rate equal to the daily Euro short term rate for such Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the European Central Bank’s Website, in each case, on or before 9:00 a.m., (Central European Time) on the Business Day immediately following such Business Day;

**“European Central Bank’s Website”** means the website of the European Central Bank currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank;

**“i”** means, for the relevant Applicable Period, a series of whole numbers from one to d<sub>0</sub>, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

**“Lock-out Period”** means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

**“London Banking Day”** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**“n<sub>i</sub>”**, for any Business Day “i” in the Applicable Period, means the number of calendar days from and including such Business Day “i” up to but excluding the following Business Day;

**“New York Fed’s Website”** means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

**“Observation Period”** means, in respect of an Interest Period, the period from and including the date falling “p” Business Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date which is “p” Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” Business Days prior to such earlier date, if any, on which the Notes become due and payable);

**“p”** means, for any Interest Period:

- (1) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the number of Business Days included in the Observation Lookback Period specified in the applicable Pricing Supplement (or, if no such number is specified two Business Days);
- (2) where “Lock-out” or “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement, zero; or
- (3) where “Observation Shift” is specified as the Observation Method in the applicable Pricing Supplement, the number of Business Days included in the Observation Lookback Period specified in the applicable Pricing Supplement (which shall not be less than two Business Days without the consent of the Calculation Agent);

**“r”** means:

- (1) where in the applicable Pricing Supplement “€STR” is specified as the Reference Rate and either “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (2) where in the applicable Pricing Supplement “SOFR” is specified as the Reference Rate and either “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (3) where in the applicable Pricing Supplement “SONIA” is specified as the Reference Rate and either “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (4) where in the applicable Pricing Supplement “€STR” is specified as the Reference Rate and “Lock-out” is specified as the Observation Method:
  - (a) in respect of any Business Day “i” that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day, and
  - (b) in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (5) where in the applicable Pricing Supplement “SOFR” is specified as the Reference Rate and “Lock-out” is specified as the Observation Method:
  - (a) in respect of any Business Day “i” that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and
  - (b) in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

- (6) where in the applicable Pricing Supplement “SONIA” is specified as the Reference Rate and “Lock-out” is specified as the Observation Method:
  - (a) in respect of any Business Day “i” that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day, and
  - (b) in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (7) where in the applicable Pricing Supplement “€STR” is specified as the Reference Rate and “Payment Delay” is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “r” shall be the €STR in respect of the Rate Cut-off Date;
- (8) where in the applicable Pricing Supplement “SOFR” is specified as the Reference Rate and “Payment Delay” is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “r” shall be the SOFR in respect of the Rate Cut-off Date; and
- (9) where in the applicable Pricing Supplement “SONIA” is specified as the Reference Rate and “Payment Delay” is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “r” shall be the SONIA rate in respect of the Rate Cut-off Date;

“**Rate Cut-off Date**” has the meaning given in the applicable Pricing Supplement;

“**Reference Day**” means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-out Period;

“**ri-pBD**” means the applicable Reference Rate as set out in the definition of “r” above for, (i) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the Business Day (being a Business Day falling in the relevant Observation Period) falling “p” Business Days prior to the relevant Business Day “i” or, (ii) otherwise, the relevant Business Day “i”;

“**SOFR**” means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed’s Website, in each case on or about 5:00 p.m. (New York City Time) on the Business Day immediately following such Business Day (the “**SOFR Determination Time**”);

“**SONIA**” means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor



thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (B) Where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Pricing Supplement as being “Weighted Average”, the Rate of Interest for each Interest Period will, subject to as provided below, be the Weighted Average Reference Rate (as defined below) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), as determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

“**Lock-out Period**” has the meaning set out in paragraph (A) above;

“**Observation Period**” has the meaning set out in paragraph (A) above;

“**Reference Day**” has the meaning set out in paragraph (A) above;

“**Weighted Average Reference Rate**” means:

- (1) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
  - (2) where “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, provided however that for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.
- (C) Where “€STR” is specified as the Reference Rate in the applicable Pricing Supplement, if, in respect of any Business Day €STR is not available, subject to Condition 5.2(c), such Reference Rate shall be the €STR for the first preceding Business Day on which €STR was published on the European Central Bank’s Website and “r” shall be interpreted accordingly.
- (D) Where “SOFR” is specified as the Reference Rate in the applicable Pricing Supplement, if, in respect of any Business Day SOFR is not available, subject to Condition 5.2(c) such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the New York Fed’s Website and “r” shall be interpreted accordingly.
- (E) Where “SONIA” is specified as the Reference Rate in the applicable Pricing Supplement, if, in respect of any Business Day SONIA is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be:
- (1) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of SONIA to the Bank Rate over the previous five days on which SONIA has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

- (2) subject to Condition 5.2(c), if such Bank Rate is not available, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and in each case, “r” shall be interpreted accordingly.

For the purposes of this Condition 5.2(b)(iii), if “Payment Delay” is specified in the applicable Pricing Supplement as the Observation Method, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as references to interest on the Notes being payable on an Effective Interest Payment Date instead.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(b)(iii), but without prejudice to Condition 5.2(c), the Rate of Interest shall be determined as (i) at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 7 or Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iii) *Screen Rate Determination for Floating Rate Notes referencing SOFR or SONIA – Index Determination*

Where “Screen Rate Determination referencing €STR, SOFR or SONIA” is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the applicable Pricing Supplement is SOFR or SONIA and where “Index Determination” is specified as being “Applicable” in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the relevant compounded daily reference rate for the relevant Interest Period, as calculated in accordance with the following formula:

$$\left( \frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \left( \frac{\text{Numerator}}{d_c} \right)$$

plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable and the resulting percentage will be rounded to the Relevant Decimal Place, where:

“**Compounded Index**” means either (i) the SOFR Compounded Index where “SOFR” is specified as the Reference Rate in the applicable Pricing Supplement; or (ii) the SONIA Compounded Index where “SONIA” is specified as the Reference Rate in the applicable Pricing Supplement;

“**d<sub>c</sub>**” is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

“**End**” means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**“Index Days”** means, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days, and, in the case of the SONIA Compounded Index, London Banking Days;

**“Numerator”** means, in the case of the SOFR Compounded Index, 360, and, in the case of the SONIA Compounded Index, 365;

**“New York Fed’s Website”** means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

**“Relevant Decimal Place”** shall, unless otherwise specified in the Pricing Supplement, be the seventh decimal place in the case of the SOFR Compounded Index and the fifth decimal place in the case of the SONIA Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.0000005 being rounded upwards);

**“Relevant Number”** is as specified in the applicable Pricing Supplement but, unless otherwise specified shall be five;

**“SOFR Compounded Index”** means the Compounded SOFR rate as published at 15:00 (New York time) by the Federal Reserve Bank of New York (or a successor administrator of SOFR) on the New York Fed’s Website; and

**“SONIA Compounded Index”** means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England’s Interactive Statistical Database, or any successor source; and

**“Start”** means the relevant Compounded Index value determined in relation to on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

Provided that a Benchmark Event has not occurred in respect of the SONIA Compounded Index or a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred in respect of the SOFR Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Principal Paying Agent or Calculation Agent, as applicable, shall calculate the Rate of Interest for that Interest Period in accordance with Condition 5.2(b)(iii) and for these purposes: (i) the “Observation Method” shall be deemed to be “Observation Shift” and (ii) the “Observation Period” shall be deemed to be the Relevant Number, and “D” shall be deemed to be the Numerator.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(b)(iv), but without prejudice to Condition 5.2(c), the Rate of Interest shall be determined as (i) at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 7 or Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(c) ***Benchmark Replacement***

(i) *Independent Adviser*

Notwithstanding the other provisions of this Condition 5.2, and other than where “Condition 5.2(c)(ii) is applicable” is specified in the applicable Pricing Supplement, if the Issuer, following consultation with the Calculation Agent, determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Rate of Interest (or the relevant component part thereof) applicable to the Notes for any Interest Period remains to be determined by such Reference Rate, then the following provisions shall apply:

- (A) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the “**IA Determination Cut-Off Date**”), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (B) if (1) the Issuer is unable to appoint an Independent Adviser; or (2) the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 5.2(c)(i) prior to the relevant IA Determination Cut-Off Date, then the Issuer (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 5.2(c)(i) applying *mutatis mutandis* to allow such determinations to be made by the Issuer without consultation with the Independent Adviser);
- (C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(c)(i));
- (D) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be), provided however, that if the Independent Adviser (following consultation with the Issuer), or the Issuer (acting in good faith and in a commercially reasonable manner) fails to determine the Adjustment Spread in accordance with this Condition 5.2(c)(i) prior to the relevant Interest Determination Date, then the Successor Rate or Alternative Reference Rate, as determined in accordance with this Condition 5.2(c)(i), will apply without an Adjustment Spread;
- (E) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5.2(c)(i) and the Independent Adviser (following consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, determines: (1) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and (2) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 5.2(c)(i)(G): (x) the Issuer shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Agents shall (at the Issuer’s expense), without any requirement for the consent or sanction of the Noteholders, be obliged to concur with the Issuer in effecting such Benchmark Amendments.
- (F) For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Noteholder or person;

- (G) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 14, the Noteholders confirming: (1) that a Benchmark Event has occurred; (2) the Successor Rate or Alternative Reference Rate (as applicable); (3) any applicable Adjustment Spread; and (4) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.2(c)(i);
- (H) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component part thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this 5.2(c)(i)(H) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 5.2(c)(i); and
- (I) the Independent Adviser appointed pursuant to this Condition 5.2(c)(i) shall act and make all determinations pursuant to this Condition 5.2(c)(i) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Issuer shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents, the Noteholders or the Couponholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5.2(c)(i).

For the purposes of this Condition 5.2(c)(i):

**“Adjustment Spread”** means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or
- (iii) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (iv) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate;

**“Alternative Reference Rate”** means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer) determines, in accordance with this Condition 5.2(c)(i), is customarily applied in international debt capital markets transactions for the purposes of determining

rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and of a comparable duration to the relevant Interest Period or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

**“Benchmark Event”** means: (i) the relevant Reference Rate ceasing to be published as a result of such benchmark ceasing to be calculated or administered or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified future date, be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which, by a specified future date, the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will be (or is or will be deemed by such supervisor to be) by a specified future date, no longer representative of an underlying market or (vi) it has become unlawful for the Issuer, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate, provided that, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) and (v) above and the relevant specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified future date;

**“Financial Stability Board”** means the organisation established by the Group of Twenty (G20) in April 2009;

**“Independent Adviser”** means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer at the Issuer’s expense;

**“Relevant Nominating Body”** means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

**“Successor Rate”** means the rate that the Independent Adviser (in consultation with the Issuer) or the Issuer, as applicable, determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

(ii) *ARRC*

This Condition 5.2(c)(ii) shall apply, in the case of Notes for which the Specified Currency specified in the applicable Pricing Supplement is U.S. Dollars, the Reference Rate specified in the applicable Pricing Supplement is SOFR, and “Condition 5.2(c)(ii) is applicable” is specified in the applicable Pricing Supplement.

If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time-to-time, without any requirement for the consent or approval of Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this Condition 5.2(c)(ii), including any determination with respect to a tenor, rate or adjustment or of the occurrence

or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (A) will be conclusive and binding absent manifest error;
- (B) will be made in the sole discretion of the Issuer; and
- (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

**“Benchmark”** means, initially, SOFR, provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR (or the published daily SOFR used in the calculation thereof), as the case may be, or the then-current Benchmark, then **“Benchmark”** shall mean the applicable Benchmark Replacement;

**“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. Dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

**“Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. Dollar-denominated floating rate notes at such time;

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of “Benchmark Transition Event”, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

- (ii) in the case of clause (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Reference Time**” with respect to any determination of the Benchmark means (i) if the Benchmark is SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement, excluding the Benchmark Replacement Adjustment.

Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 5.2(c)(ii) will be notified by the Issuer to the Agents and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

(d) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of



paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(e) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(f) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which

shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

**“Designated Maturity”** means the period of time designated in the Reference Rate.

(g) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying Agent and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **“London Business Day”** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest or proven error) be binding on the Issuer, the Agents and all Noteholders and Couponholders and (in the absence of manifest or proven error) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

**5.3 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

**6. PAYMENTS**

**6.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than Euros will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars or New Zealand Dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in Euros will be made by credit or transfer to a Euros account (or any other account to which Euros may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

## 6.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

## 6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented.

## 6.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than Euros) a bank in the principal financial

centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars or New Zealand Dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in Euros) any bank which processes payments in Euros.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. Dollars shall be paid by transfer by the Principal Paying Agent to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. Dollars unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **6.5 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Notes may be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## **6.6 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre (other than T2) specified in the applicable Pricing Supplement; and
  - (iii) if T2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which T2 is open;
- (b) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian Dollars or New Zealand Dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euros, a day on which T2 is open; and
- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. Dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has made no election to and will receive any part of such payment in U.S. Dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City and London.

## **6.7 Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

### **7.2 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption) and the Principal Paying Agent, redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will (i) in the case of Redeemed Notes represented by definitive Notes be selected individually by lot, not more than 30 days prior to the date fixed for redemption, and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial

numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

### 7.3 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary for Euroclear or Clearstream, Luxembourg to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time-to-time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7.3 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.3 and instead to give written notice to the Principal Paying Agent to declare such Note forthwith due and payable subject to, and in accordance with, Condition 10.

### 7.4 Early Redemption Amounts

For the purpose of Condition 10:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the

actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.5 Purchases**

The Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent or the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 15.

## **7.6 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.5 (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## **7.7 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2 or 7.3 or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.4(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## **8. TAXATION**

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6); or
- (c) resulting from any combination of (a) and (b) above.



Notwithstanding the foregoing, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), Sections 1471 through 1474 of the Code (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”) as a result of a holder, beneficial owner or an intermediary not being entitled to receive payments free of FATCA withholding. None of the Issuer, the Paying Agents or any other person will have any obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the Paying Agent concerned or any other party.

In these Conditions:

- (i) “**Tax Jurisdiction**” means the Kingdom of Bahrain or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. PRESCRIPTION

Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10. EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs and is continuing:

- (a) the Issuer fails to pay the principal of, or any interest on, any of the Notes when due and such failure continues for a period of 14 days; or
- (b) the Issuer defaults in performance or observance of, or compliance with, any of its other obligations or undertakings in respect of the Notes and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the Issuer by any Noteholder; or
- (c) any Relevant Indebtedness of the Issuer shall become due and payable prior to the stated maturity thereof following a default or any security therefor becomes enforceable or the Issuer fails to make repayment of any such Relevant Indebtedness at the maturity thereof or at the expiration of any grace period originally applicable thereto or any guarantee of any Relevant Indebtedness of any other person shall not be honoured when due and called upon and, in any such case, the amount of the Relevant Indebtedness shall be greater than U.S.\$30,000,000 (or its equivalent in any other currency or currencies); or
- (d) if a moratorium is declared on the payment of all or any Relevant Indebtedness of the Issuer, or the Issuer repudiates all or any of its Relevant Indebtedness or is, or admits that it is, unable to pay all or any of its Relevant Indebtedness as it falls due, or the Issuer commences negotiations or proceedings with a view to the general adjustment of all or any of its Relevant Indebtedness; or
- (e) the validity of the Notes is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes or as a result of any change in, or amendment to, the laws or regulations in the Kingdom of Bahrain, which change or amendment takes place on or after the date on which agreement is reached to issue the first Tranche of the Notes, (i) it becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or (ii) any of such obligations becomes unenforceable or invalid; or

- (f) the Kingdom of Bahrain ceases to be a member of the IMF or eligible to use the general resources of the IMF pursuant to Article 26 of the IMF Articles of Agreement,

then the holders of not less than 25% in aggregate outstanding nominal amount of the Notes may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), declare all the Notes immediately due and payable, at their Early Redemption Amount together with accrued interest (if any), without further formality. Upon such declaration by the Noteholders, the Issuer shall give notice thereof to the holders of Notes in accordance with Condition 14 (with a copy to the Principal Paying Agent).

If the Issuer receives notice in writing from the holders of at least 50% in aggregate outstanding nominal amount of the Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Principal Paying Agent) whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any other rights or obligations which may have arisen before the Issuer gives such notice.

In this Condition, “**IMF**” means the International Monetary Fund or any of its successor entities.

## **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENTS**

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. Dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

## 14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) or published on the website of the London Stock Exchange plc or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

## 15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

### 15.1 Convening Meetings of Noteholders; Written Resolutions; Conduct of Meetings of Noteholders

- (a) The Issuer may convene a meeting (including by way of conference call or by use of a videoconference platform) of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement and will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting (in each case exclusive of the day on which the notice is given and the day on which the meeting is to be held).
- (b) The Issuer or the Principal Paying Agent, on behalf of and under instruction of the Issuer, will convene a meeting of Noteholders if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 15.9) have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within ten days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given (in each case exclusive of the day on which the notice is given and the day on which the meeting is to be held).

- (c) The Issuer (with the agreement of the Principal Paying Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*;
  - (i) the date, time and location of the meeting;
  - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (iii) the record date for the meeting, which shall be no more than five Business Days before the date of the meeting;
  - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (vi) whether Condition 15.2, Condition 15.3 or Condition 15.4 shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (viii) such information that is required to be provided by the Issuer in accordance with Condition 15.6;
  - (ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 15.7; and
  - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 15.1(d) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
- (f) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any *sukuk* or other trust certificates

representing the credit of the Issuer) issued directly or indirectly by the Issuer in one or more series with an original stated maturity of more than one year.

- (j) **“Debt Securities Capable of Aggregation”** means those debt securities which include or incorporate by reference this Condition 15 and Condition 16 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

## 15.2 Modification of this Series of Notes only

- (a) Any modification of any provision of, or any action in respect of, these Conditions, the Agency Agreement and/or the Deed of Covenant may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (b) A **“Single Series Extraordinary Resolution”** means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1 by a majority of:
  - (i) in the case of a Reserved Matter, at least 75% of the aggregate nominal amount of the outstanding Notes; or
  - (ii) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate nominal amount of the outstanding Notes.
- (c) A **“Single Series Written Resolution”** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (i) in the case of a Reserved Matter, at least 75% of the aggregate nominal amount of the outstanding Notes; or
  - (ii) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate nominal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be and on all Couponholders.

## 15.3 Multiple Series Aggregation – Single limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
- (b) A **“Multiple Series Single Limb Extraordinary Resolution”** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A **“Multiple Series Single Limb Written Resolution”** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series

Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) The “**Uniformly Applicable**” condition will be satisfied if:
  - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
  - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (f) It is understood that a proposal under Condition 15.3(a) will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under Condition 15.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

#### **15.4 Multiple Series Aggregation – Two limb voting**

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of:
  - (i) at least 66.67% of the aggregate nominal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50% of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

- (c) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
- (i) at least 66.67% of the aggregate nominal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50% of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) Any modification or action proposed under Condition 15.4(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

## 15.5 Reserved Matters

In these Conditions, “**Reserved Matter**” means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest (other than pursuant to the operation of these Conditions) or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest (other than pursuant to the operation of these Conditions) or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (e) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (f) to change the definition of “Uniformly Applicable”;
- (g) to change the definition of “outstanding” or to modify the provisions of Condition 15.9;
- (h) to change the legal ranking of the Notes;
- (i) to amend the obligation of the Issuer to pay additional amounts under Condition 8;

- (j) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10;
- (k) to change the law governing the Notes, the arbitration provisions, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 21;
- (l) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in these Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
  - (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate nominal amount.

## **15.6 Information**

- (a) Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 15.2, Condition 15.3 or Condition 15.4, the Issuer shall publish in accordance with Condition 16 and provide the Principal Paying Agent with the following information:
  - (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
  - (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
  - (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
  - (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 15.1(d)(vii).

## **15.7 Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 15.3 and Condition 15.4, the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt



securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

#### **15.8 Manifest error, etc.**

The Notes, these Conditions and the provisions of the Agency Agreement may be amended by the Issuer without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

#### **15.9 Notes controlled by the Issuer**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 15 and (c) Condition 10, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled, directly or indirectly, by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means the Central Bank of Bahrain or any department, ministry or agency of the government of the Issuer or any corporation, trust, financial institution or other entity owned or controlled by the government of the Issuer or any of the foregoing; and
- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to Condition 16.4, which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled, directly or indirectly, by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

#### **15.10 Publication**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 16.7.

#### **15.11 Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer’s option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

## **16. AGGREGATION AGENT; AGGREGATION PROCEDURES**

### **16.1 Appointment**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

### **16.2 Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

### **16.3 Written Resolutions**

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

### **16.4 Certificate**

For the purposes of Condition 16.2 and Condition 16.3, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 15.2, Condition 15.3 or Condition 15.4, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (a) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 15.9 on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

### **16.5 Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 16 to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

## **16.6 Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 16 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## **16.7 Manner of publication**

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement, including any matters required to be published pursuant to Condition 10, Condition 15, this Condition 16 and Condition 17:

- (a) through the systems of Clearstream, Luxembourg, Euroclear, DTC and/or any other international or domestic clearing system(s) through which the Notes are for the time being cleared;
- (b) in such other places and in such other manner as may be required by applicable law or regulation; and
- (c) in such other places and in such other manner as may be customary.

## **17. NOTEHOLDERS' COMMITTEE**

### **17.1 Appointment**

- (a) Holders of at least 25% of the aggregate nominal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:
  - (i) an Event of Default under Condition 10;
  - (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;
  - (iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or
  - (iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable while the Notes or any other affected series of debt securities are outstanding.
- (b) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 17.1, and a certificate delivered pursuant to Condition 17.4, the Issuer shall give notice of the appointment of such a committee to:
  - (i) all Noteholders in accordance with Condition 14; and
  - (ii) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities, as soon as practicable after such written notice and such certificate are delivered to the Issuer.

### **17.2 Powers**

Such committee in its discretion may, among other things:

- (a) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;

- (b) adopt such rules as it considers appropriate regarding its proceedings;
- (c) enter into discussions with the Issuer and/or other creditors of the Issuer; and
- (d) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 17.2, such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

### **17.3 Engagement with the committee and provision of information**

- (a) The Issuer shall:
  - (i) subject to Condition 17.3(b), engage with the committee in good faith;
  - (ii) provide the committee with information equivalent to that required under Condition 15.6 and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
  - (iii) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.
- (b) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 17 and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

### **17.4 Certification**

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer and to the Principal Paying Agent signed by the authorised representatives of the Members, and the Issuer and the Principal Paying Agent may rely upon the terms of such certificate.

The certificate shall certify:

- (a) that the committee has been appointed;
- (b) the identity of the Members; and
- (c) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Principal Paying Agent may rely on conclusively, will be delivered to the Issuer and the Principal Paying Agent identifying the new Members. Each of the Issuer and the Principal Paying Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 17.4 shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 17.3(b).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

## **18. FURTHER ISSUES**

The Issuer shall be at liberty from time-to-time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save

for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes; provided that any additional Notes having the same CUSIP, ISIN or other identifying number of outstanding Notes or any Series must be fungible with such outstanding Notes for U.S. federal income tax purposes if either the outstanding Notes or the additional Notes were or are issued under Rule 144A.

## **19. CURRENCY INDEMNITY**

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and the Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction or otherwise) by any Noteholder or Couponholder, as the case may be, in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of Specified Currency is less than the amount of Specified Currency expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon, as the case may be, or any other judgement or order.

## **20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **21. GOVERNING LAW AND DISPUTE RESOLUTION**

### **21.1 Governing law**

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of, or in connection with, the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are and shall be governed by, and construed in accordance with, English law.

### **21.2 Agreement to arbitrate**

Subject to Condition 21.3, any dispute arising out of or in connection with the Notes and/or the Coupons (including a dispute regarding the existence, validity or termination of the Notes and/or the Coupons and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) (a “**Dispute**”) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (“**LCIA**”) (the “**Rules**”), which Rules (as amended from time-to-time) are deemed to be incorporated by reference into this Condition. The number of arbitrators shall be three. The claimant (or claimants jointly) shall nominate one arbitrator for appointment by the LCIA court. The defendant (or defendants jointly) shall nominate one arbitrator for appointment by the LCIA court. Both arbitrators shall jointly nominate a further arbitrator who shall be the chairman of the tribunal. In the event that the claimant (or claimants jointly) or the defendant (or defendants jointly) or both fail to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA court. In the event that the party-nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA court. The claimant parties and/or the defendant parties shall be treated as two separate sides for the purposes of Article 8.1 of the Rules. The seat or legal place of arbitration shall be London, England and the language of the arbitration shall be English. Any requests for arbitration may be served on the agent for service of process outlined in Condition 21.5.

### **21.3 Option to litigate and the effect of exercise of such option**

Before the arbitration tribunal has been constituted in respect of a claim asserted or brought by or against a Noteholder or Couponholder, the relevant Noteholder or Couponholder may by notice in writing to the Issuer require that a Dispute be heard by the courts of England.

All parties agree that the English courts will have exclusive jurisdiction to settle such Dispute and submit to the exclusive jurisdiction of the English courts in connection with the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them and waive any objection to the English courts on grounds of inappropriate or inconvenient forum or otherwise with regard to proceedings in connection with the Notes and/or the Coupons.

### **21.4 Enforcement**

Each of the Issuer, the Noteholders and the Couponholders agrees that an arbitral award or judgment or order of an English court or other court, in connection with a Dispute, shall be conclusive and binding on it and may be enforced against it in the courts of any competent jurisdiction.

### **21.5 Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom as its agent in England to receive service of process in any proceedings being brought in England based on any of the Notes and/or the Coupons pursuant to Condition 21.1, Condition 21.2 and Condition 21.3. The Issuer agrees that failure by a process agent to notify the Issuer of the process will not invalidate proceedings concerned or service of the process. If, for any reason, the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **21.6 Waiver of immunity**

The Issuer, to the extent permitted by law and as subject as set out below, hereby irrevocably and unconditionally waives and agrees not to raise with respect to the Notes and/or the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and to the extent permitted by law, irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property or assets whatsoever of any order or judgment made or given in connection with any proceedings. The Issuer's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Notes and the Coupons, and under no circumstances shall such waiver be interpreted as a general waiver by the Issuer or a waiver of immunity in respect of: (a) property used by a diplomatic or consular mission of the Issuer; (b) property of a military character and under the control of a military authority or defence agency of the Issuer; or (c) public or state-owned property located in the Kingdom of Bahrain.

### **21.7 Other documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

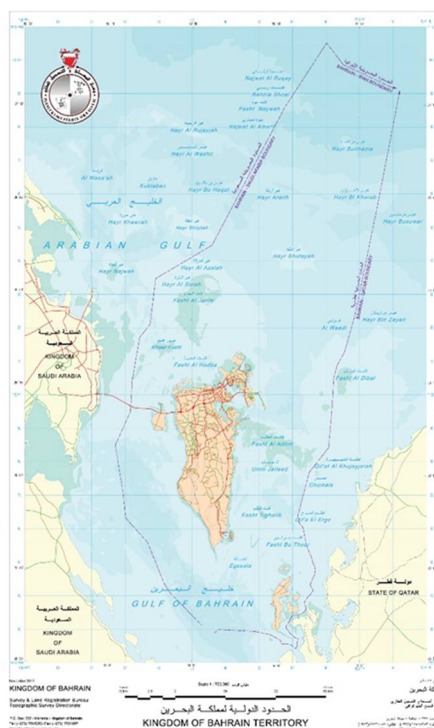
## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general budgetary purposes. If there is a particular identified use of proceeds, it will be stated in the applicable Pricing Supplement.

## OVERVIEW OF THE KINGDOM OF BAHRAIN

### Location and Population

Bahrain is made up of 33 islands with a total land surface area of 786.5 square kilometres situated in the Arabian Gulf. The islands are about 24 kilometres from the east coast of Saudi Arabia and 28 kilometres from Qatar. The largest island, Bahrain Island, comprises nearly 91.3% of the total land area of Bahrain and is linked to mainland Saudi Arabia by a 25-kilometre causeway. The capital of Bahrain, Manama, is on Bahrain Island. Bahrain's other significant islands include the southern archipelago, Hawar, (which is near the coast of Qatar), Muharraq Island (“**Muharraq**”) (which is Bahrain's second largest city and where Bahrain's international airport and the main port, Khalifa Bin Salman Port at Hidd, are located) and Sitra (a mainly industrial island). Muharraq and Sitra are connected to Bahrain Island by causeways.



Source: Survey & Land Registration Bureau, Kingdom of Bahrain

Most of Bahrain is low-lying barren desert, with the highest point being approximately 134 metres above sea level, although the northern part of the country has been extensively urbanised and cultivated. Average rainfall in Bahrain is 47 millimetres *per annum*. Most of Bahrain is surrounded by the relatively shallow part of the Arabian Gulf known as the Gulf of Bahrain. Bahrain obtains its drinking water from underground freshwater deposits and, increasingly, from desalination plants.

A census is held in Bahrain every ten years. Bahrain's last census, held in March 2020 and the results of which were adopted by the Government in October 2020, recorded a population of 1,501,635, of whom 47.4% are Bahraini nationals, the remaining being principally expatriate workers. According to statistics for 2021 published by the IGA, Bahrain had a population of 1,504,365, of whom 47.8% are Bahraini nationals.

According to the 2020 census, approximately 74.0% of the population are Muslim, with small minorities of Christians, Hindus and Jews also present. Arabic is the official language, although English is widely used.

The population is highly urbanised. According to the 2020 census, approximately 36.5% of the population lived in the capital governorate. According to the 2020 census, approximately 20.1% of the population is under the age of 15. The national education system is well established (with illiterate persons and those persons who can read only making up 1.8% of all persons aged 15 and over according to the 2020 census). Bahrain's life expectancy for men and women is 76 and 80 years, respectively.

Based on IGA estimates, Bahrain's population is expected to increase to 2.2 million by 2030.



## History

The earliest record of Bahrain dates back to the third millennium BC, when it was known as Dilmun. Dilmun was a successful station for tradesmen in the Arabian Gulf, and its thriving community was closely linked to that in Mesopotamia. Around 600 BC, Bahrain became part of the expanding Babylonian empire, at a time when the island was known by the Greek name of Tylos. The island became known for its wealth of pearls and it enjoyed considerable prosperity. In the seventh century AD, Islam was introduced to Bahrain.

The islands changed hands many times in the following centuries. In the mid-eighteenth century, the Al Khalifa family arrived from Al Zubara. They, together with their allies, assumed control of the islands and the family has remained in power ever since. See “*Overview of The Kingdom of Bahrain—Constitution and Government*”. During the nineteenth century, Bahrain became the British Empire’s political headquarters in the Gulf. Oil was discovered in Bahrain in 1932 (which coincided with the collapse of Bahrain’s pearl industry). Bahrain was the first country to discover oil in the region.

On 15 August 1971, Bahrain declared its independence from the United Kingdom. Upon independence, the late His Highness Sheikh Sir Isa bin Salman Al Khalifa assumed the position of Emir, the head of state, while his brother, the late His Excellency Sheikh Khalifa bin Salman Al Khalifa, became prime minister. In 1972, a constituent assembly was formed, and, in May 1973, a constitution was adopted. In December 1973, a 44-person national assembly (the “**National Assembly**”) was established, comprising 30 elected members. The then-National Assembly was dissolved in August 1975 following disagreement between the National Assembly and the Emir. In the early 1990s, political tensions increased despite limited reforms by the Government including the establishment of a consultative council (the “**Consultative Council**”).

In 1981, Bahrain, together with Saudi Arabia, the UAE, Qatar, Kuwait and Oman, established the GCC. See “—*International Relations—GCC*”.

When His Highness Sheikh Sir Isa bin Salman Al Khalifa died in March 1999, his son, His Majesty Sheikh Hamad bin Isa Al Khalifa, came to power. The new Emir (as he was previously referred to) embarked on a programme of political reform, released political prisoners, permitted the return of exiles and eliminated emergency laws and courts. He also introduced a new national charter, the National Action Charter (the “**NAC**”), which sought to establish a new national assembly that was to be part appointed and part elected. It also paved the way for Bahrain to become a constitutional monarchy and for His Majesty Sheikh Hamad bin Isa Al Khalifa to be proclaimed King of Bahrain. The NAC was approved in a national referendum in February 2001, in which 98.4% of the voters voted in favour of it. At the same time the state security law, which had been introduced in 1975, was repealed.

## Constitution and Government

Under a new constitution adopted in February 2002 (the “**Constitution**”) pursuant to the NAC, Bahrain is a hereditary constitutional monarchy with a democratic system of government. The system of government rests on a separation of the legislative, executive and judicial authorities. The legislative authority is vested in His Majesty the King and the National Assembly, in accordance with the Constitution. Executive authority is vested in His Majesty the King, together with the council of ministers (the “**Council of Ministers**”), which is the collective decision-making body of the Government, comprising all Government ministers. Ministerial and judicial rulings are issued in the King’s name, in accordance with the Constitution. The Constitution also declares the state religion to be Islam, with Shari’a as a principal source for legislation.

Under the Constitution, His Majesty the King is entitled to appoint the prime minister and other ministers. His Majesty the King is the supreme commander of the Bahrain Defence Force. His Majesty the King has power to conclude treaties on behalf of Bahrain, and any amendments to the Constitution require the approval of His Majesty the King.

### *The National Assembly and Elections*

The Constitution provides for a National Assembly comprised of two chambers: the consultative council (the “**Shura Council**”) and the chamber of deputies (the “**Chamber of Deputies**”). Each chamber has 40 members. The members of the Chamber of Deputies are elected in national elections, whereas the members of the Shura Council are appointed by His Majesty the King. Members of the Chamber of Deputies and Shura Council each serve four-year terms.

Legislation is initiated in the Chamber of Deputies, and draft laws are considered by the Shura Council, which has the power to comment on, and suggest alterations to, proposed legislation. New laws may only be passed when approved by both chambers and ratified by His Majesty the King.

The Chamber of Deputies represents a wide range of political opinion in Bahrain and plays a significant role in the development of the democratic process. The first election to the Chamber of Deputies was held in 2002, albeit with only moderate participation by some political groups. On 11 June 2016, His Majesty King Hamad bin Isa Al-Khalifa issued an amendment to the country's political society law, banning the use of religion in political societies. On 17 July 2016, Bahrain's High Civil Court dissolved Al Wefaq National Islamic Society citing attempts to undermine the Constitution, support for terrorism, slander of the judiciary and incitement of lawless action. In May 2018, Parliament approved a bill, which was ratified by the King in June 2018, barring members of certain dissolved opposition groups (including Al Wefaq National Islamic Society and Waad) from running in elections.

The most recent parliamentary elections were held on 12 November 2022. While hackers targeted certain Government and election websites prior to the elections in an effort to deter voters from participating and a few opposition political societies called for supporters to boycott the elections, 73% of eligible voters turned out to cast their votes, and independent candidates won 35 of 40 seats.

See *“Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain has experienced domestic political disruptions”*.

### ***The Government***

The Council of Ministers is appointed by His Majesty the King. The Council of Ministers is headed by the prime minister, who is His Royal Highness Prince Salman bin Hamad Al Khalifa (the **“Prime Minister”**). On 17 September 2015, His Majesty the King announced a downsizing of the Council of Ministers with the specific objective of achieving fiscal consolidation. The downsizing of the Council of Ministers involved merging ministries and governmental institutions in order to decrease expenditure and enhance performance.

The Prime Minister is responsible for much of the day-to-day running of the country. In accordance with the Constitution, His Majesty the King's eldest son, His Royal Highness Prince Salman bin Hamad Al Khalifa, is the crown prince (the **“Crown Prince”**), the First Deputy Prime Minister and commander-in-chief of the Bahrain Defence Force.

### ***The Ministry of Finance and National Economy***

On 7 October 2018, Decree № (47) of 2018 was issued to reorganise the Ministry of Finance and to establish a Debt Management Office. See *“Indebtedness—Public Debt Management”*. On 24 January 2019, Decree № (1) of 2019, was issued, which, *inter alia*, restructured the Ministry of Finance and its affiliated directorates and changed its name to MOFNE (the Ministry of Finance and National Economy).

MOFNE is responsible for formulating and implementing the financial policies of Bahrain within the overall vision of the Government. This entails, *inter alia*, the preparation of the state general budget in coordination with other ministries and public entities. The state general budget aims to reflect the financial and economic objectives of Bahrain, with a focus on improving living standards and increasing levels of economic growth.

MOFNE is currently focused on implementing the Government's fiscal consolidation policies which aim to decrease public spending whilst promoting the progress and diversification of public investment. It also manages the public debt and maintains its levels within internationally approved limits. See *“Public Finance—Fiscal Policy”*.

In order to enhance economic and financial bilateral relations with other countries, MOFNE has entered into, and is in the process of negotiating, a number of bilateral and multilateral agreements to provide a legal framework for these relationships. These agreements include, among others, agreements on the promotion and protection of investments, agreements on the avoidance of double taxation, free trade agreements and memoranda of understanding on financial and economic cooperation. See *“—International Relations”*.

In December 2018, H.E. Shaikh Salman bin Khalifa Al-Khalifa was appointed Minister of Finance and National Economy, having previously served as Director General of the Office of the First Deputy Prime Minister since its establishment in 2013.

### ***The Judiciary***

The judiciary is enshrined under the Constitution as an independent and separate branch of the Government. The Constitution is upheld by the Constitutional Court, independent of both the executive and legislative branches. The Minister of Justice oversees the administration of the court system, but does not exercise a judicial function.

Bahrain has a dual-court system, consisting of civil courts and Shari'a courts. The Shari'a courts deal with personal law matters relating to Muslims, such as marriage, divorce and inheritance. These courts do not have jurisdiction over commercial matters. The civil court system consists of courts of first instance, which deal with all civil, commercial and criminal matters. The court of appeal hears all appeals and is the highest appellate authority in the country on issues of facts. The Court of Cassation is the final appellate authority and decides on issues of law. The Constitutional Court decides on the constitutionality of laws and regulations enacted by the legislature.

### Certain Political Developments

On 14 February 2011, protests and demonstrations were held in Bahrain, protesting against the Government (the "**February-March 2011 Protests**"). On 1 June 2011, in the aftermath of the February-March 2011 Protests, His Majesty, the King, announced the launch of the National Consensus Dialogue (the "**Dialogue**"). The purpose of the Dialogue was to provide a forum for Bahraini society, including Bahraini citizens and expatriates, to present its views and proposals for future reform in Bahrain. The Dialogue commenced on 2 July 2011 and ended on 25 July 2011. Participants included political societies, civil and non-governmental organisations, expatriate societies and representatives of many religious groups. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain has experienced domestic political disruptions*".

The Dialogue's recommendations were collated into a report. Reforms recommended by the Dialogue included: increased parliamentary scrutiny over the Government and enabling the Prime Minister to select his government, subject to the approval of the elected Parliament; granting Parliament greater legislative and monitoring powers; ensuring non-sectarianism in all civil and political organisations; and oversight of funding of political societies; economic reforms (including faster implementation of Vision 2030); the creation of independent authorities to assess the quality of government services and implementation of management policies and financial transparency (governance) in ministries and institutions, in line with international standards; the establishment of mechanisms to manage the expenditure of government institutions; implementation of youth programmes, a national strategy for non-governmental organisations (including corporate social responsibility programmes) and better implementation of legislation on security and peace; the formation of the Supreme Judiciary Council by appointment rather than election; judicial training on human rights issues; laws protecting the freedom of expression and assembly; and initiatives to improve foreign workers' rights, including establishing a minimum wage.

The Council of Ministers formed a ministerial sub-committee to oversee the implementation programme. On 3 October 2011, the ministerial sub-committee presented its report to His Royal Highness, the late Prime Minister Prince Khalifa bin Salman Al Khalifa. The proposed constitutional changes were then sent to Parliament and were approved by Parliament on 30 April 2012.

His Majesty the King granted the royal assent to the constitutional changes on 3 May 2012, upon Parliament's approval of the amendments. The constitutional amendments provided for:

- increased powers of the National Assembly: in particular by granting it enhanced democratic scrutiny over the Government;
- parliamentary approval of new Governments: the Constitution has been amended so that a new Government will need to secure the approval of the democratically-elected Parliament;
- Chamber of Deputies to preside over the National Assembly: responsibility for presiding over the National Assembly has been transferred from the Chairman of the Shura Council to the Chairman of the Chamber of Deputies;
- greater legislative and monitoring powers for the Chamber of Deputies: ministers will be required to be answerable to appointed representatives; and
- measures to create more efficient law-making procedures: these measures will help address and overcome delays in ratification, and gaps in implementation, of legislation.

The Bahrain Independent Commission of Inquiry ("**BICI**") was established on 29 June 2011 pursuant to Royal Order № 28 of 2011. The BICI was developed in consultation with the Office of the United Nations ("**UN**") High Commissioner for Human Rights and was commended by the UN Secretary General and Amnesty International, together with the governments of the United Kingdom and the United States. The BICI was asked to determine whether the events of February-March 2011 Protests (and thereafter) involved violations of international human rights law and norms and to make the recommendations that it deems appropriate. Professor Mahmoud Cherif Bassiouni, an expert in international criminal and human rights law, heads the BICI. The BICI was granted access to government officials, records and

facilities, as well as the right to conduct confidential interviews with any complainant or witness. The BICI's report, published on 23 November 2011, contained a detailed narrative regarding the events that had taken place and presented a series of recommendations involving comprehensive, structural reform and a process of national reconciliation. The Government pledged to implement the BICI recommendations in their entirety.

In implementing the first BICI recommendation, a high-level National Commission was set up, chaired by the speaker of the Shura Council and including independent representatives from across Bahraini society, to monitor and oversee the Government's progress in implementing the BICI recommendations.

On 20 March 2012, this National Commission presented its report on the implementation of the BICI recommendations. The report found that the Government had made substantial progress towards fully implementing the BICI recommendations, with the most important issues already addressed and clear procedures in place to complete those recommendations that remain outstanding. Since March 2012, the Government has continued to follow these procedures. In 2016, the Government announced that it had fully implemented the recommendations that were its responsibility.

The second round of the Dialogue commenced on 10 February 2013. It represented the continuation of the Dialogue from July 2011 aimed at building on the achievements of the previous Dialogue in order to achieve further national consensus. Prior to the suspension of the second round of the Dialogue in 2014, the participants met on a weekly basis. Due to the withdrawal of the coalition of six opposition societies, the remaining participants have agreed to suspend the Dialogue while keeping the door open to resume the Dialogue should the coalition of six opposition societies decide to return.

See *“Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain has experienced domestic political disruptions”*.

## **International Relations**

### **GCC**

Bahrain's principal objective in its foreign policy has traditionally been to maintain cordial relations with its neighbouring countries.

The GCC was established in the Emirate of Abu Dhabi (**“Abu Dhabi”**) on 25 May 1981. The original union comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. The unified economic agreement among the countries of the GCC was signed on 11 November 1981 in Abu Dhabi.

Bahrain benefits from a U.S.\$7.5 billion GCC Development Fund established in 2011 with contributions made by non-donor GCC member states. The GCC Development Fund includes investments in key infrastructure projects across the manufacturing, energy, healthcare and education sectors. The GCC Development Fund was originally established with the aim of raising U.S.\$10 billion for Bahrain with preliminary commitments from four GCC member states. To date, U.S.\$7.5 billion has been allocated to Bahrain by three GCC member states (Kuwait, Saudi Arabia and the UAE, following the withdrawal by Qatar of its portion). As of 31 December 2024, an amount of U.S.\$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.\$5.8 billion had been certified as paid from the GCC Development Fund. The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals set out in Vision 2030, and, in particular, on important infrastructure projects.

Bahrain has benefitted from support from GCC countries. In October 2018, Saudi Arabia, Kuwait and the UAE pledged U.S.\$10.3 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 31 December 2024, Bahrain had received U.S.\$7.5 billion in support, as part of the total U.S.\$10.3 billion pledged. In October 2021, a joint statement was made by the finance ministers of Saudi Arabia, Kuwait and the UAE reiterating their support for the FBP and the two year extension to its targets. The principal terms of this funding package include: (i) a 0% interest rate (thereby reducing the interest payment bill of the Government); (ii) a term of 30 years per drawdown (which is expected to improve the Government's debt payment profile); and (iii) a seven-year grace period (accordingly, the Kingdom will not be required to make any repayments during the FBP).

### **Customs and Monetary Union**

The creation of a customs union began in 2003 and was completed and fully operational on 1 January 2015. On 1 January 2008, the six GCC countries declared the creation of a common market in the GCC region. In January 2015, the common market was further integrated, allowing full equality among GCC citizens to work in the government and private sectors, social insurance and retirement coverage, real estate ownership, capital movement, access to education, health and other social services in all member states. However, some barriers remained in the free movement of goods and services. The

coordination of taxation systems, accounting standards, and civil legislation is currently in progress. The interoperability of professional qualifications, insurance certificates and identity documents are also underway.

Bahrain, Saudi Arabia, Qatar and Kuwait approved a monetary union pact in December 2009. As a consequence of the monetary union pact, a GCC Monetary Council (the “GCC MC”) was established in Riyadh, holding its inaugural meeting in March 2010. The current chairman of the GCC MC is H.E. Mr. Basel A. Al-Haroon (Governor of the Central Bank of Kuwait), the vice chairman is H.E. Rasheed Al Maraj (Governor of the CBB) and the other board members are H.E. Sheikh Bandar bin Mohammed bin Saoud Al-Thani (Governor of Qatar Central Bank) and H.E. Mr. Ayman Mohammed Alsayari (Governor of the Central Bank of Saudi Arabia). The GCC MC’s primary strategic aim is to provide the foundation, and act as a precursor institution, for the establishment of a GCC Central Bank (the “GCC CB”). The GCC MC set itself the primary task of consulting with GCC member countries in order to draft the legal and organisational framework that will underpin the GCC CB.

### *Security*

A key objective of the GCC is to develop a comprehensive security strategy for the GCC countries. In 1984, the GCC decided to create a joint military force of 10,000 soldiers divided into two brigades, called the Peninsula Shield Force, based in Saudi Arabia near the Kuwaiti and Iraqi borders. The Peninsula Shield Force is composed of infantry, armour, artillery and combat support elements from each of the GCC countries. During the February-March 2011 Protests, Saudi Arabia and the UAE sent ground troops and Kuwait sent a navy unit to protect the borders of Bahrain from external threat.

In September 2014, GCC members Saudi Arabia, Bahrain, the UAE and Qatar, as well as Jordan, conducted cooperative air operations against Islamic State in Syria. GCC countries have also pledged other support, including provision of operating training facilities for Syrian rebels in Saudi Arabia and allowing the use of their airbases by other countries fighting Islamic State.

Bahrain, along with other Arab states, is currently participating in the Saudi Arabian led intervention in Yemen, which began in 2015 in response to requests for assistance from the Yemeni government and is ongoing.

### ***Qatar***

In 2001, the International Court of Justice settled a long-standing territorial dispute between Bahrain and Qatar and, as a result, relations between the two countries had improved until the developments described below. Bahrain and Qatar have agreed to build a 40-kilometre toll-operated causeway called the Qatar-Bahrain Friendship Bridge (linking both countries), which is anticipated to be the longest fixed link in the world. In November 2023, the Prime Ministers of Bahrain and Qatar agreed to resume work on this project, although no date has been set for construction work to commence.

On 5 June 2017, three GCC countries – Saudi Arabia, the UAE and Bahrain – as well as Egypt and Yemen – severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on evidence grounded on Qatar’s support to terrorist and extremist organisations, including Qatar’s meddling in other countries’ internal affairs. Measures taken by the affected countries included the closure of land, sea and air links to Qatar and requesting certain Qatari officials, residents and visitors to leave the territories of the affected countries. In order to resolve the situation, the affected countries had expressed a willingness to discuss a restoration of ties and the lifting of the other boycott measures on the condition that Qatar commits to agreements it signed, cease support of terrorist and extremist organisations and stop interfering in other countries’ affairs. In November 2017, Bahrain introduced visa requirements for Qatari nationals and residents.

In January 2021, at the annual GCC summit, and further to diplomatic efforts led by Kuwait and the United States, among others, the leaders of the six members of the GCC signed the Al-Ula Declaration, a “solidarity and stability” agreement towards the ending of the diplomatic rift with Qatar, although diplomatic tensions with Qatar remain. Saudi-Arabia and the UAE have announced the opening of air, land and sea entry points to Qatar. As part of the Al-Ula Declaration, the parties committed to the attempt to terminate all complaints and disputes between themselves by the end of the first year from the signing of the agreement. As of 11 January 2021, Bahrain’s airspace had been re-opened to Qatar. In July 2022, Qatar was removed from a list of countries that are banned for travel by Bahrain, and visa requirements for Qataris wishing to enter Bahrain were abolished. As of 2023, full diplomatic ties have been re-established between Bahrain and Qatar.

*See “Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain is located in a region that has been subject to on-going geo-political and security concerns”.*

## ***Other Countries***

Bahrain has bilateral trade and economic agreements with over 40 countries, including: China, France, India and the United Kingdom. Bahrain has Free Trade Agreements with Singapore and EFTA (comprised of Iceland, Liechtenstein, Norway and Switzerland) and Duty Free Access with the 17 Arab states party to the Greater Arab Free Trade Agreement (GAFTA). Bahrain has also signed: (a) Promotion and Protection of Investment Agreements with 34 countries; (b) Avoidance of Double Taxation Treaties with 41 countries; (c) Reciprocal Exemption of International Air Transport Agreements with 6 countries; and (d) Economic, Trade and Technical Co-operation Agreements with 32 countries.

On 28 May 2014, Bahrain entered into the Agreement for the Promotion and Protection of Investment with Tajikistan. In 2015, Bahrain entered into the Avoidance of Double Tax Agreement with Cyprus and the Avoidance of Double Tax Convention with Portugal.

## ***United States***

Bahrain enjoys good relations with the United States, which has the headquarters of its Gulf naval force on the island. In 2002, the U.S. designated Bahrain a “major non-NATO ally”.

Bahrain was also the first Gulf country to have a Free Trade Agreement with the United States. Negotiations were commenced in 2004, and the agreement was implemented in 2006. According to statistics published by the U.S. Government, in 2022, U.S. goods and services trade with Bahrain totalled an estimated U.S.\$4.0 billion. Since taking office in January 2025, the President of the United States has announced various tariffs on products coming into the United States. On 5 April 2025, the United States imposed a “baseline” tariff of 10% on all imports from Bahrain into the United States. See *“Risk Factors—Factors that may affect the Kingdom’s ability to fulfil its obligations under the Transaction Documents to which it is a party—Risk factors relating to the Issuer—Impact of Global Trade Policy”*.

On 12 January 2021, Bahrain, represented by the Ministry of Industry, Commerce and Tourism, entered into a memorandum of understanding with the United States to establish an ‘American Trade Zone’ within Bahrain to support and encourage trade, and to promote U.S.-Bahraini economic, commercial and industrial cooperation. The American Trade Zone will be promoted as a regional centre for trade, manufacturing, logistics and distribution between U.S. companies in Bahrain and other GCC countries, facilitating export operations through Khalifa bin Salman port, Bahrain International Airport and the King Fahd Causeway, or through any other future ports in Bahrain.

## ***European Union***

Bahrain enjoys good relations with the EU. The EU established bilateral relations with GCC countries through the 1988 Cooperation Agreement. The 1988 Cooperation Agreement provides for annual joint councils/ministerial meetings (between EU and GCC foreign ministers), and for joint cooperation committees at senior official level. The 1988 Cooperation Agreement allowed for the development of closer cooperation on issues such as energy, transport, research and innovation, and the economy. The most recent EU-GCC ministerial meeting was held in Brussels on 18 July 2016. The GCC delegation was led by H.E. Adel Al-Jubeir, Minister of Foreign Affairs of the Kingdom of Saudi Arabia (as GCC rotating president), and the EU delegation was led by H.E. Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the European Commission. The GCC Secretariat was represented by H.E. Dr. Abdul Latif bin Rahed Al-Zayani, GCC Secretary General.

The GCC was in discussions with the EU concerning a trade agreement between the GCC and the EU. Negotiations were suspended in 2009 to enable the GCC to complete a study on the cost benefit of such agreements, and this study is still being considered. Further informal contacts have taken place between the parties and both remain committed to concluding the agreement.

The EU’s “Instrument for Cooperation with Industrialised and other High-income Countries and Territories” (“**ICI**”) was the key framework for financial cooperation between the EU and the Gulf region (and other high-income countries). Amongst other projects, the ICI has financed the EU-GCC Clean Energy Network for cooperation among various players in the EU and the GCC on clean energy.

In February 2021, a Co-operation Agreement was signed between the European External Action Service and the Ministry of Foreign Affairs of Bahrain, providing an institutional framework for political dialogue and co-operation in areas such as trade, research and innovation, clean energy and renewables.

## *United Kingdom*

Bahrain has entered into a number of trade and tax related agreements and memoranda of understanding with the United Kingdom, including the Agreement for Avoidance of Double Taxation, the Agreement for Promotion and Protection of Investment, the Friendship Treaty, the Memorandum of Understanding for the Economic, Trade and Technical Cooperation, the Memorandum of Understanding on Capacity Building Expertise and the Memorandum of Understanding on Mutual Assistance and Organised Crime.

In April 2018, the United Kingdom opened its new permanent military facility, the HMS Juffair, at Mina Salman Port in Bahrain. This military facility supports Royal Navy deployments in the Gulf through the creation of a permanent base, has improved existing onshore facilities at Mina Salman Port and provides the Royal Navy with a forward operating base and a place to plan, store equipment for naval operations and will provide accommodation for Royal Navy personnel.

In June 2021, the United Kingdom and the GCC completed a Joint Trade and Investment Review to explore new opportunities to enhance their trading relationship. Following completion of this review, a range of priority sectors have been identified for future British-Gulf collaboration.

## *China*

Bahrain is involved in strategic dialogue with China and has entered into a number of trade and tax related agreements with China, including the Agreement for Economic, Trade and Technical Co-operation, the Agreement for Avoidance of Double Taxation and the Agreement for Promotion and Protection of Investment. In May 2017, following a visit from the Chinese business delegation, the EDB signed memoranda of understanding with the China Hi-Tech Transfer Centre, Shenzhen Belt and Road Economy and Technology Cooperation Association, and Shenzhen Cross-Border E-Commerce Association, which are aimed at developing the economic ties between China and Bahrain and are expected to result in increased trade with, and investment from, China. In 2018, eight memoranda of understanding were signed between China and Bahrain to strengthen cooperation and promote trading. In January 2020, the Speaker of the Council of Representatives invited a Chinese parliamentary delegation to establish a joint parliamentary friendship committee to further boost existing strong bilateral relations.

## *Israel*

On 15 September 2020, Bahrain entered into the Declaration of Peace, Cooperation, and Constructive Diplomatic and Friendly Relations agreement with Israel in order to further the shared commitment between the parties of advancing peace and security in the Middle East. This was in the context of, and on the same date as, the entry into by the UAE and Israel of a Treaty of Peace, Diplomatic Relations and Full Normalisation.

In March 2021, Bahrain's Electricity and Water Authority entered into an agreement with Israel's national water company, Mekorot National Water Company, for the latter to provide consulting services for advice on projects involving water, desalination, automated control and technology updates.

Since the attack by Hamas in Israel on 7 October 2023 and the following military operations launched by Israel in Gaza, Bahrain has called for an immediate, permanent and comprehensive ceasefire in the Gaza Strip to protect civilians and to meet their humanitarian needs. The scale, duration and impact of this conflict on Bahrain and the region, as well as any global effects, cannot be predicted.

## *International Organisations*

Bahrain is a founding member of the World Trade Organisation and is a member of many other international organisations including the UN, the IMF, the World Bank Group (International Bank for Reconstruction and Development and the International Finance Corporation), the International Centre for Settlement of Investment Disputes, the International Labour Organisation ("**ILO**"), the Multilateral Investment Guarantee Agency, the Organisation of Islamic Cooperation, the Global Forum on Transparency and Exchange of Information for Tax Purposes, and a member of a number of regional organisations such as the Arab League, the Arab Monetary Fund, the Organisation of Arab Petroleum Exporting Countries, the Islamic Development Bank and the GCC. Bahrain is also a member of the UN Human Rights Council. In addition, a number of international programmes, including the UN Industrial Development Programme have their regional office in Bahrain and the Middle East and North Africa Financial Action Task Force ("**MENAFATF**") have their headquarters in Bahrain.

Bahrain has put in place measures to facilitate foreign nationals to conduct business in Bahrain. Bahrain implemented a new visa policy which allows visas to be obtained online or upon arrival in the country. Online visa eligibility has been extended to 115 nationalities. In 2022, Bahrain launched a new 10-year Golden Residency Visa ("**Golden Visa**"), which

provides expatriates and foreign investors the opportunity to reside in Bahrain on a permanent basis and is aimed at attracting talent. In order to qualify for the Golden Visa, residents must have: (i) resided in Bahrain for not less than five years; and (ii) earned a monthly basic salary of not less than BD 2,000 during the previous five years of their residency in Bahrain.

## **Vision 2030**

In October 2008, the Government approved a long-term vision document called Vision 2030 (“**Vision 2030**”). Vision 2030’s objective is to further diversify Bahrain’s economy into a globally competitive economy led by private enterprise and predominantly based on high productivity sectors, including financial services, logistics, tourism and industry. The economic vision sets out the aspirations for Bahrain’s economy, government and society in accordance with the guiding principles of sustainability, competitiveness and fairness. The key priority areas of Vision 2030 are taken into account during each budget process and the Government continues to implement its objectives. As part of Vision 2030, the Government sets out four-year programmes that are approved by the legislative authority. The Government, with the support of the EDB, monitors the progress of initiatives agreed under the four-year programme.

The Government encourages entrepreneurship as an important driver of economic diversification and socially-inclusive growth and has taken a number of steps in this regard. The Government has set up an inter-agency SME Development Board composed of the Ministries of Industry, Commerce and Tourism, the EDB, Tamkeen, the Bahrain Development Bank and the Bahrain Chamber of Commerce and Industry. The board is tasked with nurturing an entrepreneurial ecosystem and boosting the ability of small- and medium-sized enterprises (“**SMEs**”) to grow and increase their contribution to the economy. It is based on three main pillars: (i) access to markets, (ii) access to funding and (iii) fostering innovation.

The Government has introduced a number of measures aimed at encouraging entrepreneurship. The Government has eliminated minimum capital requirements for new companies and introduced virtual corporate registrations that do not require a physical address. The rights of minority shareholders have also been strengthened. In addition, the Government has also worked on removing the majority of the residual restrictions on foreign ownership of Bahraini companies.

The Bahraini authorities have supported the development of a growing network of incubators and accelerators, typically with international partners, to encourage growth in Bahrain’s fintech and start-up industry, with the goal of repositioning Bahrain as a fintech hub offering conventional and Shari’a-compliant fintech products. In January 2018, the EDB and Abu Dhabi Global Market signed a fintech cooperation agreement, leading to a closer relationship in the development of Islamic finance and fintech initiatives across the MENA region and, in 2019, a U.S.\$100 million fund-of-funds was established aimed at creating a dynamic venture capital community in the MENA region and supporting fund managers that invest in innovative tech entrepreneurs across the region.

In line with its goal to become the region’s leading fintech hub, the CBB has issued a number of regulations. In May 2017, the CBB launched a regulatory sandbox that permits fintech firms to test and experiment their banking ideas and solutions. The Regulatory Sandbox Framework was revised in August 2018. In October 2017, the CBB announced the establishment of a dedicated fintech unit, which is tasked with providing specialised services to individual and corporate customers in the financial sector and is responsible for the approval of regulatory sandbox participants, supervision of licensed companies’ activities and operations (including cloud computing, payment and settlement systems), and monitoring technical and regulatory developments in the fintech field. The CBB, in cooperation with the EDB, Bank ABC, ila Bank, BENEFIT, National Bank of Bahrain (“**NBB**”) and Bahrain Islamic Bank, launched FinHub 973, the first comprehensive digital fintech lab in the region, regulated by the CBB. The new platform aims to create a collaborative ecosystem in the fintech sector by establishing a gateway for investment opportunities in the region, while fostering innovation and supporting integration between financial institutions and fintech start-ups.

The CBB has also issued regulations in respect of crypto-assets, crowdfunding and its open banking. In February 2019, the CBB issued its crypto-asset regulations (which were subsequently amended in 2023) to govern and licence regulated crypto-asset services in Bahrain. The CBB crypto-asset regulations address licensing, governance, minimum capital, control environment, risk management, AML/CFT, standards of business conduct, avoidance of conflicts of interest, reporting, and cyber security for crypto-asset services, including supervision and enforcement standards. In August 2017, the CBB issued guidelines in respect of conventional and Shari’a-compliant financing-based crowdfunding businesses, which include a minimum capital requirement for crowdfunding platform operators of BD 25,000. In December 2018, the CBB issued its open banking regulations, requiring the adoption of open banking by all retail banks in Bahrain by 30 June 2019.

In order to improve access to international markets and empower the micro, small- and medium enterprises sector in Bahrain, the Bahraini authorities are working to establish an Export Development Centre (the “**EDC**”). The project is designed to encourage Bahrain-based companies to expand their operations beyond the local market. The EDC is expected to advise businesses on export opportunities for their products and provide training in export procedures. Other entities,



such as Export Bahrain, also offer export-focused solutions, including financing, credit insurance, as well as training and knowledge sharing.

Vision 2030 also contains plans for infrastructure development and investment in real estate and housing. See “*The Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Transport and Construction*” and “*The Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Real Estate*”.

### ***National Economic Recovery Plan 2022-2026***

In 2022, the Government commenced the rollout of a five-pillar national economic growth and fiscal balance plan. The National Economic Recovery Plan is in line with Vision 2030 and aims to support Bahrain’s post-COVID recovery and economic diversification, as well as to enhance long-term international competitiveness. The five pillars of the National Economic Recovery Plan comprise: (i) creating quality jobs for Bahraini citizens; (ii) simplifying and increasing the efficiency of commercial procedures (including by upgrading Sijilat and accelerating the issuance of Government licences, launching an electronic system for urban planning, updating legislation, launching a Government land bank and launching a “Golden Visa”); (iii) launching major strategic projects by designating new industrial investment areas and partnering with the private sector to execute major projects; (iv) developing strategic priority sectors through the implementation of six new sector strategies in tourism, logistics, financial services, telecommunications and digital economy, the industrial sector and the oil and gas sector; and (v) achieving fiscal sustainability and economic stability (in line with the key components of the revised FBP). Of the 27 projects targeted by the National Economic Recovery Plan, 22 have been completed.

### ***The Bahrain Economic Development Board (EDB)***

The EDB is the economic development agency in Bahrain, with a mandate to attract investment to Bahrain. The EDB works towards actively enhancing Bahrain’s overall investment climate to support economic diversification and economic growth, as well as to create opportunities for local talent.

The Board of Directors of EDB, chaired by His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, are comprised of representatives of both the public and private sectors in Bahrain providing management oversight and guidance to serve the interests of existing companies and entrepreneurs, of businesses and investors entering the market, and Bahrain itself, to help create a sustainable and impactful economy.

In 2015, the EDB undertook a strategic review which was reviewed and approved by the EDB Board of Directors, chaired by His Royal Highness the Crown Prince. The EDB’s mandate was tightened to focus on attracting and encouraging inward investment and helping foster an environment to help meet that goal. The EDB currently targets the following non-oil priority sectors for investment promotion in line with the National Economic Recovery Plan: financial services, manufacturing, logistics, information and communications technology (“ICT”) and tourism. These sectors offer investable assets and products and are seen as having high potential in several sub-segments for above-trend growth. In order to facilitate the implementation of its strategy, the EDB has expanded its international footprint through a presence in twelve markets beyond the MENA region. Over the past decade, Bahrain has continued to attract leading international names across different sectors, including PWC Middle East regional hub, Citi Global Technology Hub, the AWS Middle East (Bahrain) Region and Mondelez.

International companies have been investing and expanding in Bahrain, and in recent years, a number of banks have opened branches in Bahrain, including, Bank of Khartoum, Cairo Amman Bank, JS Bank and Türkiye Finans. In 2021, Citi also launched its Global Technology Hub in Bahrain. Additionally, new trends in the financial sector have been enabled by the CBB with the launch of a tokenisation service for contactless payment allowing international wallets to operate in Bahrain. As of 31 December 2022, the number of Fintech companies in Bahrain had increased by 100% since 2018. In 2022, Payment International Enterprise mobile wallet services commenced operations in Bahrain under the brand name FLOOSS.

As part of the EDB’s efforts to enhance the regulatory environment for investors and businesses, several key regulations were passed in 2018, in particular the Electronic Communications and Transactions Law and the Law on the Provision of Cloud Computing Services to Foreign Parties. These regulations are expected to ease facilitation for investors as well as assist Bahrain in its goal of achieving a digital economy. In 2019, Bahrain adopted the Privacy Data Protection Law.

In 2023, the EDB set a new record for direct investment, reporting a projected volume of more than U.S.\$1.4 billion in direct investment from 64 local and international investment projects. In 2022, the EDB attracted investments of U.S.\$1.1 billion from 89 projects in key sectors.

## ***Government Plan 2023-2026***

On 12 January 2023, the Government published its Action Plan for 2023-2026 (the “**2023-2026 GP**”). The 2023-2026 GP continues a number of the objectives set out in the Government Plan 2019-2022 (the “**2019-2022 GP**”). The 2023-2026 GP focuses on four priorities: (i) raising the standard of living of citizens; (ii) providing justice, security and stability; (iii) promoting economic recovery and sustainable development; and (iv) creating quality Government services.

The general goals of the 2023-2026 GP include: (i) creating more qualitative opportunities for citizens; (ii) consolidating community security to support development and prosperity efforts; (iii) developing financial and economic support programmes to increase the efficiency targeted support to those citizens in need; (iv) supporting comprehensive development endeavours by transitioning to an economy based on high value-added activities; (v) continuing to strive to achieve the goals of the FBP, while adopting policies that aim to increase citizens’ incomes; (vi) building and strengthening public-private partnership (“**PPP**”) rules; (vii) preserving natural resources and wealth, working to develop and invest them properly, and supporting international efforts to confront climate change; (viii) continuing to develop the performance, quality and sustainability of Government services; (ix) promoting the progress of Bahraini women and their contributions to public life and the national economy; and (x) supporting the development and achievements of the youth and sports sectors.

## ***Government Plan 2019-2022***

On 30 January 2019, the Council of Representatives approved the Government Plan 2019-2022 (the “**2019-2022 GP**”). The 2019-2022 GP aims at creating a balance between public expenditure and revenues to achieve economic growth, financial stability and sustainable development.

The 2019-2022 GP focused on: (i) investing in citizens by enhancing, improving and sustaining government services in education, health, and other sectors; (ii) further developing a safe and stable society; (iii) enhancing sustainable development to achieve fiscal balance and maintain economic growth; (iv) supporting the private sector to drive national development and create opportunities for citizens and investors; (v) optimising the use of resources and ensure sustainability for future generations; (vi) sustaining social and economic development by adopting legislation and initiatives supporting family stability and achieving gender equity; (vii) continuing to finance development projects and infrastructure that enhance growth and serve citizens; (viii) redefining the role of the public sector from operator to regulator and partner; and (ix) supporting creativity and excellence and highlight the role of women, youth and sport in all Government programmes and initiatives.

## ***Government Priority Framework (May 2013-December 2020)***

In May 2013, the Government introduced the first phase of the unified framework for priority government programmes, which primarily focused on: (i) providing effective and fair public services; (ii) improving justice and the rule of law; (iii) improving individual rights and ensuring equal opportunities; (iv) improving democratic life; and (v) accountability. Out of a total of 36 identified initiatives, 33 were successfully implemented in the first phase of the framework (between June 2013-December 2014) while the implementation of the remaining three initiatives continued in the second phase.

In March 2015, the Government approved the second phase, which identified 36 programmes for the unified framework of priority government programs. The initiatives identified focused on: (i) sovereignty; (ii) economic and fiscal matters; (iii) human development and social services; (iv) infrastructure; (v) environmental; and (vi) government performance. The Government has approved the introduction of 15 new programmes that were included in a revised version of the second phase programme. In March 2018, the Government approved the introduction of four new programs that are included in a further revised version of the second phase framework. In February 2019, 45 out of a total of 51 programmes were completed within the second phase timeframe, with the remaining three programmes carried over to a third phase.

In May 2019, the Government approved the third phase of the framework, which includes 36 programmes for the unified framework of priority government programmes. The initiatives identified focused on: (i) fiscal sustainability and economic development; (ii) strengthening the basic principles of Bahrain and society; and (iii) providing a supportive environment for sustainable development. 24 out of a total of 54 programmes have been completed.

## ***Environment***

The National Environmental Strategy (the “**NES**”) was launched in 2006 to focus on environmental priorities and concerns in Bahrain. Following its launch, a number of actions were implemented to achieve its objectives, including upgrading air quality monitoring stations, developing a national strategy on biodiversity and naming the Northern Hayrat, which represents 18.01% of Bahrain’s national regional water boundaries, a protected area.

When the fiscal budget for Bahrain's two-year term was declared in early 2019, the Supreme Council for Environment (the "SCE") allocated the requested budget to update the NES.

In October 2018, Bahrain was granted approximately U.S.\$2.3 million by the Green Climate Fund for the first phase of a project to enhance institutional capacity and knowledge management relating to the climate resilience of Bahrain's water sector. A water resources management unit has been established, with projects including: modelling the impacts of climate change on Bahrain's freshwater resources; conducting a comprehensive water audit for industrial and agricultural sectors, with an assessment for water use in the municipal sector; developing an online cross-sectional knowledge management platform; guiding rainwater harvesting, greywater re-use and water-saving in households and farms; and building capacity on integrated water resources management. These projects are in different phases of completion.

The National Water Strategy ("NWS"), which was approved in 2021, is a core part of the Green Climate Fund and aims to support the implementation of an integrated water management methodology and to protect Bahrain's water resources from the impact of climate change.

In recent years Bahrain has worked to strengthen its environmental laws and regulations, including in respect of: (i) management of hazardous chemicals and waste; (ii) management of healthcare waste; (iii) management of electric and electronic waste; (iv) banning single-use plastic bags; (v) banning the import of plastic waste; (vi) management of ozone depleting chemicals; (vii) regulating the refrigeration sector; (viii) updating emission standards; (ix) regulating air and marine monitoring; and (x) expanding protected nature areas. Bahrain has also ratified and signed the Minamata Convention on Mercury, in addition to the previously ratified UN Conventions.

Law № 7 of 2022 on the Environment was approved in the first half of 2022. The new environmental law repeals Decree № 21 of 1996 on the Environment and covers a range of matters related to environmental protection, including biodiversity, the marine and terrestrial environment, air quality, environmental disasters, waste management, pollution, and radiation.

In 2017, the Government set a national target to reduce energy consumption to 6% by 2025, and to increase the share of renewable energy to 5% by 2025 and, subsequently, to 10% by 2035. Following the annual United Nations climate change conference in 2021, COP26, this target was further raised to increase the share of renewable energy to 20% by 2035. Bahrain also has a long-term target of reaching net zero by 2060, and a short-term target of reducing greenhouse gas emissions by 30% (as compared to 2015 levels) by 2035. These targets are economy-wide and require a shift towards both energy efficiency and renewable energy.

In 2020, Bahrain submitted its third National Communication under the UN Framework Convention on Climate Change, outlining its national circumstances, greenhouse gas inventory, vulnerability and adaptation, greenhouse gas mitigation and educational initiatives in this field. In line with the United Nations Paris Agreement, Bahrain acknowledged its vulnerability to climate change impacts, such as, sea level rise, and a nation-wide study to assess the potential severity of coastal flooding by 2050 is being conducted. In 2021, Bahrain submitted its Nationally Determined Contribution ("NDC 2021"), which is a document confirming Bahrain's commitment to the UN Framework Convention on Climate Change and the Paris Agreement and setting-out its action plan to cut emissions and adapt to climate impacts. Each party to the Paris Agreement is required to establish a Nationally Determined Contribution and to update it every five years. Bahrain's NDC 2021 contains sections on protecting its coastal infrastructure, water resources, afforestation and mangrove habitats.

In furtherance of climate change resilience and adaptation efforts, Bahrain has prepared a national adaptation investment plan ("NAIP"). The NAIP examines Bahrain's potential adaptation options with the aim of identifying necessary and appropriate interventions. Adaptation initiatives are underway and, during the annual United Nations climate change conference in 2021, COP26, Bahrain announced a target of quadrupling its mangrove coverage by 2035. In 2020-2021, more than 19,000 mangroves were planted. In line with the National Afforestation Project, 87,700 trees had been planted out of the 140,000 yearly target for 2022, as of August 2022.

During the annual United Nations climate change conference in 2023, COP28, Bahrain announced the launch of the National Action Plan, "Blueprint Bahrain", to achieve carbon neutrality through three tracks: a low-carbon economy; climate change adaptation; and creating sustainable opportunities in the new green economy. In line with this plan, on 30 November 2023, Mumtalakat announced the launch of a climate solutions platform, with an investment target of U.S.\$750 million, to invest in climate-related technology. On 1 December 2023, Mumtalakat also launched its voluntary carbon offsetting platform, Safa, to help businesses and individuals better understand and manage their carbon footprint by contributing to climate initiatives.

In January 2024, Bapco Energies published its Transition Finance Framework, which is intended to allow Bapco Energies to raise financing aimed at its transition projects, while supporting Bahrain's sustainability efforts. In line with Bahrain's

commitments, Bapco Energies has committed to achieving net zero by 2060 and is in the process of a transformation to evolve from an oil and gas holding company into an integrated energy company.

### **Legal Proceedings**

On 9 November 2021, an arbitral tribunal in the Netherlands issued a ruling against Bahrain awarding €232 million (plus costs) to Bank Melli Iran and Bank Saderat Iran in relation to investments in Future Bank. Bahrain is entitled to contest this award on jurisdictional and other bases and believes that the award, which inter alia contains evident computational errors, should be annulled. The Government believes that this award will not be enforced and, if it were to be enforced, would have no impact on Bahrain's finances. The two banks, as well as a number of their employees, have been convicted in separate matters on a number of criminal grounds in Bahraini courts.

# ECONOMY OF THE KINGDOM OF BAHRAIN

## Introduction

Bahrain has developed a strong, diverse, and competitive economy, making substantial efforts to diversify away from oil, with the non-oil sector representing more than 86% of the economy. While oil continues to be a significant component of Bahrain's economy—particularly from the offshore Abu Saafa Field, which Bahrain shares with Saudi Arabia, and the onshore Bahrain Field—Bahrain has also developed a substantial financial services sector, which has been the largest contributor to Bahrain's GDP since 2023. Additionally, manufacturing, oil refining, aluminum production, and tourism are key sectors that contribute significantly to GDP.

In 2024, Bahrain was ranked first in the MENA region in trade, investment, and financial freedom for the third consecutive year in the 2024 Index of Economic Freedom, published by The Heritage Foundation, due to its low and stable inflation rates and a regulatory framework conducive to business activity.

In line with its priority to develop non-oil activities, such as manufacturing and financial services since at least the late 1960s, Bahrain has remained a regional leader in economic diversification. Bahrain is believed to have one of the most diverse economies in the GCC, the hydrocarbons sector (extraction of crude petroleum) only accounted for 17.1% of real GDP in 2021, 15.9% of real GDP in 2022, 15.1% of real GDP in 2023 and 14.2% in the nine months ended 30 September 2024. This proportion has fallen from 43.6% in 2000 despite the positive absolute growth in hydrocarbons extraction. Three sectors of the economy – hydrocarbons, financial services, manufacturing– each generated more than 10% of real GDP in 2020, 2021, 2022 and 2023.

Apart from the relatively flat hydrocarbons sector, the other three sectors have been important contributors to growth, each growing at a compound average annual rate of more than 5% since 2000. While the largest sectors have been instrumental in reshaping the Bahraini economy, diversification in Bahrain is increasingly driven by a group of medium-sized sectors, in particular, social and personal services (principally composed of private education and health care), as well as construction, which have each posted strong compound annual average growth rates since 2000. Bahrain has made progress in diversifying its economy through investment, prioritising digital transformation and innovation in the financial sector, manufacturing, ICT, logistics and tourism.

A brief overview of some of the other principal sectors contributing to Bahrain's GDP is as follows:

**Manufacturing:** Bahrain has a highly developed manufacturing sector, with significant contributions from aluminium and steel, oil refining and food processing. Subsectors, such as food processing, fast-moving consumer goods and other high-value downstream activities have experienced relatively high growth within the sector. Bahrain considers manufacturing to be a strategic sector, has invested in industrial parks, such as the Bahrain International Investment Park, and the Alba Line 6 Expansion Project (inaugurated in November 2019), which is expected to significantly expand aluminium production capacity in the downstream market. The manufacturing sector accounted for 14.0% of real GDP in 2019, 14.3% of real GDP in 2020, 15.2% of real GDP in 2021, 15.1% of real GDP in 2022, 14.8% of real GDP in 2023 and 15.1% of real GDP in the nine months ended 30 September 2024.

**Logistics:** Bahrain's strategic goal is to provide logistics services for the larger GCC market and the northern Arabian Gulf. Currently, Bahrain is host to several global logistics companies, which operate across the GCC, including DHL, Agility and Aramex. Bahrain's current logistics strategy aims to further reduce cargo travel time from Bahrain across the GCC region by improving customs procedures, as well as expanding the Bahrain Logistics Zone in the Hidd area. Bahrain is also undertaking major infrastructure projects, including dredging the Bahrain Approach Channel ("BAC") (phase one of which was completed in 2010), the new passenger terminal building at Bahrain International Airport, which opened in January 2021, and is part of a larger airport modernisation project and expanding rail connections to other GCC countries.

**ICT:** Bahrain has a high quality modern telecommunications system, currently operated by the Bahrain Telecommunications Company B.S.C. ("Batelco"), Zain Bahrain B.S.C. (C) ("Zain") and Saudi Telecommunications Company ("STC"). See "*Other Services—Telecommunications*". The sector is regulated by the Telecommunications Regulatory Authority ("TRA"), which has created a mature regulatory environment that has contributed to a mature and competitive ICT sector, with the Kingdom ranked fifth out of 170 countries in the 2024 ICT Development Index published by the International Telecommunication Union. The TRA regularly publishes Bahrain's National Telecommunications Plans. In November 2023, the Government approved the Sixth National Telecommunications Plan, establishing a comprehensive legal framework to govern the telecommunications sector. The plan aims to strengthen Bahrain's telecommunications infrastructure, enhance service quality, and foster innovation and investment in ICT. The TRA has also committed to create an independent infrastructure provider, with the purpose of enhancing efficiency and provision of service to all companies in Bahrain that provide telecommunications services and online content.

**Financial Services:** Bahrain has a well-developed banking, insurance and fund industry, driven by a comprehensive regulatory framework set by the Bahrain’s sole financial regulator, the CBB. Bahrain has the largest concentration of Islamic finance institutions in the GCC region, including Islamic banks, *Takaful* and *Retakaful* firms and professional bodies and associations setting global standards for the industry. Capitalising on Bahrain’s 14,000-strong highly-skilled and bilingual local workforce in financial services, the EDB has prioritised its development efforts to focus on deepening Bahrain’s ancillary financial services and building on its financial technology sector, including payment services. The financial and insurance/*Takaful* services sector accounted for 16.6% of real GDP in 2020, 16.9% of real GDP in 2021, 16.4% of real GDP in 2022, 16.9% of real GDP in 2023. Since 2023, the financial services sector has been the largest contributing sector to GDP. In the nine months ended 30 September 2024, the financial services sector accounted for approximately 17.2% of GDP.

**Tourism:** Prior to the emergence of COVID-19, visitor numbers to Bahrain had been growing, with Bahrain being a particularly popular destination for GCC visitors. The number of hotel rooms in Bahrain has doubled between 2015 and 2019, with occupancy rates averaging 48.2% in 2019. The Bahrain Tourism Strategy 2015-2018 focused on a number of initiatives, including the development of public waterfront developments, improving access to culture and antiquity sites, as well as large scale development projects from the private and public sector, which included re-developing Hawar Island and building several mixed-use projects. The tourism industry was particularly impacted by the COVID-19 pandemic and the corresponding restrictions on travel. In 2021, the Bahrain Tourism & Exhibitions Authority launched Bahrain’s tourism strategy for 2022-2026. This strategy aims to: (i) position Bahrain as an international tourism hub; (ii) increase the contribution of tourism to GDP; (iii) increase the number of tourism target markets; and (iv) diversify Bahrain’s tourism offering. The strategy is based on seven main pillars, including work on waterfronts and related activities, business tourism, sports tourism, recreational tourism, medical tourism, cultural tourism, archaeology and history, media tourism and cinematography.

**Healthcare:** Bahrain is expanding its healthcare industry, with the aim of becoming a leading healthcare destination in the region by investing in the cardiac and oncology treatment centres. This investment strategy aligns with Bahrain’s fiscal policy to increase its non-oil revenue. See “*Public Finance—Project Expenditure.*”

**Education:** The number of public schools in Bahrain increased from 204 schools in 2006 to 209 schools in 2024. Private schools have increased from 60 schools in 2006 to 80 schools in 2023. Six schools have been funded through the GCC Development Fund, amounting to U.S.\$85 million.

Bahrain’s economic development is supported by strong infrastructure which has been developed by the Government since the 1970s through continued public capital investment.

The following table sets out government spending on projects. The below figures do not include spending from amounts received under the GCC Development Fund.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 FBP	2023 Actual	2024 Budget
Government Project Spending ( <i>BD millions</i> ) .....	252	220	200	233	225	277	272
Government Project Spending ( <i>U.S.\$ millions</i> ) .....	670	585	532	621	598	737	723

Source: Ministry of Finance and National Economy

The Government expects to spend U.S.\$2,979 million on construction projects during 2025, to be funded by a variety of funding sources, including the GCC Development Fund and the State budget.

In addition to direct Government capital expenditure, a number of additional projects are funded through development funds and grants. A number of major projects have been identified and approved by the Government, including major housing projects amounting to U.S.\$2.4 billion, electricity and water projects amounting to U.S.\$1.6 billion, roads and sewerage projects amounting to U.S.\$1.5 billion, airport improvement projects amounting to U.S.\$1.0 billion and a number of other projects, amounting to U.S.\$1.1 billion, focusing on education, health, social development, youth, sports and industry which are expected to be funded by grants received from the GCC Development Fund. Several major infrastructure projects have been launched under the GCC Development Fund, including: (i) the creation of the King Abdullah Medical City; (ii) projects for the development of major roads; (iii) the establishment of the Khalifa Town and Salman Town housing cities; (iv) the construction of a number of public schools; and (v) projects for the expansion of the electricity grid. See “*Public Finance—Government budget.*”

Expenditures relating to projects funded by these grants are not recorded in the budget as capital expenditure. Amounts relating to the GCC Development Fund are received from the Saudi Fund, the Kuwait Fund and the Abu Dhabi Fund. Details of the amounts to be provided by these entities are set out in “*Public Finance—Government Budget*”.

## COVID-19

In common with most other countries, the COVID-19 pandemic has and may continue to have a significant effect on the Kingdom. See “*Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain’s economy may be impacted by global geopolitical and macroeconomic trends*” and “*Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain’s economy remains significantly dependent on oil revenues and is vulnerable to external shocks*”.

Bahrain has had a national vaccine programme in place since December 2020. According to Government data, as at 1 October 2022, 1.2 million individuals had been fully vaccinated (including Bahraini nationals and residents), representing around 82.6% of the population. The Government has, at times, implemented enhanced screening and quarantine measures to reduce the spread of COVID-19 and warned travellers to be prepared for travel restrictions to be put into effect with little or no advance notice. However, there are no current testing requirements for travellers to enter Bahrain.

On 17 March 2020, the Government announced a BD 4.3 billion economic stimulus package (equivalent to 29.6% of nominal GDP for the year ended 31 December 2019) aimed at providing economic assistance to individuals and businesses. The amount of the stimulus package subsequently increased to BD 4.5 billion. This package included initiatives relating to payment of salaries for Bahrainis working in the private sector, payment of electricity and water bills, exempting individuals and businesses from certain fees and rent payments, increasing the size of the liquidity fund, as well as lending facilities to banks and redirecting Tamkeen programmes to support adversely affected companies, as well as restructuring all debts issued by Tamkeen. On 29 June 2020, the Government announced a second economic package which extended a number of initiatives for an additional three months from July to September 2020 and introduced a number of other initiatives targeting adversely affected sectors. Further Government initiatives (including the deferral of loans) were subsequently announced to support tenants and mortgagees and businesses in the most adversely impacted sectors, including the tourism and retail sectors. Certain support measures and initiatives were extended on a number of occasions during 2020 and 2021, including the exemption of certain businesses from rental payments and municipal fees, the deferral of loans, the extension of Tamkeen’s business continuity support programme for closed businesses and the exemption of all tourism-related establishments from tourism levies.

In July 2020, Decree № 22 for the year 2020 was issued, which authorised emergency expenditures of BD 177 million to fund the Government’s efforts to combat COVID-19. In addition, Decree № 23 for the year 2020 was issued to permit the Government to withdraw U.S.\$450 million from the Future Generations Fund on a one-time basis to support the budget for the year 2020 and temporarily halt allocation of oil revenues to the Future Generations Fund in 2020. In September 2020, the Government approved a further extension of certain measures until December 2020 targeting the most adversely affected sectors. In addition, the CBB also implemented a number of other measures to support the financial sector. Such measures have since been reversed.

## Gross Domestic Product

Historically, the hydrocarbons sector (extraction of crude petroleum) has been the largest contributor to GDP (16.9% for the year ended 31 December 2019, 17.9% for 2020 and 17.1% for 2021), however, since 2022, the financial and insurance sector has overtaken the hydrocarbons sector to become the largest contributor to GDP (accounting for 16.4% for 2022, 16.9% for 2023 and 17.2% in the nine months ended 30 September 2024, as compared to 15.9% for 2022, 14.9% for 2023 and 14.2% in the nine months ended 30 September 2024).

Bahrain’s real GDP grew by 2.1% in 2019. In 2020, economic growth in Bahrain was primarily impacted by the COVID-19 pandemic and lower international oil prices, with real GDP declining by 5.9%. In 2021, Bahrain’s real GDP increased by 4.4%, in 2022, Bahrain’s real GDP increased by 6.2%. In 2023, Bahrain’s real GDP increased by 3.9%. The IMF (in its April 2025 World Economic Outlook) forecasts that Bahrain’s real GDP grew by 2.8% in 2024 and will grow by 2.8% in 2025. The Government forecasts that Bahrain’s real GDP grew by 2.7% in 2024 and will grow by 3.5% in 2025.

In the first quarter of 2024, the Information and eGovernment Authority implemented the fourth revision of the International Standard Industrial Classification (“**ISIC 4**”) (which is aimed at grouping the presentation of economic activities data presented in the National Accounts to be in line with international standards and is published by the Department of Economic and Social Affairs of the United Nations Secretariat). Following the implementation of ISIC 4, all GDP by economic activity figures from 2010-2023 have been revised to reflect the new classification. Such revised figures differ from previously-published figures as a result of the updated methodology.

A table setting out Bahrain's GDP by economic activity based on constant 2010 prices and by percentage contribution is provided in “—*Principal Sectors of the Economy*” below.

The following table sets out the GDP of Bahrain for the periods indicated, both as a total and on a per capita basis, and both in current prices and constant 2010 prices for the periods indicated:

	For the year ended 31 December <sup>(1)</sup>					For the nine months ended 30 September 2024
	2019	2020	2021	2022	2023 <sup>(2)</sup>	
GDP at current prices (U.S.\$ millions) <sup>(2)</sup> .....	40,447	35,838	40,840	46,458	46,192	34,590
GDP at constant 2010 prices (U.S.\$ millions) <sup>(2)</sup> .....	36,234	34,092	35,575	37,774	39,239	29,434
Percentage change over previous period						
At current prices (%).....	2.2	(11.4)	14.0	13.8	(0.6)	1.7
At constant 2010 prices (%).....	2.1	(5.9)	4.4	6.2	3.9	1.9
<i>Per capita</i>						
At current prices (U.S.\$) <sup>(2)(3)</sup> .....	27,260	24,343	27,148	30,471	29,290	— <sup>(4)</sup>
At constant 2010 prices (U.S.\$) <sup>(2)(3)</sup> .....	24,421	23,157	23,648	24,775	24,881	— <sup>(4)</sup>

**Notes:**

- (1) Certain figures in this table differ from previously published figures.
- (2) Using the fixed conversion rate of BD0.376 = U.S.\$1.00.
- (3) Assuming a population of 1,483,756 in 2019, 1,472,204 in 2020, 1,504,365 in 2021, 1,524,693 in 2022 and 1,577,059 in 2023.
- (4) Data unavailable.

Source: Information eGovernment Authority

Direct government consumption constituted approximately 14.6% of current GDP in 2023, an increase from 13.6% of GDP in 2022. Government consumption also affects private consumption since the Government is the country's major employer and promoter of capital projects. In addition, Government procurement contracts are a major source of work for many private companies in Bahrain. Government consumption increased (in nominal terms) since 2000 to reach U.S.\$6,064.7 million in 2019, U.S.\$5,933.0 million in 2020, U.S.\$6,211.0 million in 2021, U.S.\$6,361.2 million in 2022 and U.S.\$6,750.4 million in 2023. Government consumption was U.S.\$4,927.7 million in the nine months ended 30 September 2024, as compared to U.S.\$4,690.8 million in the nine months ended 30 September 2023. Investment is affected by the oil sector with gross fixed capital formation and stock building being influenced by periods of fluctuating oil prices. See “—*Introduction*”.



The following table sets out GDP in current prices (using the expenditure approach) and in percentage terms for the periods indicated.

	2019		2020		2021		2022		2023		For the nine months ended 30 September 2023		For the nine months ended 30 September 2024	
	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)
Private consumption .....	15,616.8	38.6	14,586.3	40.7	15,498.0	38.0	17,160.1	36.8	17,999.3	39.1	13,305.1	39.1	13,983.0	39.1
Government consumption.....	6,064.7	15.0	5,933.0	16.6	6,211.1	15.2	6,361.2	13.6	6,750.4	14.6	4,690.8	13.8	4,927.7	13.8
Gross fixed capital formation.....	11,141.2	27.5	10,423.6	29.1	10,145.5	24.8	12,473.6	26.7	12,709.0	27.6	9,463.1	27.8	9,664.4	27.7
Change in stocks <sup>(2)</sup> .....	3,267.5	8.1	2,942.3	8.2	1,327.5	3.3	(827.5)	(1.8)	650.9	1.4	701.3	0.8	(8.8)	1.4
Net exports of goods and services.....	4,356.7	10.8	1,952.4	5.4	7,657.2	18.7	11,513.0	24.7	7,970.2	17.3	5,836.2	17.2	6,023.9	17.4
Exports of goods and services.....	29,564.4	73.1	25,249.2	70.5	35,234.6	86.3	44,581.9	95.5	40,349.5	87.6	29,509.6	86.8	30,800.0	88.4
Imports of goods and services.....	25,207.7	62.3	23,296.8	65.0	25,577.4	67.5	33,068.9	70.8	32,379.3	70.3	23,673.4	69.6	24,776.0	71.0
<b>GDP<sup>(3)</sup> .....</b>	<b>40,446.8</b>	<b>100</b>	<b>35,837.6</b>	<b>100</b>	<b>40,840.2</b>	<b>100</b>	<b>46,680.4</b>	<b>100</b>	<b>46,079.9</b>	<b>100</b>	<b>33,996.5</b>	<b>100</b>	<b>34,590.2</b>	<b>100</b>

**Notes:**

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

(2) Including net errors and omissions.

(3) Certain figures in this table differ, and are presented differently, from previously published figures, following the revision of ISIC 4.

Source: Information eGovernment Authority

The following table sets out the growth in real GDP in percentage terms (by expenditure approach) based on constant 2010 prices for the periods indicated.

	2019		2020		2021		2022		2023		For the nine months ended 30 September 2023		For the nine months ended 30 September 2024	
	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)
Private consumption.....	13,162.1	36.3	12,584.8	36.9	13,317.8	37.4	14,238.8	37.8	14,941.3	38.5	11,058.9	38.2	11,418.7	38.1
Government consumption.....	5,573.8	15.4	5,433.7	15.9	5,815.3	16.3	5,940.1	15.8	6,376.2	16.4	4,426.8	15.3	4,549.5	15.1
Gross fixed capital formation.....	9,850.2	27.2	9,516.5	27.9	9,198.9	25.9	10,919.2	29.0	11,150.6	28.7	8,316.2	28.8	8,417.0	28.5
Change in stocks <sup>(2)</sup> .....	1,989.2	5.5	1,452.7	4.3	(2,510.5)	(7.1)	(3,351.3)	(8.9)	607.6	1.6	861.4	3.0	701.3	2.6
Net exports of goods and services .....	5,659.0	15.6	5,105.6	15.0	9,753.9	27.4	9,956.5	26.4	5,751.4	14.8	4,225.8	14.6	4,284.6	14.6
Exports of goods and services.....	27,814.5	76.8	27,105.7	79.5	35,094.7	98.6	38,310.0	101.6	34,839.1	89.7	25,468.1	88.2	26,444.9	89.6
Imports of goods and services.....	22,155.5	61.1	22,000.1	64.5	25,340.8	71.2	28,353.5	75.2	29,087.7	74.9	21,242.0	73.5	22,160.6	75.0
<b>GDP<sup>(3)</sup> .....</b>	<b>36,234.1</b>	<b>100</b>	<b>34,092.4</b>	<b>100</b>	<b>33,738.4</b>	<b>100.0</b>	<b>37,703.3</b>	<b>100</b>	<b>38,827.1</b>	<b>100</b>	<b>28,889.1</b>	<b>100</b>	<b>29,434.0</b>	<b>100</b>

**Notes:**

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

(2) Including net errors and omissions.

(3) Certain figures in this table differ, and are presented differently, from previously published figures, following the revision of ISIC 4.

Source: Information eGovernment Authority

## Principal Sectors of the Economy

The table below sets out Bahrain's GDP by economic activity based on current prices and by percentage contribution for the periods indicated.

	<b>2019</b>		<b>2020</b>		<b>2021</b>		<b>2022</b>		<b>2023</b>		<b>For the nine months ended 30 September 2023</b>		<b>For the nine months ended 30 September 2024</b>	
	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)
Accommodation and Food Services.....	916	2.3	520	1.5	563	1.4	670	1.4	716	1.6	530	1.6	562	1.6
Business Activities.....	1,904	4.7	1,098	3.1	1,175	2.9	1,349	2.9	1,474	3.2	1,078	3.2	1,134	3.3
Construction.....	3,181	7.9	2,879	8.0	2,879	7.0	3,017	6.5	3,063	6.6	2,275	6.7	2,279	6.6
Education .....	1,711	4.2	1,694	4.7	1,720	4.2	1,750	3.7	1,775	3.9	1,308	3.8	1,357	3.9
Extraction of Crude Petroleum.....	5,383	13.3	3,638	10.2	5,730	14.0	7,660	16.4	6,546	14.2	4,817	14.2	4,678	13.5
Financial and Insurance .....	6,111	15.1	6,280	17.5	6,696	16.4	6,933	14.9	7,259	15.8	5,370	15.8	5,689	16.5
Human Health and Social Work.....	1,238	3.1	1,199	3.3	1,241	3.0	1,240	2.7	1,313	2.9	959	2.8	953	2.8
Information and Communication .....	1,312	3.2	1,260	3.5	1,267	3.1	1,517	3.3	1,593	3.5	1,118	3.3	1,273	3.7
Manufacturing.....	6,892	17.0	6,468	18.0	8,384	20.5	10,046	21.5	9,534	20.7	6,916	20.3	6,917	20.0
Other.....	3,685	9.1	3,186	8.9	3,330	8.2	4,190	9.0	4,294	9.3	3,205	9.4	3,255	9.4
Public Administration .....	3,211	7.9	3,212	9.0	3,232	7.9	3,458	7.4	3,609	7.8	2,667	7.8	2,798	8.1
Real Estate .....	1,454	3.6	1,405	3.9	1,421	3.5	1,484	3.2	1,518	3.3	1,175	3.5	1,157	3.4
Transportation and Storage .....	1,895	4.7	1,505	4.2	1,704	4.2	1,833	3.9	1,853	4.0	1,426	4.2	1,381	4.0
Wholesale and Retail Trade .....	1,553	3.8	1,492	4.2	1,501	3.7	1,534	3.3	1,531	3.3	1,150	3.4	1,156	3.3
<b>GDP<sup>(2)</sup></b> .....	<b>40,447</b>	<b>100.0</b>	<b>35,838</b>	<b>100.0</b>	<b>40,840</b>	<b>100.0</b>	<b>46,680</b>	<b>100.0</b>	<b>46,080</b>	<b>100.0</b>	<b>33,997</b>	<b>100.0</b>	<b>34,590</b>	<b>100.0</b>

### Notes:

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

(2) Certain figures in this table differ, and are presented differently, from previously published figures, following the revision of ISIC 4.

Source: Information eGovernment Authority

The table below sets out Bahrain's GDP by economic activity based on constant 2010 prices and by percentage contribution for the periods indicated.

	<b>2019</b>		<b>2020</b>		<b>2021</b>		<b>2022</b>		<b>2023</b>		<b>For the nine months ended 30 September 2023</b>		<b>For the nine months ended 30 September 2024</b>	
	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)	(U.S.\$ millions) <sup>(1)</sup>	(%)
Accommodation and Food Services .....	855	2.4	483	1.4	519	1.5	591	1.6	638	1.6	467	1.6	494	1.7
Business Activities .....	1,736	4.8	943	2.8	1,019	2.9	1,170	3.1	1,278	3.3	933	3.2	1,016	3.5
Construction .....	2,515	6.9	2,491	7.3	2,512	7.1	2,547	6.8	2,566	6.6	1,907	6.6	1,906	6.5
Education .....	1,582	4.4	1,524	4.5	1,524	4.3	1,548	4.1	1,560	4.0	1,136	3.9	1,189	4.0
Extraction of Crude Petroleum .....	6,112	16.9	6,106	17.9	6,090	17.1	6,007	15.9	5,860	14.9	4,358	15.1	4,177	14.2
Financial and Insurance .....	5,585	15.4	5,668	16.6	6,021	16.9	6,190	16.4	6,541	16.9	4,853	16.8	5,061	17.2
Human Health and Social Work .....	1,158	3.2	1,104	3.2	1,174	3.3	1,167	3.1	1,222	3.0	892	3.1	877	3.0
Information and Communication .....	1,208	3.3	1,125	3.3	1,142	3.2	1,371	3.6	1,463	3.5	1,033	3.6	1,159	3.9
Manufacturing .....	5,075	14.0	4,883	14.3	5,399	15.2	5,709	15.1	5,757	14.8	4,324	15.0	4,434	15.1
Other .....	3,160	8.7	2,811	8.2	2,915	8.2	3,563	9.5	3,670	9.9	2,735	9.5	2,774	9.4
Public Administration .....	2,793	7.7	2,917	8.6	2,873	8.1	3,142	8.3	3,355	8.5	2,517	8.7	2,560	8.7
Real Estate .....	1,385	3.8	1,354	4.0	1,397	3.9	1,474	3.9	1,564	4.1	1,199	4.2	1,177	4.0
Transportation and Storage .....	1,642	4.5	1,333	3.9	1,613	4.5	1,769	4.7	1,797	4.8	1,378	4.8	1,414	4.8
Wholesale and Retail Trade .....	1,428	3.9	1,351	4.0	1,378	3.9	1,454	3.9	1,556	4.0	1,158	4.0	1,194	4.1
<b>GDP<sup>(2)</sup></b> .....	<b>36,234</b>	<b>100.0</b>	<b>34,092</b>	<b>100.0</b>	<b>35,575</b>	<b>100.0</b>	<b>37,703</b>	<b>100.0</b>	<b>38,827</b>	<b>100.0</b>	<b>28,889</b>	<b>100.0</b>	<b>29,434</b>	<b>100.0</b>

**Notes:**

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

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The following is a description of the principal sectors of the economy based on percentage contribution to GDP for the relevant periods.

## Mining

### Oil Production

Bahrain has one of the smallest oil reserves of the GCC countries and daily average crude oil production 42,300 bpd in 2019, 43,229 in 2020, 42,669 bpd in 2021, 39,536 bpd in 2022, 38,929 bpd in 2023 and 38,378 bpd in 2024 from its only onshore oilfield, Awali.

In 2009, NOGA signed a development and production sharing agreement (the “DPSA”) with Occidental Petroleum and Mubadala Development Company Oil and Gas (Bahrain Field) LLC (“Mubadala”) to increase production from its existing onshore field. After seven years, Occidental Petroleum and Mubadala withdrew from the DPSA with effect from 30 June 2016 due to the economic conditions resulting from declines in oil prices, leaving NOGA and Bapco Energies (formerly, nogaholding) as the only remaining parties to the DPSA. In February 2019, the DPSA was terminated, with an effective termination date of 1 January 2018. The Bahrain Field operations have reverted to Government control. Bahrain plans to continue with the long-term field development plan envisaged in the DPSA through investment over the next two decades to develop oil and gas resources and meet domestic energy needs.

### Bapco Upstream

In November 2009, Occidental, Mubadala, nogaholding (now, Bapco Energies, the oil and gas-related investment holding company of the Government) (together the “Joint Venture Partners”) and NOGA announced the creation of a new state-owned joint operating company, Tatweer Petroleum-Bahrain Field Development Company WLL, since rebranded as Bapco Upstream. nogaholding (now, Bapco Energies) acquired 100% of the equity in Bapco Upstream on 1 July 2016. nogaholding incurred exit expenses (consisting principally of running costs and capital expenditure) capped at U.S.\$150 million in respect of its former Joint Venture Partners. Bapco Energies is responsible for operating the Awali Field, including the Khuff Gas Reservoir, as well as the as distribution network. The company continues to hire local employees and drilled a total of 114 wells (including exploration wells) in 2019, 174 in 2020, 210 in 2021, 83 in 2022, 111 in 2023 and 113 in 2024.

Bapco Upstream's strategic aim is to increase the production of oil from the onshore field. Bapco Upstream maintained crude oil production (including condensate) by arresting the decline from 2011's daily average of 42,510 bpd to 40,130 bpd in 2021. During 2016, drilling was predominantly carried out on the Ahmedi wells in the crest area of the field, which had not previously been developed due to gas handling limitations. While drilling in this area initially resulted in high production levels, the wells began to deplete quickly leading to exhaustion of the area and a drop in production levels.

Tatweer Petroleum has since focused on other reservoirs, such as Mauddud and Kharaib in order to sustain production levels. The Mauddud tight spacing project commenced in 2019 and has increased Mauddud's reservoir production and assisted in maintaining the overall production of the Bahrain Field.

Bapco Upstream's infill drilling strategy in Mauddud Reservoir envisaged the drilling of 450 wells, which has subsequently been reduced to 300 wells due to logistical and resource constraints. Pursuant to this strategy, 69 wells were drilled in 2019, 102 wells were drilled in 2020, 75 wells were drilled in 2021, 26 wells were drilled in 2022 and 28 wells were drilled in 2023. No new Mauddud tight spacing drilling is expected in 2024. Gas injection increased by 100 million standard cubic feet per day ("mmscfd") in January 2021. In response to certain resources depletion, an associated gas equilibrium strategy has been launched. This strategy targets the recycling of produced reservoir gas to balance the production system and mitigate the risk of any future Khuff gas shortage.

In order to meet its objectives, Bapco Upstream has continued to focus on developing its production capabilities at the Awali oilfield and improving production efficiency through new facilities and automated systems, with improvements such as:

- the installation of new low pressure gas dehydration units and well head compression facilities to increase non-associated gas production;
- the installation of incremental associated gas production in conjunction with the new associated gas equilibrium strategy;
- the installation of new well manifolds;
- the automation of gas lift well chokes;
- the installation of low pressure modularised gas compression and liquid handling systems;
- upgrades to the fibre optic network infrastructure;
- continuing the enhanced oil recovery ("EOR") programme, with new methods being introduced at the Awali oilfield such as steam injection; and
- the execution of multiple additional cost and energy saving projects.

Block-1. In May 2019, NOGA signed an exploration and production-sharing agreement with *Ente Nazionale Idrocarburi S.p.A. ("ENI")* for Block-1 exploration, following the completion of a joint study agreement signed in 2016. Bapco Upstream (formerly, Tatweer Petroleum) subsequently assumed all commercial management activities previously undertaken by NOGA in connection with the block. During the first exploration phase, ENI conducted detailed geological and geophysical evaluations and drilled one exploratory well towards the north of the block. Following completion of the first phase, ENI decided not to proceed with a second exploration phase.

Khalij Al-Bahrain Basin. On 4 April 2018, NOGA announced a discovery of oil and gas resources in Bahrain, comprising: (a) unconventional oil resources within the Khalij Al-Bahrain Basin, encompassing areas both offshore and onshore Bahrain, close to a fully-operational oil field and potential for substantial cost optimisation; and (b) significant gas reserves in two accumulations below Bahrain's main gas reservoir. See "*—Gas—Pre-Unayzah Gas Reserves*".

Bapco Upstream is also engaged in joint evaluation studies with regional, national and international oil companies to re-evaluate the technical and economic feasibility of the Khalij Al-Bahrain Basin and to put together a working recommendation to best approach these resources. In addition, Bapco Upstream continues its efforts in the technical de-risking of different exploration and appraisal opportunities through the acquisition, processing and interpretation of geological and geophysical data, with a number of in-house and third-party studies conducted. Bapco Upstream has engaged a number of international oil companies through virtual and physical data-rooms to assess the potential for joint collaboration in offshore oil exploration and production projects.

Pre-Unayzah. Bapco Upstream has made advancements in the appraisal of its tight gas reserves in the pre-Unayzah formations within the Bahrain Field. Nine dedicated wells (seven in the Jauf reservoir and two in the Jubah reservoir) have been completed and are contributing to gas production. The appraisal phase for Pre-Unayzah resources is in progress, with 20 wells drilled and in different stages of operation. A development roadmap has been finalised for the Jauf reservoir and development has started in the eastern part of Jauf reservoir, and a joint venture partnership has been entered into with EOG Resources Inc. in respect of the Jubah reservoir.

Abu Saafa Oilfield. Bahrain also exports crude oil from the Abu Saafa Oilfield, which is located offshore between Bahrain and Saudi Arabia. Under a treaty signed with Saudi Arabia in 1958, Bahrain is entitled to receive 50% of the output from this field, although historically Bahrain has received significantly more than its 50% entitlement. See “*Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain’s economy remains significantly dependent on oil revenues*”. Bahrain’s share in the Abu Saafa production amounted to 150,847 bpd in 2020, 150,403 bpd in 2021, 149,998 bpd in 2022, 144,558 bpd in 2023 and 195,814 bpd in 2024.

The table below provides details of Bahrain’s oil refining industry for the periods indicated.

	2019	2020	2021	2022	2023	As at 31 August 2024
			(bpd)			
Refined oil production .....	273,950	229,732	235,910	258,894	264,342	283,971
Local sales of refined products .....	30,533	26,964	28,471	30,965	32,634	32,545
Exports <sup>(1)</sup> .....	239,521	209,863	214,237	224,663	249,717	278,086

**Note:**

(1) Includes exports by Bapco Refining.

Source: Ministry of Oil

Production levels, local sales of refined products and exports were all adversely impacted by the COVID-19 pandemic in 2020 as demand fell due to governments worldwide placing restrictions on business, trade and travel. Demand for oil products began to increase by the end of 2020 as COVID-19 vaccination programmes were rolled out and, in 2021, production levels, local sales of refined products and exports continued to improve as demand increased to close to pre-pandemic levels. Global crude oil prices, however, were unstable throughout 2021, requiring production levels to be reduced to mitigate the decline in prices.

Despite the geopolitical tensions resulting from the conflict between Russia and Ukraine, demand for oil products continued to grow in 2022. Bapco increased its production levels in 2022 to take advantage of supply disruptions resulting from the conflict, as well as subsequent bans on Russian crude oil. Several planned turnarounds, inspections and shutdowns lowered Bapco’s ultimate production by the end of 2022.

In 2023, oil markets were volatile, affected by, *inter alia*, global recessionary concerns, uncertainty regarding any actions to be taken by the Federal Reserve, lower liquidity and output cut decisions by OPEC+. Notwithstanding these factors, in early 2023 demand increased. Prices deteriorated in the second quarter of 2023, before an increase in production levels, local sales of refined products and exports in the second half of 2023.

Global oil markets were volatile in 2024. The weak macroeconomic environment globally was offset by unexpected disruptions in the Red Sea, impacting key shipping routes and causing temporary supply shortages. During the first six months of 2024, the average price of Brent crude oil increased to U.S.\$86.41 per barrel as at 30 June 2024 due to the extension of oil production cuts by the OPEC+, before decreasing to U.S.\$74.64 per barrel as at 31 December 2024, due to a decrease in demand. During January 2025, prices increased in response to the threat of U.S.-imposed tariffs, but have subsequently declined following the announcement of further tariffs by the U.S. administration on 9 April 2025. In its April 2025 short-term energy outlook, the U.S. Energy Information Administration forecast a significant increase in oil inventories beginning in the second half of 2025 as a result of such announcements, which would, in turn, lead to a general decline in the price of Brent crude oil during 2025.

See “*Risk Factors—Risk factors relating to the Issuer—The ongoing conflict between Russia and Ukraine could negatively impact the Kingdom*”.

## Refining

Bahrain has an oil refinery at Sitra operated by Bapco Refining (formerly, Bapco). The Sitra oil refinery has a nameplate capacity of 267,000 bpd. The refinery was established in 1936 as the first refinery in the Arabian gulf region and a capacity of 10,000 bpd. Several investments and improvements were made to the facility, as well as to systems and operations have been made to comply with the highest industry safety standards, meet international market demands, achieve high reliability, implement cost efficiencies and improve workforce productivity. The refinery produces a full range of

products, with the most valuable being middle distillates (kerosene and diesel) which constitute approximately 54.7% of the total refinery production.

Between 2007 and 2014, Bapco (now, Bapco Refining) invested U.S.\$1.0 billion through its Strategic Investment Program (“SIP”), where several new units were added to ensure continued profitability, including the upgrading of low value fuel oil to more valuable low sulphur Euro 5 (10 ppm sulphur) diesel and the production of Group III lube base oils. In addition to these new processing facilities, environmental projects were also executed as part of the SIP, including biological wastewater treatment facilities.

In 2010, the Government announced the Bapco Modernisation Programme, which is the company’s single largest investment in its history and a cornerstone of the Kingdom’s Vision 2030, and consists of a group of related projects managed in a co-ordinated way to maximise benefits. The Bapco Modernisation Programme is expected to increase Bapco Refining’s capacity from 267,000 bpd to 400,000 bpd. One of the key objectives of the Bapco Modernisation Programme is to improve its product slate by upgrading refinery residue, thereby improving gross margins and remaining competitive under a wider range of feedstock and product prices and market conditions. The larger and more complex refinery is expected to allow increased exports of higher value products, such as, diesel, aviation turbine fuel and naphtha, at the expense of residue products. The Bapco Modernisation Programme is expected to add new core process units, such as a new integrated crude and vacuum unit, a new ebullated-bed residue hydrocracker, a second heavy vacuum gas oil (HVGO) hydrocracker, a second ultra-low sulphur diesel hydrotreater and several other process units with associated utilities. In addition, several old and inefficient process units will be decommissioned. Bapco Refining will also benefit from a more energy efficient facility, better equipped to meet more stringent environmental compliance regulatory standards and goals.

The total budget for the project is U.S.\$7.3 billion. In February 2018, Bapco (now, Bapco Refining) signed a U.S.\$4.1 billion EPC contract with a consortium led by French-U.S. petroleum services group Technip Energies and including Técnicas Reunidas from Spain and Samsung Engineering from South Korea. In December 2018, greenfield construction at the site commenced. The financial close for the Bapco Modernisation Programme occurred on 9 May 2019 with the participation of five export credit agencies and a total of 21 banks (eight international, six regional and seven Bahraini banks). Since the financial close, the number of participating banks has increased to 30.

As of 31 December 2024, the EPC elements of the Bapco Modernisation Programme were (according to the EPC contractor) approximately 98.5% complete, and construction is nearing completion. Milestone 8 of the project (completion of the crude distillation unit (CDU) and the vacuum distillation unit (VDU) were achieved on 30 November 2024). The inauguration ceremony for the Bapco Modernisation Project was held on 18 December 2024.

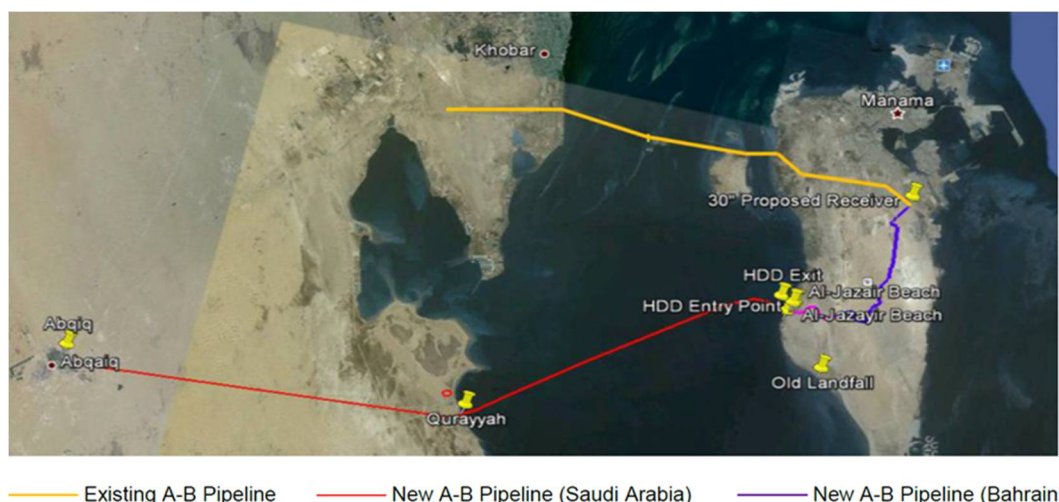
Although the expected completion date represents a delay to the originally scheduled progress of the project (with one of the primary causes of the delay to the project being the impact of the COVID-19 pandemic), the delay is not expected to have a material impact on the overall cost of the project or the ability to make loan repayments as planned (with the first four loan repayments made in 2023 and 2024).

Construction, commissioning and start-up of the project is due to be completed in 2025.

#### *New AB4 pipeline*

A new 118 kilometre long 30-inch pipeline (“AB4”), with a maximum nameplate capacity of 400,000 bpd and normal operating capacity of 350,000 bpd, was completed in 2018. This has replaced the old 235,000 bpd pipeline built in 1945 and runs partly onshore and offshore. The new AB4 pipeline links the Sitra Refinery to Saudi Aramco’s plant at Abqaiq, in eastern Saudi Arabia. Abqaiq Plant is Saudi Aramco’s largest oil producing facility and the largest crude oil stabilisation plant in the world. The facilities receive sour crude oil from gas-oil separation plants, process it into sweet crude oil and then transport it. In addition, a fibre optic cable was also laid alongside the pipeline for data communication purposes.

The map below shows the location of the AB4 pipeline.



The front-end engineering design of the pipeline was completed in 2014 and separate contracts were awarded for the 43-kilometre long onshore Saudi Arabia stretch of the pipeline, the 41-kilometre offshore stretch and the 28-kilometre onshore Bahrain stretch. The new pipeline was completed and commissioned in October 2018, at which point decommissioning of the existing older pipeline commenced.

The portion of the new pipeline in Bahrain is owned by the Saudi Bahrain Pipeline Company (“SBPC”), a wholly-owned subsidiary of Bapco Energies (formerly, nogaholding), and Saudi Aramco owns the portion of the pipeline in Saudi Arabia. The pipeline is subject to a leasing agreement between Bapco Refining and SBPC, pursuant to which Bapco Refining leases the portion of the pipeline in Bahrain from SBPC for a period of 40 years. Saudi Aramco does not require Bapco Refining to enter into a leasing arrangement with respect to the portion of the pipeline in Saudi Arabia.

Bapco Refining operates and maintains the Bahraini portion of the pipeline, while Saudi Aramco operates and maintains the Saudi and offshore portion of the pipeline with Saudi Aramco receiving reimbursement from Bapco Refining for any costs incurred in such operation and maintenance activities. All operation and maintenance activities are governed by a separate operation and maintenance agreement entered into in 2019.

The total cost of the pipeline was U.S.\$311 million and was entirely funded by Bapco Energies (formerly, nogaholding). nogaholding entered into a U.S.\$1.4 billion murabaha facility arrangement in October 2019 with a consortium of banks, which replaced a 2016 U.S.\$570 million murabaha facility and was also subsequently refinanced in 2022, with part of the proceeds from the facility being utilised to fund the construction of the project.

Since commissioning of the new pipeline in October 2018, operating levels have been in line with expectations, without quality or reliability issues reported. The pipeline is expected to operate at full capacity following completion of the Bapco Modernisation Programme.

## Gas

Bapco Upstream (formerly, Tatweer Petroleum), a wholly-owned subsidiary of Bapco Energies (formerly, nogaholding), currently manages and distributes gas from the Khuff Gas Reservoir to end-user customers including Bapco Refining’s oil refinery.

The table below provides details of Bahrain’s gas production for the periods indicated.

	2020	2021	2022	2023	2024
	<i>(billion cubic feet)</i>				
NAG production .....	601.8	587.6	587.7	586.4	590.2
Associated gas production .....	262.7	294.1	291.3	301.1	307.6
<b>Total gas production.....</b>	<b>864.5</b>	<b>881.7</b>	<b>879.0</b>	<b>887.5</b>	<b>897.8</b>

Source: Bapco Upstream

Although Bahrain's gas reserves are relatively small, total gas production (*i.e.*, natural gas from the Khuff Gas Reservoir and the associated gas production) has gradually increased over the years, from 393.0 billion cubic feet in 1998 to 941.5 billion cubic feet in 2023. Fluctuations in production are affected by demand. Bapco Upstream has focused on maintaining natural gas production from the Khuff Gas Reservoir in order to meet demand for gas for power generation and local industries. Associated gas production, which is a by-product of the oil production process, is supplied as feedstock to Bapco Gas and Bahrain National Gas Expansion Company ("**Bapco Gas Expansion**"). Bapco Upstream is responsible for the operation and maintenance of the gas distribution network, which provides approximately 1,300 mmscfd of Khuff gas from Bahrain fields to various customers across Bahrain as both fuel and feedstock for power and industry such as electricity generation, aluminium smelting, petrochemicals, water desalination, refining and others.

Gas is sold directly to the following principal domestic consumers: Bahrain's power stations (which accounted for 41%, 39%, 38%, 36% and 36% of total gas utilisation in 2020, 2021, 2022, 2023 and 2024, respectively), followed by Alba (which accounted for 33%, 33%, 34%, 34% and 35% of total gas utilisation in 2020, 2021, 2022, 2023 and 2024, respectively), Bapco Refining (which accounted for 9%, 9%, 9%, 9% and 10% of total gas utilisation in 2020, 2021, 2022, 2023 and 2024, respectively), and Gulf Petrochemical Industries Company ("**GPIC**") (which accounted for 8%, 8%, 8%, 8% and 8% of total gas utilisation in each of 2020, 2021, 2022, 2023 and 2024).

The table below provides details of the percentage of Bahrain's Khuff gas sold directly to Bapco Refining's principal domestic consumers for the periods indicated. (The table below does not account for re-injected gas.)

	2020	2021	2022	2023	2024
	<i>(percentage of total quantity sold)</i>				
Electricity Directorate.....	41	39	38	36	36
ALBA.....	33	33	34	34	35
Bapco.....	9	9	9	9	10
GPIC.....	8	8	8	8	8
Others.....	9	11	11	13	11

*Source: Bapco Upstream*

The other principal use of the natural gas produced from the Khuff Gas Reservoir is oil field injection, which accounted for 36%, 29%, 33%, 39% and 35% of oil field injection in 2020, 2021, 2022, 2023 and 2024, respectively.

Bapco Refining completed the drilling of four Khuff gas wells before transferring management of the Awali field to Bapco Upstream, as part of a U.S.\$200 million Government programme to boost natural gas production in Bahrain by an additional 500 mmscfd in order to meet Bahrain's growing demand for natural gas for power generation and local industries. Bapco Upstream drilled four additional wells as part of this project and constructed gas processing facilities. The Khuff gas drilling programme started in early 2009 and completed in March 2011. All the wells are equipped with seven-inch diameter production tubing, which enhances production capacity compared to previous wells equipped with five-inch diameter production tubing. Due to the growth in gas demand, in 2018, Bapco Upstream built a new 500 mscf processing facility and started another campaign for the drilling of 31 Khuff gas wells, which, as of 16 February 2023, had been successfully drilled. In addition, current development activities include maintenance of certain existing wells, installing low pressure gas processing units, installing compressors and debottlenecking gas network.

#### Pre-Unayzah Gas Reserves.

The Pre-Unayzah exploration project is in the appraisal and early development phase, with certified resources of Pre-Unayzah gas reservoirs announced in 2018. Seven dedicated wells (five in the Jauf reservoir and two in the Jubah reservoir) have been completed and are contributing to gas production. The appraisal phase for Pre-Unayzah resources is in progress, with 18 wells drilled and in different stages of operation. Two further wells are expected to be drilled before the end of the first quarter of 2025. The planned extensive drilling campaign is expected to provide an updated insight on the size and commercial viability of the reserves while contributing to the gas supply. A development roadmap has been finalised for the Jubah and Jauf reservoirs and development has started in the eastern part of Jauf reservoir.

Bapco Upstream (formerly, Tatweer Petroleum) is advancing in the appraisal of its gas reserves in the Pre-Unayzah Formations within the Awali Field. A number of peripheral Khuff wells were deepened to acquire important geological and reservoir data confirming the extension of gas reserves beyond the previously penetrated limits.

Associated Gas. Associated Gas, which is produced with crude oil, is distributed to all seven compressor stations owned by Bapco Gas Company (formerly, Banagas) ("**Bapco Gas**") and Bapco Gas Expansion (formerly, Tawseah) and operated by Bapco Gas. Bapco Gas (formerly, Banagas) extracts propane, butane and naphtha for export from Associated Gas. Propane and butane are transported via pipelines to Bapco Gas-owned storage facilities in Sitra, and naphtha is also transported via pipeline to the refinery for storage and subsequent export to international customers. Residue gas from



Bapco Gas and Bapco Gas Expansion subsequently enters the national gas system at a pressure lower than Khuff gas and is sold to local customers who can accommodate the lower pressure. The Government aims to increase its production volume of associated gas in connection with its strategic aim to increase its oil production.

**Bahrain Gas Plant Project.** As a result of the increased exploration and development of the Bahrain Field by Bapco Upstream (formerly, Tatweer Petroleum), the volume of associated gas produced from the Bahrain Field increased to 650 mmscfd, which was beyond the existing capacity of both Bapco Gas (formerly, Banagas) and Bapco Gas Expansion (formerly, Tawseah).

The Bahrain gas plant was built in 2018 and has a nominal processing nameplate capacity of 350 mmscfd to receive the additional associated gas to recover propane, butane and naphtha, which will be exported using vessels via the Sitra port. Additional storage tanks, including a refrigeration train at the Sitra storage area, pipelines between the gas processing facility and the Sitra storage area, as well as a pipeline to transport the refinery off-gas from the existing refinery off-gas pipeline and compressed along with the associated gas at Bapco Upstream compressor station and which is sent finally to a new gas processing facility via a new pipeline or gas gathering header, and the construction of a 66 kilovolt electric substation adjacent to the existing Central Gas Plants has been in operation since 2018.

The project was financed by a mixture of Shari'a compliant and commercial debt financing provided by international and regional banks, which was refinanced and upsized in 2021 and is being repaid in accordance with its agreed payment schedule.

**Bapco Upstream Development Projects.** In order to meet its objectives, Bapco Upstream (formerly, Tatweer Petroleum) has continued to focus on developing its production capabilities at the Awali oilfield and improving production efficiency through new facilities and automated systems, with improvements such as: (i) the installation of new gas dehydration units and well head compression facilities to increase non-associated gas production; (ii) the installation of incremental associated gas rental compression units; (iii) the automation of gas lift well chokes; (iv) the installation of low pressure modularised gas compression and liquid handling systems; (v) upgrades to the fibre optic network infrastructure; (vi) continuing the enhanced oil recovery programme, with new methods being introduced at the Awali oilfield, such as water flooding and steam injection; and (vii) the execution of multiple additional cost and energy saving projects.

**Bahrain LNG Terminal Project.** As part of its diversification of energy supply programme to reduce its dependence on oil, the Government has also focused on alternative sources of energy. For example, the Government aims to supplement available natural gas by importing liquefied natural gas ("LNG") through its Bahrain LNG import terminal ("**Bahrain LNG Terminal Project**"). The Bahrain LNG Terminal Project forms a key part of the energy infrastructure of Bahrain by giving Bahrain security of supply that it needs to meet its growth in demand for natural gas to fuel large industrial projects, to generate power and water and to increase oil recovery. The Bahrain LNG import terminal allows Bahrain to handle any potential shortages of gas and is expected to allow Bahrain to supplement domestic gas supplies with gas from LNG.

The LNG terminal is located offshore and is comprised of a Floating Storage Unit ("FSU"), a regasification platform, onshore receiving facilities and associated utilities and infrastructure. In 2016, NOGA and nogaholding (now, Bapco Energies) appointed a consortium of Seapeak Maritime Operating LLC (formerly Teekay LNG Operating LLC), Samsung C&T (South Korea) and GIC (Kuwait) for the development of the terminal on a "build, own, operate and transfer" basis. The Bahrain LNG terminal is owned and operated by Bahrain LNG W.L.L, a joint venture owned 30% by Bapco Energies and 70% by the consortium. While the terminal itself is owned by Bahrain LNG W.L.L, the FSU is an LNG carrier built to the requirements of Bahrain LNG and time chartered by Bahrain LNG W.L.L from the FSU owner for a period of 20 years.

The construction of the Bahrain LNG terminal has been undertaken by GS Engineering & Construction Corp (EPC contractor), and the FSU was constructed and delivered in September 2018 by Daewoo Ship Building & Marine Engineering Co. GS Engineering & Construction Corp. commenced construction work in the first quarter of 2017, including construction of the breakwater, dredging activities and the ground piling works for the LNG jetty and associated platform. Mechanical construction and commissioning of the Bahrain LNG terminal was completed in November 2019 and the terminal has been operational since 1 December 2019.

The estimated total cost of the Bahrain LNG terminal currently stands at U.S.\$1,062 million (including financing costs). The Bahrain LNG Terminal Project was financed through a mixture of limited recourse debt financing and equity contributions. In December 2016, the project achieved financial close for a U.S.\$741 million international financing with a commercial tranche by a syndicate of three international and regional banks and a separate K-SURE covered tranche by a syndicate of nine international and regional banks. As at 31 December 2020, the total equity contributions by the shareholders were U.S.\$263.9 million (in the form of share capital contributions and shareholder loans), of which Bapco Energies contributed U.S.\$79.1 million.

In May 2023, Bapco Energies accessed the international capital markets through a U.S.\$250 million tap issuance.

### ***Financial Services***

Bahrain is one of the major financial centres in the MENA region. It benefited significantly when financial institutions left Lebanon during Lebanon's 1975-1990 civil war, and its success is due, in part, to its geographical location between east and west time zones and its proximity to Kuwait and Saudi Arabia. Financial services remain the largest non-oil component of the real economy, accounting for approximately, 15.4%, 16.6%, 16.9%, 16.4% and 17.0% of real GDP in 2019, 2020, 2021, 2022 and 2023. Since 2023, the financial services sector has been the largest contributing sector to GDP. In the nine months ended 30 September 2024, the financial services sector accounted for approximately 17.2% of GDP.

Pursuant to Vision 2030, Bahrain continues its economic diversification efforts by placing an emphasis on attracting commercial and investment banks, Islamic banks and other financial firms to the area.

The Bahraini legal system is seen as a sound system for settling disputes. In a move aimed at attracting more foreign investors and reinforcing Bahrain's status as a "commercial hub" for the region, an independent arbitration centre for commercial disputes was unveiled in January 2010. The Bahrain Chamber of Dispute Resolution (the "**Chamber**"), which is a joint initiative between Bahrain's Ministry of Justice and the New York-based American Arbitration Association, acts as arbitrator between parties that voluntarily present their claims and agree to accept its ruling as final and binding resolutions.

The Chamber has been developed as a means by which parties to a dispute can avoid the delays and uncertainty arising from using national courts. It has the authority to hear cases where the claim is for more than BD 500,000 and involves an international party or a party licensed by the CBB.

The banking system in Bahrain is overseen by the CBB, which is the sole banking regulator in Bahrain and is comprised of conventional banks and Islamic banks. See "*Monetary and Financial System—Role of the Central Bank of Bahrain*".

In November 2016, the Trust Law Bahrain (Legislative Decree № (23) of 2016) replaced the Bahrain Financial Trusts Law 2006. The Trust Law sets out the range of specialised services that can be offered by financial institutions in Bahrain and permits companies and individuals to hold both conventional and Islamic assets situated anywhere in the world for employees' or their spouses' benefit. It also formally recognises trusts established and governed by foreign laws. Recently, the CBB approved the first real estate investment trust to be established in Bahrain. The CBB operates a secure Trust Registry Office relating to trusts established under the Trust Law Bahrain.

Bahrain also has an established insurance/*Takaful* sector and a stock exchange, both of which are regulated by the CBB. The Bahrain Bourse (formerly known as the Bahrain Stock Exchange) commenced operations in June 1987; and in late 2010 by virtue of the Royal Decree № (60) of 2010 was established as a shareholding company and renamed the Bahrain Bourse.

Bahrain was ranked first in the GCC in the Basel AML/CFT Index 2024, due to its robust anti-money laundering and combatting terrorist financing framework. Bahrain was ranked seventh out of 136 countries by the London Stock Exchange's Islamic Finance Development Report 2024 for the development of its Islamic Banking sector. Moreover, Bahrain is also ranked sixth globally in the finance skills indicator, measured by the IMD World Competitiveness Centre's World Competitiveness Ranking 2024 for human capital in the financial sector.

### ***Manufacturing***

The manufacturing sector accounted for approximately 15.2% of real GDP in 2021, 15.1% of real GDP in 2022 and 14.8% of real GDP in 2023. For the nine months ended 30 September 2024, the manufacturing sector accounted for approximately 15.1% of real GDP. The discovery of oil in the early 1930s was the spur for industrialisation in Bahrain. The principal manufacturing facilities in Bahrain are an aluminium smelter operated by Alba, an oil refinery operated by Bapco at Sitra and the petrochemicals complex operated by GPIC. Other areas of manufacturing include ship repair, iron palletising facilities, light engineering facilities and textile production.

#### ***Aluminium***

The Alba aluminium smelter, with a capacity of 1.6 million tonnes per year, is one of the largest aluminium smelters in the world and is the world's largest single-site producer (excluding China) of aluminium by individual smelter capacity following the completion of the Line 6 (540,000 tonnes) expansion project. 69.4% of Alba's share capital is held by Bahrain through Mumtalakat (established by royal decree dated 29 June 2006). Saudi Arabian Mining Company

(“Ma’aden”) holds 20.62% of Alba’s share capital following Ma’aden’s acquisition of the share capital previously held by Saudi Basic Industries Corporation’s (“SABIC”) in February 2025. The acquisition was ratified and approved by SABIC’s shareholders on 10 April 2025. In November 2010, Mumtalakat conducted a global offering of a portion of its ordinary shares in Alba. Alba’s ordinary shares are listed on the Bahrain Bourse and global depositary receipts representing such shares have been listed on the London Stock Exchange under the symbol “ALBH” since 30 November 2010. See “Public Finance—Revenue—Alba”.

Bahrain’s largest non-oil export is aluminium, estimated by the IGA to have accounted for 20.0% of total exports and 36.1% of total non-oil exports in 2021, 22.8% of total exports and 45.4% of total non-oil exports in 2022, 19.2% of total exports and 38.3% of non-oil exports in 2023, and 39.4% of non-oil exports in 2024.

During 2020, the aluminium market was adversely impacted by the COVID-19 pandemic. Aluminium prices dropped to a low of U.S.\$1,421 per tonne in April 2020, driven by weaker global demand, before recovering to U.S.\$1,978 per tonne by December 2020 due in part to a strong recovery in demand from China. This fourth quarter recovery in demand continued in 2021 with aluminium prices trading above U.S.\$2,000 per tonne and reaching a high of U.S.\$2,656 per tonne in May 2021. In the first six months of 2022, sector growth and demand from the automotive and aerospace sectors, coupled with constrained aluminium production across key geographies due to higher energy costs and geopolitical instability, caused aluminium trade prices to increase, reaching a peak of U.S.\$3,985 per tonne in March 2022. In the last six months of 2022, however, aluminium prices declined due to rising interest rates and weaker global demand, with a low price of U.S.\$2,079 per tonne in September 2022. Average prices in 2023 peaked at U.S.\$2,600 in January 2023 and declined to U.S.\$2,100 during the second half of the year. In 2023, the aluminium market was adversely affected by rising interest rates, inflation, and supply chain disruptions, impacting global demand growth. In 2024, LME prices averaged U.S.\$2,419, ranging between U.S.\$2,100 per tonne and U.S.\$2,700 per tonne with the building and construction sectors limiting price increases, while the general cost structure for smelters provided a floor.

There are a number of other aluminium-based industries in Bahrain, including plants which produce approximately 165,000 tonnes per year of rolled products, 180,000 tonnes per year of aluminium cables and 32,000 tonnes per year of extruded aluminium products. In addition, a coke-calcinating plant operated by Alba with a capacity of 550,000 tonnes per year began production in May 2001. The majority of its production is used by Alba, and the balance is exported.

Alba entered into an agreement with nogaholding (now Bapco Energies) to set the price of gas for the period 2015-2021. This agreement was reached to help curb rising heating costs incurred in the aluminium manufacturing process. Effective 1 April 2015, gas prices increased from U.S.\$2.25 per mmbtu (gross heating value) to U.S.\$2.50 per mmbtu and were thereafter to increase at a rate of U.S.\$0.25 per mmbtu (gross heating value) per year until the price reaches U.S.\$4.00 per mmbtu on 1 April 2021. In order to support local industries affected by the COVID-19 pandemic, the Government decided not to increase the price to U.S.\$4.00 in April 2021. The gas price increased to U.S.\$4.00 per mmbtu on 1 April 2022. In January 2024, Alba signed a 10-year gas supply agreement with the Government superseding all previous agreements. Pursuant to this agreement, the gas price is fixed for the first five-year period at U.S.\$4.00 per mmbtu, following which the price will be determined by the competent authority.

Line 6 commenced production on 13 December 2018 and the Line 6 expansion project was completed in 2019. Line 6 boosts Alba’s annual production by 540,000 tonnes, bringing Alba’s total production capacity to 1.6 million tonnes of aluminium per year. The capital expenditure for the construction of Line 6, as well as replacing and expanding the power capacity of the existing power plant facilities, was approximately U.S.\$3 billion, which Alba financed without Government assistance. In October 2016, Alba entered into a U.S.\$1.5 billion syndicated term-loan facility, comprising of a conventional facility and an Islamic facility. In April 2017, Alba secured commitments of approximately U.S.\$700 million from ECA supported facilities. In October 2019, Alba successfully refinanced its U.S.\$1.5 billion syndicated loan facility. In April 2022, Alba refinanced its outstanding U.S.\$1.25 billion syndicated loan facility with a new sustainability-linked loan after repaying U.S.\$0.25 billion prior to such refinancing. The sustainability-linked loan has an eight-year tenor and carries a lower interest margin than the previous syndicated loan facility of 235 basis points *per annum* above the sum of the Secured Overnight Financing Rate and credit adjustment spread. The margin is subject to an adjustment on an annual basis by an aggregate amount of up to 2.5 basis points tied to three sustainability-linked key performance indicators: Total Waste Recycled (Solid Waste), Training Hours and Lost Time Injury Frequency’s Incident Count. Alba made an early repayment of U.S.\$300 million in respect of the syndicated loan in December 2022.

### *Petrochemicals*

Gulf Petrochemicals Industries Company (“GPIC”) is an equally-owned joint venture company between the Government of Bahrain (one-third ownership through nogaholding), Sabic Agro-nutrients Company (one-third ownership) and Petrochemical Industries Company of Kuwait (one-third ownership), which was established in 1979 and started production in 1985. GPIC owns a petrochemical and fertiliser complex at Sitra producing 1,200 metric tonnes of ammonia per day, 1,700 metric tonnes of urea per day and 1,200 metric tonnes of methanol per day.

## ***Other Services***

### ***Transport and Construction***

The transport and construction industries have been particularly affected by the COVID-19 pandemic. See “—COVID-19”.

#### **Air Transportation**

The Ministry of Transportation and Telecommunications and the Bahrain Airport Company developed the Airport Modernisation Programme (the “AMP”), which is a comprehensive project begun in 2014 to enhance the Bahrain International Airport and includes the construction of advanced aerobridges, high-tech security scanning machines and the expansion of the duty free area.

Construction on the new Bahrain International Airport passenger terminal began in February 2016 (the “**BIA Passenger Terminal**”) and was completed in 2020. The total cost of construction is estimated to be approximately U.S.\$1.1 billion. It was designed to help achieve the goals set by Vision 2030, and is the largest infrastructure project in Bahrain’s civil aviation sector. The BIA Passenger Terminal has a passenger handling capacity of 14 million passengers per year.

As part of the airport modernisation, air cargo is also expected to reach one million metric tonnes *per annum* over the next decade, from 288,235 metric tonnes in 2018. Bahrain Airport Company is currently in the process of developing a comprehensive air cargo strategy to facilitate the growth of existing tenants and attract new ones, in particular, suppliers of perishable goods and cold foods, named Express Cargo Village, situated north of Bahrain International Airport’s runway. This strategy includes the development of a 25,000 m<sup>2</sup> new cargo area, which will be comprised of warehouses, aircraft parking and associated infrastructure. It is estimated that, once completed, the project will be able to handle 1.3 million metric tonnes of air cargo. In 2019, FedEx Express signed a lease to operate a 9,000 m<sup>2</sup> area at the new facility.

#### **Road Transportation**

A new public transport network was announced in 2015, which aims to modernise and upgrade public transport services. The network is intended to further improve the standard of living of all citizens and residents by providing safe, accessible and high quality public transportation in line with global standards and Bahrain’s Economic Vision 2030. The Bahrain Public Transport Company was appointed as a new operator for the project under a 10-year concession agreement to operate Bahrain’s new public transport network.

The bus network is now in full operation and includes 26 routes to destinations not previously covered, including to Bahrain University, Mina Salman and Amwaj Islands, as well as several express links serving Manama, Muharraq and Bahrain International Airport. The bus network is intended to have a dual role in the future as the feeder for light rail and mainline rail services, as well as providing nationwide public transit coverage.

#### **Ports and Sea Transportation**

The Khalifa Bin Salman Port (“KBSP”), inaugurated on 11 November 2009 and privately managed by APM Terminals, is the first multi-functional facility that is focused on import, export and re-exports and value added services in Bahrain. The KBSP occupies an area of 110 hectares of reclaimed land and is located in the north-east of Bahrain, 13 kilometres from Bahrain airport. It is also linked to the road leading to the King Fahad Causeway. The KBSP has a current total capacity of one million twenty-foot equivalent units (“TEUs”), which, if required, can be increased to handle 2.5 million TEUs.

The KBSP development has enhanced Bahrain’s competitiveness in the global logistics landscape. The KBSP was recognised as the most efficient small port in the world out of 183 small ports measured by the Container Port Performance Index 2023 published by the World Bank and S&P Global Market Intelligence.

The King Fahad Causeway, completed in 1986, is a 25-kilometre causeway that links Bahrain to the largest market in the GCC, Saudi Arabia. The causeway has brought significant economic benefits for both countries. The feasibility study for a second causeway linking Bahrain and Saudi Arabia called the “King Hamad Causeway” is complete, and the second causeway is expected to have a road and rail link between Saudi Arabia and Bahrain and connect to the proposed GCC rail network, which will accommodate freight and passengers. In June 2021, the Transportation and Telecommunications Minister announced that executive strategic plans and financial models were currently being drawn up for the “King Hamad Causeway” project, following which workshops are expected to be held to structure the partnership before submission of the executive strategic plan to the competent authorities in Bahrain and Saudi Arabia and submission of a

blueprint to the Higher Supervisory Committee to obtain the necessary approvals to proceed with appointment of a consultant and to move to the next project stage. The “King Hamad Causeway” has an expected budget of between U.S.\$3 billion and U.S.\$4 billion.

Phase one of construction of a light rail urban transit network in Bahrain, which is aimed at reducing congestion, began in October 2021. The light rail network project is expected to include 28.6km section of track and 20 stations, including two interchanges, in the first phase, with a total network of 109km expected to be completed by 2030.

In 2010, the Ministry of Works completed the first phase of dredging the BAC, which leads to the KBSP and other port facilities in Bahrain. Phase two of the project is currently underway. Prior to the first phase of dredging, vessels approaching Bahrain’s port facilities had to navigate via the natural approach channel, which had a draught-limiting depth of approximately 12.8 metre Chart Datum (“CD”), therefore restricting the access of larger vessels to port facilities and today stands at 13.6 metre CD. The second phase of dredging the BAC aims to increase draught-limiting depth to a minimum of 15 metre CD which will facilitate port access for ships up to 15,000 TEUs.

The Public Commission for the Protection of Marine Resource, Environment and Wildlife (the “**Marine Commission**”) has invested in the design and construction of four fishing harbours in Askar, Hidd, Malkiya and Tubli, as well as a jetty in Hawar. The Askar harbour will accommodate 150 small boats, together with a cafeteria, community hall, shops, prayer room, maintenance workshops, fisheries office and store and offices for the coastguard.

After the collapse of the existing jetty on Hawar Islands, the Marine Commission decided to build a new jetty. The new jetty will accommodate 20 boats, a coastguard jetty for two boats, a jetty for the hotel ferries, harbour master’s office and accommodation for the coastguard adjacent to the hotel on Hawar Island.

Bahrain has taken steps to improve the quality of its water and sanitation including through the Tubli Sewage Treatment Plant expansion project, which is expected to double the processing capacity of the Tubli Plant to 400,000 cubic meters per day and is estimated to cost U.S.\$229 million (with certain funding provided by the GCC Development Fund). As at 31 December 2023, this project was estimated to be 77% completed. However, receipt of the funding to be provided by the GCC Development Fund has been delayed until 31 March 2025.

The Ministry of Works signed the build-own-operate contract for the Muharraq sewage treatment plant in 2011. The plant is expected to have an initial design capacity of approximately 100,000 cubic metres per day. The project has two phases. The first phase involved the construction of the sewage treatment plant and a gravity sewer trunk main and was completed in 2015. This link is expected to enable effluent to be fed from an existing wastewater pumping station to the new plant. When the plant is fully operational, phase two will begin and is expected to last no longer than a year, during which time a series of connection sewers will be built to link existing wastewater pumping stations directly into the sewer trunk main. In addition, a limited local connection network will also feed directly into the plant.

### *Healthcare*

Bahrain is expanding its healthcare industry, with the aim of becoming a leading healthcare destination in the region through projects for the development of state of the art oncology and cardiac treatment centres. Planned projects include the launch of new specialised medical centres managed by world renowned experts using the latest treatments, medical techniques and technology available to enhance medical care in Bahrain and in the region as a whole. Improving the health sector is amongst the Government’s top priorities and aligns with Bahrain’s fiscal policy of economic diversification. See “*Public Finance—Fiscal Policy*” for more details on Bahrain’s economic diversification plans.

The oncology treatment centre opened on 5 February 2019. It includes 120 beds and provides both in- and outpatient facilities, palliative care bone marrow transplant and the latest radiotherapy treatments (including linear accelerator and standard, stereotactic and proton beam). The total cost of the project is estimated at U.S.\$54.0 million.

Construction of the cardiac treatment centre has been completed and the centre was inaugurated in February 2021. The centre consists of 148 beds situated in a new site in Awali, adjacent to the existing Awali Hospital. It includes imaging, CSSD and a chest pain clinic. The total cost of the project is estimated at U.S.\$267 million and was funded by the Abu Dhabi Fund. In January 2023, the King Hamad American Mission Hospital, a 125-bed purpose-built hospital, in A’Ali, was opened to the public. Patients began being seen at this facility from 15 March 2023. Construction of the King Abdullah bin Abdulaziz Medical City at the Arabian Gulf University, a U.S.\$266 million healthcare complex with academic and medical facilities, a research centre and on-site accommodation for doctors and students, is currently in progress.

## *Telecommunications*

Telecommunications revenues, together with transport revenues, represented approximately 6.9% of real GDP in 2021, 7.3% of real GDP in 2022 and 7.4% of real GDP in 2023. For the nine months ended 30 September 2024, the sector accounted for 4.6% of real GDP. Bahrain has a high quality modern telecommunications system, currently operated by Batelco, Zain and STC. Batelco, a listed entity on the Bahrain Bourse, is 76.97% owned by the Government through Mumtalakat and the SIO.

Mumtalakat and SIO directly own shares in Batelco of 36.67% and 20.31%, respectively. In addition, Mumtalakat and SIO own 20.0% of shares in Batelco through Amber Holding Company (“**Amber**”). Amber itself is a wholly-owned subsidiary of Hawar Holding Company, which is, in turn, owned by Mumtalakat (33.33%) and SIO (66.67%). Batelco shares are traded on the Bahrain Bourse. Zain began operations in December 2003 following the implementation of the law passed on 5 November 2002 permitting competition in the telecommunications sector.

STC Bahrain became the third mobile operator in Bahrain and commenced commercial operations in February 2010. STC Group is one of the leading telecommunications groups in the MENA region with more than 160 million subscribers to its service worldwide through nine countries.

The Telecommunications Regulatory Authority was established by Legislative Decree № (48) of 2002 promulgating the Telecommunications Law. The TRA is an independent body and its duties and powers include protecting the interests of subscribers and users of telecommunications services and promoting effective and fair competition among established and new licensed operators. The TRA’s vision is to develop Bahrain as the region’s most modern communications hub and to facilitate the development of the market. Its mission is to protect the interests of subscribers and users of telecommunications services and maintain effective and fair competition between established and new entrants to the telecommunications market of Bahrain.

Bahrain has a strong mobile sector. Mobile prices tend to be low compared to other GCC countries and mobile coverage is extensive. At the end of December 2019, there were 1.9 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 126%. At the end of December 2024, there were 2.6 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 161%.

In March 2019, the Transport and Telecommunications Minister announced that preparations for the rollout of 5G networks in Bahrain were complete, with launch expected in June 2019, subject to the availability of consumer handsets. In March 2019, Batelco signed an agreement with Ericsson to commercially deploy 5G network technology over three years. In June 2019, Batelco announced that it had become the first telecommunications provider in Bahrain to launch a commercial 5G network, with initial services available in Amwaj and Reef Island, with gradual rollout planned throughout Bahrain based on customer demand and requirements.

As at each of 31 December 2019 and 2018, there were approximately 2.2 million broadband subscriptions. Broadband penetration reached 144% at the end of each of December 2019 and 2018, before declining to 137% as at 31 December 2020. Growth of broadband subscriptions is driven by the growth of mobile broadband subscriptions. As at 31 December 2022, there were approximately 2.3 million broadband subscriptions, with a broadband penetration rate of 149%. As at 31 December 2023, there were approximately 2.4 million broadband subscriptions, with a broadband penetration rate of 153%. As at 31 December 2024, there were approximately 2.6 million broadband subscriptions, with a broadband penetration rate of 153.2%.

The Government believes that a single national broadband network infrastructure to deliver ultra-fast broadband products and services is preferable and more efficient for a country of the size, population distribution and topology of Bahrain. This single network is expected to be owned by an entity that shall be legally and functionally separated from Batelco and which will supply wholesale products and services to all licensed operators in Bahrain on a non-discriminatory basis. It will be awarded the right to deploy the national broadband network and to supply wholesale products and services. In February 2018, Batelco announced the launch of an initiative to provide free internet services at public locations, such as parks, gardens and coastlines, in partnership with the Ministry of Works, reinforcing Batelco’s commitment to the 2030 Vision.

The 2024 ICT Development Index of the International Telecommunication Union placed Bahrain at fifth out of 170 countries (scoring 97.5 out of 100).

## *Real Estate*

Bahrain is currently seeing the implementation of the largest infrastructure investment pipeline in its history and its priority development projects currently total approximately U.S.\$32.5 billion. The Government has introduced a housing

units delivery programme and access to housing finance to assist with the design and construction of housing units and to improve access to financing in relation to the acquisition of housing. The real estate projects pipeline reflects the strong structural demand drivers of demographic growth and economic diversification.

In December 2014, Bahrain enacted the Stalled Projects Law, which granted the Government the authority to restructure stalled development projects. The Stalled Projects Law established a joint judicial and expert committee, the Stalled Property Development Projects Settlement Committee (the “**Project Committee**”), with a remit to investigate and resolve issues facing delayed projects and develop plans to take projects forward. The Project Committee has the authority to request comprehensive proposals from a developer for completing a stalled project and providing stakeholders with investment returns. In certain circumstances, the Project Committee may appoint new management and invite new investors to participate in the development in order to complete a project. The Project Committee’s decisions have legal and binding effect subject to a right of appeal at the Court of Cassation. The committee has overseen the relaunch of nearly all the projects that stalled in the wake of the 2008 global financial crisis.

### Housing Units Delivery Programme

Historically, the Ministry of Housing and Urban Planning (the “**MoHUP**”) has designed and constructed housing units through awarding EPC contracts. This EPC model is expected to be replaced with the Mazaya Programme described below. Most of the projects currently under implementation by the MoHUP using the EPC model are housing projects approved under the GCC Development Fund. The MoHUP has also procured social housing units through turn-key projects, principally with Diyar Al Muharraq, the owner of an artificial island in the archipelago in Bahrain which develops social housing on 12 square kilometres of land it owns and which includes access to high-quality amenities, including restaurants, retail outlets and parks.

The MoHUP signed its first public private partnership agreement with the real estate and infrastructure development company, NASEEJ, on 2 January 2012 for the development of 2,450 social housing units and 367 affordable homes across two different locations: North Bahrain New Town and Al Lawzi. In August 2017, work was completed in respect of 165 affordable homes, 202 affordable apartments, 1,618 social housing units in Madinat Salman and 700 social housing units in Al Lawzi and the social housing units have been provided to the intended beneficiaries, and all 165 affordable homes and 47 affordable apartments have been sold. Supporting infrastructure for the units has also been established, including roads, sanitary facilities, telecommunications and operational and maintenance matters.

Since 2015, 25,000 new housing units and services have been delivered and occupied in Bahrain. The Government’s action plan for the years 2023-2026 consists of various housing units and apartments, which are currently under construction at various locations. Examples of construction projects include the construction of 2,800 units in Sitra, 1,551 units in East Hidd and 2,763 unit in Madinat Salman, in addition to other locations. In addition, the MoHUP is currently planning to initiate a Government Land Development Programme, in partnership with the private sector, to build housing in a more efficient manner. It will also target the provision of ‘on-the-spot’ services to reduce waiting times and to provide citizens with multiple options.

### Access to housing finance

The Mazaya programme social housing finance scheme is a support programme to assist citizens in getting access to private financing to be able to buy housing either from developers or other citizens. The Mazaya programme provides citizens with a monthly mortgage payment subsidy to bridge the difference between the monthly mortgage repayment/financing payment to be made to the commercial bank and the mortgage/financing payment by the citizen based on 25% of his income. To ensure commitment towards the purchase of the house and to lower the risk for banks, the citizen has to pay 10% of the unit price as a down payment. Approved commercial banks provide mortgages, while the housing units are provided commercially by the market and certified by the MoHUP. The Mazaya programme is designed to enhance the participation of private developers and banks in boosting the provision of housing at a time of rapidly growing demand. The administrative coordination of the program is undertaken by Eskin Bank, a fully Government-owned housing bank. As of 31 December 2021, 9,800 Bahraini citizens had benefitted from this programme. In August 2022, a new financing programme for housing was announced (the Tas’heel and Mazaya Programmes), which, *inter alia*, raised the available loan/financing ceiling to a maximum of BD 70,000 (under the Tas’heel Programme) and increased the maximum age of beneficiaries from 35 to 40 with a financing cap based on age (under the Mazaya Programme).

In addition to these extensive social housing projects, the private sector has invested in Bahrain, in particular. Examples of private sector-funded projects include:

#### *Completed projects:*

- The King Hamad American Mission Hospital, which opened in January 2023, with patients being admitted from 15 March 2023, is a 125-bed hospital in A'Ali. The total cost of construction is estimated to have been approximately U.S.\$79 million.
- Vida Beach Resort Marassi-Al-Bahrain, which launched in December 2021, is a 157-room hotel (of which 141 rooms are serviced) located on the Marassi beach front in Diyar Al Muharraq. The total cost of construction is estimated to have been approximately U.S.\$135 million.
- The Address Beach Resort Bahrain, which opened in November 2022, is 11,000 m<sup>2</sup> development with 154 luxury apartment complexes and 117 hotel rooms, and is located on the Marassi beach front in Diyar Al Muharraq. The total cost of construction is estimated to have been approximately U.S.\$110 million.
- The Marassi Galleria Project, which opened on 21 February 2024, includes a family plaza, a waterfront dining promenade, an animated rooftop, and luxury courtyard, and extends over an area of 200,000 m<sup>2</sup>. The total cost of construction is estimated to have been approximately U.S.\$580 million.
- The Avenues Bahrain Mall, which opened in October 2017, is situated on a seafront location stretching 1.5 km in Manama. The total cost of construction is estimated to have been approximately U.S.\$0.3 billion. The second phase, which involves adding a leasable area of approximately 40,000 m<sup>2</sup>, is expected to open in May 2025

#### *Projects currently in progress:*

- Diyar Al Muharraq, a master development project, is planned as a mix of residential and commercial properties consisting of up to 30,000 individual housing units and a variety of retail and commercial enterprises, covering 1.2 million m<sup>2</sup>. The total cost of construction is estimated to be approximately U.S.\$2.5 billion, and the project is expected to be completed in 2028.
- The King Abdullah Medical City, a healthcare complex with academic and medical facilities, is planned to become a research centre with on-site accommodation that is purpose-built for doctors and students. The total cost of construction is estimated to be approximately U.S.\$266 million, and the project is currently in progress.

#### *Trade*

The wholesale and retail trade sector accounted for 3.9% of real GDP in 2021, 3.9% of real GDP in 2022 and 4.0% of real GDP in 2023. In the nine months ended 30 September 2024, the trade sector accounted for 4.1% of real GDP. Bahrain has signed several significant international trade agreements. Bahrain also concluded a Free Trade Agreement with the United States in 2004, a first for a GCC country. As a block, the GCC is working on trade agreements with countries such as India, China and the United Kingdom. The GCC signed a free trade agreement with Singapore that came into force in September 2013. Bahrain is also working to boost trade with Japan, one of its top trade partners. See “*Balance of Payments and Foreign Trade*”.

Bahrain is one of the members of the GCC common market. See “*Overview of The Kingdom of Bahrain—International Relations—GCC*”. The GCC has a uniform 5% import tax rate (with some exemptions and a special tax for tobacco of 100% and alcohol of 100%). Bahraini exports to the GCC are exempt from tax and are therefore more competitive than from other non-GCC countries (with no free trade agreements). Bahrain trades heavily with the GCC, in particular with Saudi Arabia.



Based on IGA statistics, non-oil exports to GCC countries amounted to 43.5% in 2024, and Saudi Arabia accounted for 23.0% of total non-oil exports and 52.8% of non-oil exports to GCC countries. As for non-oil imports, 16.1% of total non-oil imports in 2024 were from other GCC countries, and Saudi Arabia accounted for 6.4% of total non-oil imports and 39.7% of non-oil imports from GCC countries.

The table below sets out Bahrain's non-oil imports from the GCC countries.

	For the year ended 31 December				
	2020	2021	2022	2023	2024
	<i>(U.S.\$ millions, except percentages)</i>				
<b>GCC Total</b> .....	<b>1,994.0</b>	<b>2,253.8</b>	<b>2,544.8</b>	<b>2,023.9</b>	<b>2,520.7</b>
Saudi Arabia.....	935.9	966.4	888.0	1,087.6	1,000.8
Kuwait.....	92.7	138.3	195.9	117.7	140.7
Oman.....	137.2	102.2	173.3	141.7	137.8
UAE.....	828.1	1,046.9	1,285.7	650.7	1,184.8
Qatar.....	0.0	0.0	1.9	26.2	56.6
<b>Total non-oil imports</b> .....	<b>12,759.6</b>	<b>14,137.8</b>	<b>15,537.2</b>	<b>14,141.4</b>	<b>15,617.3</b>
<i>GCC of total non-oil imports</i> .....	<i>15.6%</i>	<i>15.9%</i>	<i>16.4%</i>	<i>18.2%</i>	<i>16.1%</i>

*Source: Information and eGovernment Authority*

The table below sets out Bahrain's non-oil exports to the GCC countries.

	For the year ended 31 December				
	2020	2021	2022	2023	2024
	<i>(U.S.\$ millions, except percentages)</i>				
<b>GCC Total</b> .....	<b>3,677.9</b>	<b>4,957.8</b>	<b>5,649.0</b>	<b>5,382.6</b>	<b>5,417.3</b>
Saudi Arabia.....	1,948.5	2,460.7	3,048.1	2,892.7	2,861.7
Kuwait.....	225.0	284.0	285.9	313.0	271.4
Oman.....	479.4	569.7	639.4	355.8	235.7
UAE.....	1,023.6	1,623.4	1,642.3	376.8	1,707.5
Qatar.....	1.4	20.1	33.3	69.7	341
<b>Total non-oil exports</b> .....	<b>8,146.0</b>	<b>12,428.3</b>	<b>15,125.0</b>	<b>11,180.5</b>	<b>12,453.1</b>
<i>GCC share of total non-oil exports</i> ....	<i>45.1%</i>	<i>39.9%</i>	<i>37.3%</i>	<i>44.2%</i>	<i>43.5%</i>

*Source: Information and eGovernment Authority*

The GCC tax agreement has also been particularly appealing for those foreign investors whose main market is the GCC but who prefer Bahrain's business and social environment. These companies contribute to Bahrain's labour market, as well as contributing to Bahrain's exports.

Bahrain has been chosen to host the GCC headquarters of one of India's leading business and policymaking bodies to promote bilateral trade. The Confederation of Indian Industry (CII) established an office in Manama in September 2014 to increase its presence in the region.

In April 2023, the Government introduced a "golden licence", which grants incentives and streamlines services for foreign and local investors for projects with a minimum investment value of U.S.\$50 million or that create more than 500 local jobs. The first "golden licences" were awarded in June 2023 to five investment projects valued at more than U.S.\$1.4 billion. Bahrain has since granted additional licences, across sectors such as financial services, manufacturing, ICT, and tourism. The new licences are valued at over U.S.\$2.4 billion and are expected to generate more than 3,000 employment opportunities

#### *Tourism, Hotels and Restaurants*

Tourism has long been recognised as an important part of the economy in Bahrain. Bahrain has a growing tourism industry with several large-scale tourist developments under construction. Tourism in Bahrain involves several different types of activities ranging from leisure events, business events and heritage cultural events. The tourism industry (hotels and restaurants) contributed 1.5% of real GDP in 2021 and 1.7% of real GDP in 2022.

Data from the World Travel and Tourism Council (“WTTC”) put the direct contribution of the travel and tourism sector to Bahrain’s GDP at 4.2% in 2017 and (prior to the outbreak of the COVID-19 pandemic) forecasted it to rise by an average of 4.5% per year during the period 2018-2028. The total contribution (including indirect and induced) of travel and tourism to GDP was estimated by the WTTC at 9.1% of GDP in 2023. According to the Union of Arab Chambers, tourism revenues increased by approximately 13% in 2024, as compared to tourism revenues recorded in 2023.

The following table sets forth certain key tourism indicators for the Kingdom of Bahrain, as published by the Bahrain Tourism and Exhibitions Authority, for the periods indicated.

	For the year ended 31 December					Nine months ended 30 September 2024
	2019	2020	2021	2022	2023	
International arrivals ( <i>millions</i> ) .....	12.5	2.3	4.2	11.4	14.1	11.7
Inbound tourism flows ( <i>millions</i> ) .....	11.1	1.9	3.6	9.9	12.4	11.0
Total tourist nights ( <i>millions</i> ) .....	13.2	2.9	8.0	13.0	19.0	14.1
Total inbound tourism expenditure ( <i>BD billions</i> ) .....	1.5	0.3	0.7	1.5	1.9	1.2
Hotel occupancy rate .....	44%	23%	37%	44%	44%	44%

*Source: Bahrain Tourism and Exhibitions Authority*

Tourism-related activities are focused around hotel accommodation, retail facilities and restaurants. Bahrain aims to develop its tourism industry by developing a more holistic tourism offering.

Bahrain has hosted Formula One races since 2004. A new contract was signed in 2022, pursuant to which Bahrain will host Formula One races until 2036.

The Government is also taking steps to restore historical sites and is working on a number of initiatives relating to preservation of heritage and protection of archaeological sites. It has been involved with UNESCO in a largescale excavation programme, resulting in a number of discoveries relating to the ancient Dilmun civilisation. The main archaeological site is named Saar (named after the closest modern village) and is divided into two distinct zones: a residential zone and a cemetery. Dilmun was one of the most important ancient civilisations of the region and is believed to have existed in the third millennium BC. It is thought to have been a hub on a major trading route between Mesopotamia and the Indus Valley in South Asia.

The Spring of Culture Festival, organised by the Bahrain Authority for Culture and Antiquities, is an annual festival that had been held for 15 consecutive years until it did not take place in March 2020 due to COVID-19 restrictions. The Spring of Culture Festival returned in 2023 and has been held each year since then. Events and activities are designed to engage all segments of society, from arts and crafts exhibitions to intellectual lectures and talks, poetry recitals, music concerts and theatrical performances.

The Bahrain Authority for Culture and Antiquities is also working on the maintenance and restoration of Al Khamis Mosque. Al Khamis Mosque is believed to have been built during the caliphate of Umayyad Caliph Umar II. The plan is to develop a walking area around the mosque to allow visitors to walk around and appreciate the architectural design of the mosque. A visitor’s centre will also be developed. Other historical attractions that the Bahrain Authority for Culture and Antiquities manages, include: (i) the National Museum; (ii) Bayt Al Quran, a multi-purpose complex dedicated to the Islamic arts; (iii) Siyadi House, the home of a prominent 19th century pearling merchant in Muharraq; (iv) Dilmun Burial Mounds; (v) Bahrain Fort, a UNESCO World Heritage Site that has been open to the public since 2008; (vi) the Bahrain Pearling Trail, a UNESCO World Heritage Site made up of three oyster beds in the Bahrain northern waters, a segment of the coast and the seafront in Bu Mahir fortress and 17 buildings in Muharraq connected by a 3.5-kilometre visitor pathway; and (vii) the Manama and Muharraq Souqs.

Bahrain’s tourism industry benefits from Bahrain’s geography, open culture and liberal regulation. Three of the GCC capitals—Riyadh, Kuwait City and Doha, as well as the main population centres of Saudi Arabia’s Eastern Province, are located within a radius of approximately 400 kilometres around Bahrain and within a convenient distance for day trips.

Saudi nationals are the principal tourists to Bahrain with the causeway linking the two countries facilitating this movement. In 2024, 19.1 million visitors entered Bahrain, as compared to 17.2 million visitors in 2023 and 13.8 million visitors in 2022.

The table below sets out arrivals through the ports of Bahrain for the periods indicated.

	2020	2021	2022	2023	2024
			(number of arrivals)		
Saudi Causeway.....	2,065,322	3,874,750	11,864,861	14,856,640	16,307,168
Airport .....	712,366	1,035,067	1,952,535	2,312,683	2,615,219
Sea Port .....	64,530	9,504	35,384	75,076	210,964
<b>Total.....</b>	<b>2,842,218</b>	<b>4,919,321</b>	<b>13,852,780</b>	<b>17,244,399</b>	<b>19,133,351</b>

Source: Nationality Passport and Residence Affairs.

Shopping forms an essential part of tourism in Bahrain, and there are a number of modern malls and designer boutiques where the latest fashions and international goods are available. Bahrain has approximately 20 malls, which vary in size, capacity and range of products and services offered. Increasingly, the newer malls are located away from the capital (Manama) to serve different areas of the country. As part of the Government's strategy to increase the accessibility of government services outside of Manama, post offices, utility bill payments and enquiry desks are increasingly common in shopping malls across the country. The two main malls in Bahrain are Bahrain City Centre and Al-Seef Mall. Bahrain Dragon City, a large shopping mall hosting more than 500 Chinese businesses, opened at the end of 2015. In October 2017, the Avenues, a large retail and leisure development in the centre of Manama comprised of shops, an indoor market, waterfront restaurants and cinemas were completed. Phase two of the Avenues is currently under development, which is set to further expand and elevate the mall's offerings. The largest shopping mall in Bahrain, Marassi Galleria, opened in 2024.

The tourism industry was particularly impacted by the COVID-19 pandemic and the corresponding restrictions on travel. In 2021, the Bahrain Tourism & Exhibitions Authority launched Bahrain's tourism strategy for 2022-2026. This strategy aims to: (i) position Bahrain as an international tourism hub; (ii) increase the contribution of tourism to GDP; (iii) increase the number of tourism target markets; and (iv) diversify Bahrain's tourism offering. By 2026, the strategy aims to increase the percentage of the tourism sector's contribution to GDP to 11.4% (as compared to 6.8% in 2019), increase inbound tourism spending to BD 2 billion (as compared to BD 1.5 billion in 2019), attract 14.9 million visitors (as compared to 11.1 million in 2019), increase the average visitor spending per day to BD 82.3 (as compared to BD 71 in 2019) and raise the average number of tourist nights to 3.5 (as compared to 3.4 in 2023).

### Privatisation

The total proceeds raised from privatisations in Bahrain between 1989 and 2000 amounted to less than U.S.\$79.8 million. Since then, privatisations have accelerated. In particular, in 2007, Hidd power plant was privatised, generating U.S.\$738 million and the privatisation of the Seef Properties generated U.S.\$72 million for the Government. In November 2010, Mumtalakat conducted a global offering of a portion of its ordinary shares in Alba. The ordinary shares are listed on the Bahrain Bourse and global depositary receipts representing such shares are listed on the London Stock Exchange. See "*Public Finance—Revenue—Alba*" and "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Manufacturing—Aluminium*".

Currently 90% of Bahrain's electricity and water is produced by the private sector. The Ministry of Works is currently upgrading the Tubli sewage treatment plant, which is expected to be completed by the end of September 2024. The Government is also encouraging private sector investment in other sectors such as utilities, education and healthcare and has privatised its public transport system. In September 2024, Bapco Energies sold a minority ownership stake in the Saudi Bahrain Pipeline Company to a fund managed by BlackRock. The King Hamad University Hospital, established in late 2011, is managed by the Bahrain Defence Force and will be used as a teaching hospital for the neighbouring, privately run medical university. The role of private investment in the health sector is expected to further benefit from the Supreme Council of Health's plans to establish a national health insurance system.

In 2022, the Government approved a guide regulating PPPs, which is designed to be complementary to Bahrain's sustainable development goals 2030 and Vision 2030 and applies to all partnership projects between Government entities and the private sector (other than, among other limited exceptions, certain military and security projects).

### GCC Common Market

See "*Other Services—Trade*" and "*Overview of The Kingdom of Bahrain—International Relations—GCC*".

## Employment

Bahrain has a high proportion of non-Bahrainis among its working population (77% in 2019, 75% in 2020, 74% in 2021, 76% in 2022, 75% in 2023 and 75% in 2024). As at 31 December 2024, the total registered number of workers in Bahrain's workforce was 50,908. The National Economic Recovery Plan targets recruiting for 20,000 Bahraini jobs and training 10,000 Bahrainis annually until 2024. In 2024, more than 27,000 jobs were created for Bahraini citizens and almost 20,000 Bahrainis were provided with training. Bahrain has set a target to enhance employment opportunities, including the creation of 25,000 jobs annually, with new initiatives to hire 8,000 fresh graduates each year.

The Government has sought to implement a policy in recent years of increasing the number of Bahraini nationals in employment, principally through specialised training. A number of different training programmes are offered in the financial services, hotel trade and technical fields and more recently, in the retail trade area. The employment of Bahraini nationals who have completed these types of training courses is encouraged by the Government.

The unemployment rate among Bahraini nationals has declined rapidly due to focused Government reforms. In 2006, the Government launched an ambitious labour market reform programme based on four pillars: the National Employment Project ("NEP"), the Labour Market Regulatory Authority ("LMRA"), the Labour Fund and the Unemployment Insurance Programme. The reform programme sought to stimulate investment and technological change, as well as education and training of the Bahraini labour force. Since the launch of the programme, the unemployment rate for Bahraini nationals has been reduced from 15.0% in 2005 to 4.3% in 2018, 4.7% in 2019, 5.9% in 2020, 5.9% in 2021, 5.4% in 2022 and 6.3% in 2023. The Government has introduced a voluntary retirement scheme for government employees as a result of which the employment of public sector Bahraini workers was reduced from 53,707 in the fourth quarter of 2018 to 49,125 in the second quarter of 2019. This scheme was offered to civil servants below director level, based on a one-time indemnity and lifetime pension, as well as the right to work in the private sector. The severance package and pensions for this scheme are funded by sources from outside of the State budget. 9,117 applicants applied for the scheme between 9 October 2018 and 8 November 2018, of which 8,711 were accepted, reducing the civil workforce by 18% in 2019. Successful applicants were transferred to retirement in five phases, ending on 31 August 2019. Bahrain launched a scheme under the NEP framework in 2019 aimed at developing the talent of its citizens and improving competition, while allowing the markets to retain the flexibility needed to attract skilled labour. Under this scheme, 24,718 citizens were employed in 2019, as compared to 19,221 in 2020. A second scheme was launched in 2021, pursuant to which 26,335 citizens were employed in 2021, 29,995 citizens were employed in 2022 and 29,533 citizens were employed in 2023. The Ministry of Labour and Social Development also established a programme aimed at employing 20,000 university graduates and training 10,000 Bahrainis annually between 2022 and 2026.

In accordance with Vision 2030, the Government aims to ensure that all residents and citizens are treated equally under the law and in accordance with human rights, including ensuring equal access to services and support for adequate job training. In addition, the Government aims to create a level playing field in the job market for Bahrainis through immigration reform and the revision of labour laws. In implementing this vision, the Government, through the Ministry of Labour and Social Development, issued a decision in April 2009 to abolish the sponsorship system for foreign employees which restricted employees from transferring into new jobs without their employer's approval. The decision, which came into effect in August 2009, allows foreign employees to transfer from one job to another independent of their sponsors and lifts all restrictions that were previously applicable to employees under the sponsorship programme.

In 2022, Bahrain launched the Golden Visa, which provides expatriates and foreign investors the opportunity to reside in Bahrain on a permanent basis and is aimed at attracting talent. In order to qualify for the Golden Visa, residents must have: (i) resided in Bahrain for not less than five years; and (ii) earned a monthly basic salary of not less than BD 2,000 during the previous five years of their residency in Bahrain.

The NEP programme uses career-related assessment, which is designed to tailor evaluation to individuals' specific attributes and to provide accurate information about a person's capabilities, desires and future career. Following establishment of the NEP, Ministry of Labour and Social Development officials have been encouraging private organisations to provide better quality training for their employees. The aim is to raise the productivity and performance of the companies. The Council of Ministers has also approved the formation of a Supreme Committee for Human Resources Development and the Ministry of Labour and Social Development also implemented a wage subsidy to private companies.

In order to provide financial support to unemployed Bahraini nationals, the Government levies a 1% fee on salaries to pay for an unemployment scheme. Deductions commenced on 1 July 2007, with unemployment benefits becoming payable to those eligible from September 2007.

The Government issued a new labour law pursuant to Legislative Decree № 36 of 2012 dated 12 August 2012 (the "**New Labour Law**"). The New Labour Law complements the provisions of Labour Law № 23 of 1976 and is aimed at increasing worker protections in a manner consistent with ILO guidance. The New Labour Law provides that all domestic

workers are required to be employed under contractual terms in line with all private sector employees and have increased annual, maternity and sick leave entitlements. Employees will now also be entitled to compensation for any delays in payment. Fines will be imposed on employers who fail to comply with the provisions of the New Labour Law.

With effect from February 2019, the Government has been implementing a new National Employment Programme. This programme consists of a number of initiatives, including: (i) an awareness campaign targeting employers; (ii) increasing certain benefits for dismissed workers and jobseekers; (iii) increasing subsidies on wages to 70% for the first year of employment; and (iv) and increasing a sponsored training programme by Tamkeen.

Certain employment policies target increasing the employability of women in the private sector, including through a part-time scheme. More than 5,000 women have been recruited in the private sector by this scheme. In 2023, 42.2% of employed jobseekers were women (as compared to 38% in each of 2021 and 2020 and 39% in 2022).

In July 2023, the Government announced its National Plan for the Labour Market 2023-2026 (the “**National Labour Plan**”), which aims to increase training and employment opportunities, as well as to attract increased investment. The National Labour Plan also targets the expansion of partnerships between the Government and the private sector by encouraging use of part-time employment and remote working to create additional employment opportunities. The National Labour Plan also targets further programmes to be launched by the Ministry of Labour to further integrate women into the labour market.

### ***Tamkeen***

Tamkeen is a public authority established in August 2006, tasked with supporting Bahrain’s private sector and positioning it as a key driver of economic growth and development. Tamkeen is a cornerstone of Bahrain’s national reform initiatives and Vision 2030, playing a key role in advancing national priorities and the National Economic Recovery Plan.

Tamkeen has two primary objectives: to foster the development and growth of enterprises, and to empower Bahrainis through training and employment support. To achieve these objectives, Tamkeen aims to (i) increase the competitiveness of Bahraini nationals both locally and internationally by providing them with training opportunities and supporting their entry to the job market, as well as supporting them to get global training and work experience that will further enhance their skills and (ii) support private sector competitiveness and productivity by providing co-matching grants, access to financing and other support to help enterprises achieve their business objectives according to their size and growth stage. Tamkeen has invested BD 2 billion in direct and indirect support to drive impact for the national economy and supported more than 118,000 individuals and 74,000 enterprises to reach their full potential.

In the six months ended 30 June 2023 and the year ended 31 December 2022, Tamkeen invested U.S.\$61.3 million and U.S.\$109.6 million, respectively, in developing and growing Bahraini human capital. In the six months ended 30 June 2023 and the year ended 31 December 2022, Tamkeen invested U.S.\$39.6 million and U.S.\$61.0 million, respectively, support businesses and private institutions in Bahrain. Tamkeen also directed U.S.\$58.6 million of its unemployment insurance revenue in 2022 and U.S.\$3.9 million of its unemployment insurance revenue in the six months ended 30 June 2023 towards individuals and businesses.

Tamkeen’s strategy for 2021-2026 aims to drive economic impact and productivity, by addressing market needs, particularly regarding the growth of private sector enterprises, and the enhancement of the national workforce’s professional and creative skills. This strategy is in line with the next transformative phase of the Government’s post COVID-19 pandemic business and economic strategy to help accelerate the growth of businesses, with a focus on increasing productivity through digitalisation, automation, and exporting, in addition to efficiently responding to new market conditions. As part of this strategic cycle, Tamkeen’s strategic priorities for the year 2023 were focused on the following pillars: facilitating the increased economic participation of Bahrainis, providing training that is aligned with labour market needs in new and emerging skills, as well as enterprise and ecosystem development, all of which drive positive economic impact and sustainable growth.

Furthermore, in alignment with the Royal Directives of His Majesty King Hamad bin Isa Al Khalifa to channel new revenue streams to integrate Bahrainis into the labour market through employment, training and wage support programmes worth BD 200 million that are being implemented by the Labour Fund, Tamkeen is working on introducing enhanced programmes and initiatives to realise His Majesty’s vision in making Bahrainis the first choice of employment in the labour market.

In March 2025, Tamkeen announced the launch of a programme aimed at training 50,000 Bahrainis in artificial intelligence by 2030.

## ***Wages***

The LMRA has developed a database of wage information (relating to Bahraini nationals only) based on ILO best practices and standards. There is no official minimum wage level in Bahrain although the concept has been debated in the past by the LMRA. The Ministry of Labour and Social Development recommends that a Bahraini employee's minimum wage should be no less than BD 350 per month and BD 500 for Bahraini employees with a university degree.

The table below sets out the average monthly wages in Bahrain for the periods indicated.

	<b>2020</b>	<b>2021</b>	<b>2022</b> <i>(U.S.\$)<sup>(1)</sup></i>	<b>2023</b>	<b>2024</b>
Average Bahraini Wage <sup>(2)</sup> .....	2,072	2,109	2,149	2,285	2,375
Public sector .....	2,197	2,306	2,311	2,529	2,593
Private sector .....	2,013	2,013	2,074	2,168	2,269

### **Notes:**

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

(2) Average of all Bahrain wages is equal to the total amount of monthly salaries in all sectors divided by the total number of contributors in all sectors.

*Source: Social Insurance Organization*

The average Bahraini monthly wage in 2024 was U.S.\$2,375, as compared to U.S.\$2,285 in 2023, reflecting a 3.9% increase. The average public sector monthly wage was U.S.\$2,593 in 2024, as compared to U.S.\$2,529 in 2023, reflecting a 2.5% increase. The average private sector monthly wage was U.S.\$2,269 in 2024, as compared to U.S.\$2,168 in 2023, reflecting a 4.7% increase.

## BALANCE OF PAYMENTS AND FOREIGN TRADE

The table below sets out Bahrain's balance of payments, prepared in accordance with IMF Manual 6 methodology, for the periods indicated.

		Year ended 31 December				
		2020	2021	2022	2023	2024 <sup>(1)</sup>
		<i>(U.S.\$ millions)<sup>(2)(3)(4)</sup></i>				
<b>1.</b>	<b>Current account (a+b+c+d).....</b>	<b>(3,244.7)</b>	<b>2,602.4</b>	<b>6,838.6</b>	<b>2,699.5</b>	<b>2,281.9</b>
<b>a.</b>	<b>Goods.....</b>	<b>(127.1)</b>	<b>4,905.1</b>	<b>8,244.7</b>	<b>4,502.7</b>	<b>3,608.0</b>
	General Merchandise .....					
	Exports (fob).....	14,065.7	22,369.4	30,193.9	24,813.6	24,278.5
	Imports (fob).....	(14,192.8)	(17,464.4)	(21,949.4)	(20,310.9)	(20,670.5)
<b>b.</b>	<b>Services (net).....</b>	<b>2,079.5</b>	<b>2,752.1</b>	<b>3,268.4</b>	<b>3,467.6</b>	<b>4,651.1</b>
	Maintenance .....	430.3	418.4	466.0	247.3	218.9
	Transportation .....	(1,911.2)	(1,964.4)	(2,288.8)	(2,218.9)	(1,725.0)
	Travel .....	1,437.8	2,166.5	3,082.4	3,486.2	4,081.1
	Construction .....	12.0	11.2	11.2	7.2	11.2
	Insurance/Takaful .....	972.9	905.6	757.2	725.5	723.1
	Financial services .....	103.2	107.7	160.1	253.2	272.9
	Communication services .....	840.2	897.9	876.9	767.3	846..8
	Other business services .....	193.6	209.3	203.5	199.7	222.1
<b>c.</b>	<b>Income (net).....</b>	<b>(2,459.0)</b>	<b>(2,527.9)</b>	<b>(1,962.8)</b>	<b>(2,607.5)</b>	<b>(3,317.6)</b>
	Investment income .....	(2,459.0)	(2,527.9)	(1,962.8)	(2,607.5)	(3,317.6)
	Direct investment income .....	(854.0)	(844.4)	(1,094.9)	(1,291.8)	(1,515.7)
	Portfolio income .....	(1,563.3)	(1,620.2)	(576.9)	(519.2)	(681.7)
	Other investment income .....	(41.8)	(63.3)	(291.0)	(796.6)	(1,120.2)
<b>d.</b>	<b>Current transfers (net).....</b>	<b>(2,738.0)</b>	<b>(2,526.9)</b>	<b>(2,711.7)</b>	<b>(2,663.3)</b>	<b>(2,659.6)</b>
	Workers' remittances .....	(2,738.0)	(2,526.9)	(2,711.7)	(2,663.3)	(2,659.6)
<b>2.</b>	<b>Capital and financial account (net)(A+B).....</b>	<b>4,631.1</b>	<b>(1,109.6)</b>	<b>(4,250.3)</b>	<b>(435.6)</b>	<b>(1,787.2)</b>
<b>A.</b>	<b>Capital account (net).....</b>	<b>779.5</b>	<b>564.1</b>	<b>472.9</b>	<b>350.0</b>	<b>231.9</b>
	Capital transfers .....	779.5	564.1	472.9	472.9	231.9
<b>B.</b>	<b>Financial account (I+II+III+IV)<sup>(5)</sup>.....</b>	<b>3,851.6</b>	<b>(1,673.7)</b>	<b>(4,723.1)</b>	<b>(785.6)</b>	<b>(2,019.2)</b>
<b>I.</b>	<b>Direct investment .....</b>	<b>1,226.3</b>	<b>1,714.9</b>	<b>3.5</b>	<b>5,726.6</b>	<b>2,427.7</b>
	Abroad .....	205.1	(64.4)	(1,947.9)	(1,113.0)	(275.0)
	In Bahrain .....	1,021.3	1,779.3	1,951.3	6,839.6	2,702.7
<b>II.</b>	<b>Portfolio investment (net).....</b>	<b>2,173.7</b>	<b>(1,130.3)</b>	<b>501.1</b>	<b>796.8</b>	<b>(3,554.0)</b>
	Assets.....	(1,255.9)	(3,501.1)	(909.3)	(5,322.6)	(6,964.4)
	Liabilities .....	3,429.5	2,370.7	1,410.4	6,119.4	3,410.4
<b>III.</b>	<b>Other investment (net).....</b>	<b>(1,005.3)</b>	<b>258.5</b>	<b>(5,458.0)</b>	<b>(7,008.5)</b>	<b>(1,138.8)</b>
	Assets.....	(1,119.4)	(1,056.6)	(5,085.9)	(8,721.3)	(5,085.4)
	Liabilities .....	114.1	1,315.2	(372.1)	1,712.8	3,946.5
<b>IV.</b>	<b>Reserve assets (net) .....</b>	<b>1,456.9</b>	<b>(2,516.8)</b>	<b>230.3</b>	<b>(300.5)</b>	<b>246.0</b>
<b>3.</b>	<b>Errors and omissions.....</b>	<b>(1,386.8)</b>	<b>(1,492.8)</b>	<b>(2,588.3)</b>	<b>(2,263.8)</b>	<b>(494.7)</b>

**Notes:**

- (1) Capital and financial account components are flows between January and December of 2023 and 2024, respectively.
- (2) Trade statistics in this table are prepared on a “free on board basis,” as defined in the IMF’s *Balance of Payment Manual, Sixth Edition* (the “BPM6”).
- (3) The data contained in this table is structured to be consistent with the BPM6.
- (4) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.
- (5) A negative sign or parentheses means net outflows/increases in external assets.

Source: CBB

## Current Account

Bahrain has a free market economy, with no restrictions on capital movements, foreign exchange, foreign trade or foreign investment. Bahrain’s current account was in deficit in 2020 (U.S.\$3,244.7 million). In 2021, 2022, 2023 and 2024, the current account registered surpluses of U.S.\$2,602.4 million, U.S.\$6,838.6 million, U.S.\$2,699.5 million and U.S.\$2,281.9 million, respectively. As a percentage of current GDP, Bahrain recorded a current account deficit of 9.4% in 2020. In 2021, 2022 and 2023, the current account surplus as a percentage of GDP was 6.6%, 15.4% and 6.2% respectively. The surpluses in the current account in 2021-2024 were primarily due to an increase in export receipts, primarily due to higher international oil prices and non-oil exports from Bahrain.

Bahrain’s economy is dependent on imports, as evidenced by import/current GDP ratios of 40.9%, 44.9%, 49.5% and 47.0% in each of 2020, 2021, 2022 and 2023 respectively. Its principal imports are crude oil (purchased from Saudi Arabia for processing at the Sitra oil refinery) and alumina (purchased from Australia for processing at the Alba smelter).

Its principal exports are crude oil, refined oil products and aluminium (by Alba). Although aluminium prices have been less volatile than those for oil, fluctuations in recent years have affected Bahrain’s trade balance.

Bahrain’s services account balance has been positive in each of the preceding ten years ending 2023. The principal source of revenue in the services sector is income from financial services (including insurance) and travel. Due to the travel restrictions imposed in light of the COVID-19 pandemic, receipts from travel services decreased to U.S.\$1,437.8 million in 2020. In 2021, travel services receipts were U.S.\$2,166.5 million and, in 2022, travel services receipts increased to U.S.\$3,082.4 million. In 2023, travel services receipts increased to U.S.\$3,486.2 million. In 2024, travel services receipts were U.S.\$4,081.1 million.

The activities of Bahrain’s significant wholesale banking industry give rise to high levels of income credits and debits. Other income debits include the repatriation of profits by foreign firms located in Bahrain.

Bahrain has a high outflow of funds as expatriate workers remit savings and earnings to their home countries. In 2020, there was a U.S.\$152.2 million decrease in remittances, which led to an outflow of U.S.\$2,738.0 million in remittances. In 2021, there was an outflow of U.S.\$2,526.9 million in remittances. In 2022, there was an outflow of U.S.\$2,711.7 million in remittances. In 2023, there was an outflow of U.S.\$2,663.3 million in remittances. In 2024, there was an outflow of U.S.\$2,659.6 million in remittances.

## Capital and Financial Accounts

Within the capital and financial accounts, Bahrain has experienced gradually increasing levels of foreign direct investment. Bahraini entities are also active investors abroad. Total direct investment recorded a net inflow of U.S.\$1,226.3 million in 2020. The decrease in net inflows of direct investment in 2020, as compared to previous years, was primarily due to the impact of the COVID-19 pandemic. Total direct investment recorded a net inflow of U.S.\$1,714.9 million in 2021 and a net inflow of U.S.\$3.5 million in 2022. In 2023, total direct investment recorded a net inflow of U.S.\$5,726.6 million. In 2024, total direct investment recorded a net inflow of U.S.\$2,427.7 million.

In 2020, direct investment flows abroad were U.S.\$205.1 million while direct investment flows to Bahrain were U.S.\$1,021.3 million. In 2021, direct investment flows abroad were U.S.\$(64.4) million while direct investment flows to Bahrain were U.S.\$1,779.3 million. In 2022, direct investment flows abroad were U.S.\$(1,947.9) million while direct investment flows to Bahrain were U.S.\$1,951.3 million. In 2023, direct investment flows abroad were U.S.\$(1,113.0) million while direct investment flows to Bahrain were U.S.\$6,839.6 million. In 2024, direct investment flows abroad were U.S.\$(275.0) million while direct investment flows to Bahrain were U.S.\$2,702.7 million.

Portfolio investments (which principally comprises financial securities issued by banks) demonstrated a net inflow of U.S.\$76.6 million in 2019, a net inflow of U.S.\$2,173.7 million in 2020, a net outflow of U.S.\$1,130.3 million in 2021,



a net inflow of U.S.\$501.1 million in 2022 and a net inflow of U.S.\$796.8 million in 2023. In 2024, portfolio investments demonstrated a net outflow of U.S.\$3,554.0 million.

Other investments (principally comprising bank loans/financings and cash deposits) demonstrated a net inflow of U.S.\$726.1 million in 2019, a net outflow of U.S.\$1,005.3 million in 2020, a net inflow of U.S.\$258.5 million in 2021, a net outflow of U.S.\$5,458.0 million in 2022 and a net outflow of U.S.\$7,008.5 million in 2023. In 2024, other investments demonstrated a net outflow of U.S.\$1,138.8 million.

## Balance of Payments

In 2019, Bahrain's balance of payments showed a surplus of U.S.\$1,530.1 million, which is equivalent to 4.0% of GDP in 2019. In 2020, Bahrain's balance of payments showed a deficit of U.S.\$1,456.9 million, which is equivalent to 4.2% of GDP in 2020. In 2021, Bahrain's balance of payments showed a surplus of U.S.\$2,516.8 million, which is equivalent to 6.5% of GDP. In 2022, Bahrain's balance of payments showed a deficit of U.S.\$230.3 million. In 2023, Bahrain's balance of payments showed a surplus of U.S.\$300.5 million, which is equivalent to 0.8% of GDP. In 2024, Bahrain's balance of payments showed a surplus of U.S.\$246.0 million.

## Foreign Trade

Bahrain's major import is crude oil which is piped to the Sitra oil refinery from Saudi Arabia. Although in terms of volume oil imports have been relatively stable, in terms of price they have varied considerably. This variation in price reflects market-based movements in the price of oil.

See "*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Trade*".

The table below provides details of Bahrain's crude oil imports for each of the periods indicated.

	Year ended 31 December				
	2020	2021	2022	2023	2024
Imports of oil (U.S.\$ millions) <sup>(1)</sup> .....	2,776.3	4,740.4	7,965.4	6,480.6	6,689.1
As a percentage of total imports (%) .....	19.6	27.1	36.3	31.9	32.4

### Note:

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

Source: CBB

Oil imports were U.S.\$4,740.4 million in 2021, U.S.\$7,965.4 million in 2022, U.S.\$6,480.6 million in 2023 and U.S.\$6,689.1 million in 2024.

The majority of Bahrain's major exports are petroleum-related, consisting of petroleum products from the Sitra oil refinery, petrochemical products from the petrochemical complex operated by GPIC and revenues derived from the sale of Bahrain's share of the crude oil produced at the Abu Saafa oil field. For a summary of oil production and refinery figures, see the tables under "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy*".

The largest non-oil export of Bahrain is aluminium (which is smelted at Alba aluminium smelter). Based on IGA foreign trade data, aluminium was 11.3% of total exports and 27.8% of total non-oil exports in 2018, 11.3% of total exports and 24.9% of total non-oil exports in 2019 and 22.1% of total exports and 34.3% of total non-oil exports in 2020. Based on IGA foreign trade data, aluminium was 36.1% of total non-oil exports in 2021. The IGA estimates that aluminium accounted for 35.5% of total non-oil exports in 2023 and 21.5% of total exports in 2023. In 2024, the IGA estimates that aluminium accounted for 35.5% of total non-oil exports and 18.2% of total exports.

## MONETARY AND FINANCIAL SYSTEM

### Role of the Central Bank of Bahrain

The CBB is an independent public sector organisation constituted under its own law, the Central Bank of Bahrain and Financial Institutions Law of 2006. It was established on 7 September 2006. The CBB is responsible for maintaining monetary and financial stability in Bahrain. It succeeded the Bahrain Monetary Agency (the “BMA”), which had previously carried out central banking and regulatory functions since its establishment in 1973 (shortly after Bahrain secured full independence from the United Kingdom).

The CBB inherited the BMA’s wide range of responsibilities. The CBB implements Bahrain’s monetary and foreign exchange rate policies, manages the Government’s reserves and debt issuances, issues the national currency and oversees payments and settlement systems. It is also the sole regulator of Bahrain’s financial sector, covering the full range of banking, insurance/*Takaful*, investment business and capital markets activities. The CBB performs the role of financial agent to the Government, a role which principally entails advising the Government in relation to financial matters generally, as well as administering Government debt.

The CBB is also responsible for regulating conduct in Bahrain’s capital markets. In 2002, the legislative and regulatory authority and supervision of the Bahrain Bourse was transferred from the Ministry of Commerce to the BMA (now the CBB), which regulates and supervises all the Bahrain Bourse’s activities. The CBB is not directly accountable to the National Assembly and is independent of the Government but is accountable to the Minister of Finance and National Economy. There are seven members of the board of directors of the CBB, including an independent chairman, each of whom is appointed by royal decree. The Governor of the CBB serves for a five-year term (the current governor was reappointed in March 2020).

In each of May, June, July, September, November and December 2022 and February, March, May and July 2023, the CBB raised interest rates concurrently with rate rises by the U.S. Federal Reserve, in an attempt to ease inflationary pressures.

### Monetary and Exchange Rate Policy

Bahrain’s monetary and exchange rate policy was previously managed by the BMA pursuant to the Bahrain Monetary Agency Law (Law № 23 of 1973) and is now managed by the CBB. The objective of Bahrain’s monetary policy is to facilitate the fixed exchange rate regime. In 2001, the BMA formally pegged the Bahraini Dinar to the U.S. Dollar at a rate of BD 0.376 = U.S.\$1.00. This rate had in fact been used in practice since 1980, even though, in principle, the Bahraini Dinar had been pegged to the IMF’s special drawing rights (“SDR”). This policy is consistent with Bahrain’s current and capital accounts and fits in with the regional framework of U.S. Dollar-pegged exchange rates as the pricing of oil and gas is in U.S. Dollars. The currencies of all GCC countries (except Kuwait) are formally pegged to the U.S. Dollar, and, in recent years, central bank governors from such countries have reaffirmed their commitment to maintain the peg of their respective currencies to the U.S. Dollar.

The CBB Monetary Policy Committee (“MPC”) meets on a weekly basis throughout the year to closely evaluate economic and financial developments, monitor liquidity conditions in order to provide recommendations for monetary policy instruments and set interest rates on facilities offered by the CBB to the banking sector. With its regular meetings and recommendations submitted to H.E. the Governor, the MPC played a vital role in the CBB’s efforts to mitigate the effects of the global financial crisis on Bahrain.

## Money Supply

The following table sets out an analysis of Bahrain's domestic liquidity, as at the dates indicated. The below measures only include general government deposits and do not include the U.S.\$6.3 billion debt owed to CBB by the Government.

	As at 31 December					As at 28 February 2025	% Change 2023–2024
	2020	2021	2022	2023	2024		
	(U.S.\$ millions) <sup>(1)</sup>						(%)
Currency in circulation <sup>(2)</sup> .....	1,577.0	1,484.2	1,347.2	1,414.6	1,420.2	1,490.5	0.4
M1 <sup>(3)</sup> .....	7,768.8	8,576.4	8,147.2	7,535.4	7,801.9	7,829.1	3.5
M2 <sup>(4)</sup> .....	34,148.9	35,812.4	37,193.6	39,069.0	39,222.3	39,080.9	0.4
M3 <sup>(5)</sup> .....	37,636.3	39,585.7	40,253.8	42,463.5	43,139.6	43,033.0	1.6

### Notes:

- (1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.
- (2) These figures exclude money held by banks.
- (3) Currency in circulation plus BD-denominated private demand deposits.
- (4) M1 plus private sector savings and time deposits and foreign currency private demand deposits.
- (5) M2 plus government deposits.

Source: CBB

The following table sets out an analysis of Bahrain's M1, M2 and M3 money supply, as at the dates indicated.

	As at 31 December										As at 28. Feb 2025	
	2020		2021		2022		2023		2024			
	(U.S.\$ millions) <sup>(1)</sup>	(%) <sup>(6)</sup>	(U.S.\$ millions) <sup>(1)</sup>	(%) <sup>(6)</sup>	(U.S.\$ millions) <sup>(1)</sup>	(%) <sup>(6)</sup>	(U.S.\$ millions) <sup>(1)</sup>	(%) <sup>(6)</sup>	(U.S.\$ millions) <sup>(1)</sup>	(%) <sup>(6)</sup>	(U.S.\$ millions) <sup>(1)</sup>	(%) <sup>(6)</sup>
Currency in circulation <sup>(1)</sup> .....	1,577.0		1,484.2		1,347.2		1,414.6		1,420.2		1,490.5	
M1 .....	7,768.8	11.2	8,576.4	10.4	8,147.2	(5.0)	7,535.4	(7.5)	7,801.9	3.5	7,829.1	6.7
Total private sector deposits <sup>(3)</sup> .....	32,571.9	6.3	34,328.4	5.4	35,846.4	4.4	37,654.5	5.0	37,802.1	0.4	37,590.5	1.4
M2 .....	34,148.9	6.5	35,812.4	4.9	37,193.6	3.9	39,069.0	5.0	39,222.3	0.4	39,080.9	1.7
Time and savings deposits .....	23,827.2	4.9	23,817.7	(0.0)	26,807.7	12.6	29,123.8	8.6	29,121.5	(0.008)	29,219.9	2.0
General government deposits <sup>(4)</sup> .....	3,487.4	(19.0)	3,773.4	8.2	3,060.2	(18.9)	3,394.6	10.9	3,917.3	15.4	3,952.1	19.7
M3 .....	37,636.3	3.5	39,585.7	5.2	40,253.8	1.7	42,463.5	5.5	43,139.6	1.6	43,033.0	3.1
Net foreign assets <sup>(5)</sup> .....	(1,581.4)	—	(60.8)	—	(3,179.3)	—	(4,218.6)	—	(7,451.1)	—	(7,772.6)	—
Domestic assets .....	39,217.8	10.3	39,646.6	1.1	43,433.0	9.6	46,682.3	7.5	50,590.6	8.4	50,805.7	9.3

### Notes:

- (1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.
- (2) These figures exclude money held by banks.
- (3) Includes demand deposits, as well as time and savings deposits
- (4) Includes general government deposits with both the CBB and the retail banks
- (5) Includes net foreign assets held by both the CBB and the retail banks
- (6) Year on year percentage change

Source: CBB

Money supply growth has been stimulated by a growth in savings. Broad money (M2) growth was mainly due to increases in private sector deposits.

As at 31 December 2024, M3 increased by 1.6%, from U.S.\$42,463.5 million as at 31 December 2023 to U.S.\$43,139.6 million. General government deposits (with both the CBB and retail banks) increased by U.S.\$522.7 million, or 15.4%, from U.S.\$3,394.6 million as at 31 December 2023 to U.S.\$3,917.3 million as at 31 December 2024. As at 28 February 2025, M3 increased by U.S.\$43,033.0 million, or 3.1%, as compared to 29 February 2024.

Government deposits accounted for 7.0% of M3 as at 28 February 2025. The growth in M3 is mainly due to an increase in domestic assets. Net foreign liabilities (held by both the CBB and retail banks) were U.S.\$7,772.6 million as at 28 February 2025, as compared to net foreign liabilities of U.S.\$7,451.1 million as at 31 December 2024.

## Inflation

The CBB maintains the Bahraini Dinar's peg against the U.S. Dollar, which has provided price stability over the years and as a result managed to keep inflation relatively stable. As Bahrain has no significant domestic production, its inflation (as measured by CPI) has been mainly affected by the cost of imports. The CPI for Bahrain includes 12 broad

categories of consumer goods that are representative of consumption patterns in the economy. These components are: food and non-alcoholic beverages; alcoholic beverages and tobacco; clothing and footwear; housing, water, electricity, gas and other fuels; furnishing, household equipment and routine household maintenance; healthcare services; transport; communication; recreation and culture; education; restaurants; and miscellaneous goods and services.

Between 2016 and 2019, there was a slight inflationary trend, as consumer prices increased, with deflation in 2020 and early 2021 (due to the impact of the COVID-19 pandemic on certain economic sectors). Inflation increased globally (including in Bahrain) during 2022 and, in the twelve months ended 31 December 2022, was 3.6%. Inflation decreased in 2023 and 2024 and, in 2023, the annual inflation rate was 0.1%. In 2024, the annual inflation rate increased to 0.9%. See “Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain’s economy may be impacted by global geopolitical and macroeconomic trends”.

The table below shows the CPI and inflation for the periods indicated.

	2020	2021	2022	2023	2024
CPI (April 2019 =100).....	97.6	97.0	100.5	100.6	101.5
Inflation Rate.....	(2.3%)	(0.6%)	3.6%	0.1%	0.9%

Source: Information eGovernment Authority

In 2020, the CPI decreased to 97.6 primarily due to declines in recreation and culture-related items (primarily cinemas and travel agencies), as well as restaurants, hotels and rents. In 2021, the CPI decreased to 97.0 due to declines in the cost of housing, water, electricity, gas and other fuels. In 2022, the CPI increased to 100.5 mainly due to the increase in the rate of VAT from 5% to 10% (which came into effect on 1 January 2022). Resulting in an increase in transport and food prices. The average CPI for 2023 rose to 100.6, with an annual inflation rate of 0.1%. As at 31 December 2024, the CPI increased to 101.1, with an annual inflation rate of 0.5%, primarily due to increases in prices of food and non-alcoholic beverages, transport, restaurants and hotels. As at 28 February 2025, the CPI increased to 101.5, with an annual inflation rate of 0.1%, primarily due to increases in health, transport and communication divisions.

Inflation data is collected and calculated on a monthly basis by the IGA.

The table below sets forth statistics regarding the inflation rate for each of the months indicated.

	Feb. 2024	Mar. 2024	Apr. 2024	May 2024	Jun. 2024	Jul. 2024	Aug. 2024	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025
CPI (April 2019=100).....	101.4	101.2	101.5	101.5	101.8	101.9	102.0	101.7	101.6	101.2	101.1	101.2	101.5
Year on year change (%) ...	0.6	1.0	1.2	2.5	1.4	1.1	0.9	0.4	0.3	0.4	0.5	0.0	0.1

Source: Information eGovernment Authority

The inflation rate in the twelve months ended 31 December 2024 was 0.5%.

## Foreign Direct Investment

Bahrain benefits from its reputation as a favourable business environment. Bahrain generally has had a stable economic history. According to figures derived from the 2020 Manpower Survey published by the CBB (the latest published), in 2020, 67.8% of its financial sector employees were Bahraini citizens, which demonstrates a level of local talent and a relative lack of reliance on the need to attract foreign expatriate workers from abroad. In 2020, the banking sector contributed to 50.9% of the total employment in the financial sector and 77.0% of employees in the banking sector were Bahraini citizens.

The cost of conducting business in Bahrain is relatively low when compared to other countries in the MENA region. There are also significant and established wholesale banking, insurance and reinsurance and fund management industries (including industries ancillary to these, such as audit firms) and an efficient and robust legal and regulatory framework.

The table below sets out Bahrain's foreign direct investment for the periods indicated.

	2020	2021	2022	2023	2024 <sup>(1)</sup>
	<i>(U.S.\$ millions)</i>				
Direct Investment (net).....	(12,748)	(14,478)	(15,290)	(21,403)	(23,606)
Outward FDI Stock.....	18,942	19,006.6	20,954.5	22,067.6	22,342.6
Inward FDI Stock .....	31,705.1	33,484.3	36,244.7	43,470.5	45,948.4

**Note:**

(1) Preliminary figures.

*Source: UNCTAD World Investment Reports and Information eGovernment Authority*

The EDB promotes foreign direct investment in Bahrain in order to further diversify Bahrain's economy and encourage productivity-driven growth. Bahrain is a regional pioneer of diversification in the GCC context and derives more than 80% of its GDP from the non-oil sector, with its financial services sector particularly benefitting from foreign direct investment. The EDB is an independent public sector organisation constituted under its own law which is headed by the Crown Prince and consists of seven ministers and seven prominent business leaders. In recent years, the principal source of foreign direct investment has been reinvested earnings by Bahrain's significant offshore banking sector.

Bahrain attracted U.S.\$36.2 billion of inward foreign direct investment in 2022 and U.S.\$43.5 billion of inward foreign direct investment in 2023. In 2024, Bahrain attracted U.S.\$45.9 billion of inward foreign direct investment (according to preliminary figures).

The financial services industry attracts significant foreign direct investment in Bahrain and a number of international financial institutions have offices in Bahrain. Bahrain's strong regulatory environment provides a base for all types of banking and financial services. A number of Islamic finance global oversight bodies are also located in Bahrain. See "*The Banking Sector—Islamic Banks*". Additionally, manufacturing, professional and industrial services, as well as logistics, have also attracted foreign investment in Bahrain. Bahrain's central location and attractive lifestyle, supply of skilled labour, as well as bilateral trade and economic agreements, make it an attractive location for foreign investments in the above sectors.

## Foreign Reserves

The table below shows the foreign reserves held by the CBB as at the dates indicated.

	As at 31 December					As at 31
	2020	2021	2022	2023	2024	March 2025
	<i>(U.S.\$ millions)</i>					
Foreign exchange <sup>(1)</sup> .....	1,946.8	3,905.9	3,727.7	4,023.1	3,789.9	2,789.4
SDRs.....	91.5	639.9	600.0	604.8	596.0	597.1
Reserve position in the IMF .....	186.2	195.5	183.2	183.5	179.5	179.5
<b>Total gross foreign reserves .....</b>	<b>2,224.5</b>	<b>4,741.2</b>	<b>4,510.9</b>	<b>4,811.4</b>	<b>4,565.4</b>	<b>3,566.0</b>
Gold .....	6.6	6.6	6.6	6.6	6.6	6.6
<b>Total gross foreign reserves (including gold).....</b>	<b>2,231.1</b>	<b>4,747.9</b>	<b>4,517.6</b>	<b>4,818.1</b>	<b>4,572.1</b>	<b>3,572.6</b>

### Note:

- (1) Pursuant to Article 19 of the Central Bank of Bahrain and Financial Institutions Law, foreign reserves permanently maintained by the CBB shall be at least 100% of the value of the currency in circulation. As at 31 December 2024, BD 647.6 million of notes and coins were in circulation.

Source: CBB and IMF

Bahrain's foreign reserves are held abroad and primarily invested in fixed income instruments and money markets. These investments are generally U.S. Dollar-denominated and are invested in low credit risk securities such as government or government-secured instruments.

Total gross foreign reserves (including gold) decreased from U.S.\$4,818.1 million as at 31 December 2023 to U.S.\$4,572.1 million as at 31 December 2024. This decrease was primarily due to a U.S.\$233.2 million decrease in foreign exchange.

As at 31 December 2020, 2021, 2022, 2023 and 2024, Bahrain's gross foreign reserves (including gold) were U.S.\$2,231.1 million, U.S.\$4,747.9 million, U.S.\$4,517.6 million, U.S.\$4,818.1 million and U.S.\$4,572.1 million, respectively, and as at 31 December 2020, 2021, 2022, 2023 and 2024, were estimated by the CBB to be sufficient to finance 2.6, 1.9, 3.2, 2.5 and 2.7 months of obligations in respect of imports of goods, respectively. As at 31 March 2025, Bahrain's gross foreign reserves (including gold) were U.S.\$3,572.6 million and were estimated by the CBB to represent 2.1 months of import coverage and 3.1 months of non-oil import coverage.

## The Banking Sector

Prior to 2006, the BMA categorised its licensed banking institutions, being: (i) full commercial banks; (ii) offshore banking units; or (iii) investment banks. Within each of these categories an institution could choose to subscribe to a conventional or an Islamic framework. As a result, six different types of banking institutions existed. In 2006, the categories of offshore banking unit and investment banks were effectively merged into a single new category, now described as wholesale banking. The category of full commercial banks was also renamed as retail banks. The ability to subscribe to either a conventional or an Islamic framework was retained. As a result, four types of banking institutions are now in existence.

The total assets of the banking system were U.S.\$207.4 billion as at 31 December 2020, U.S.\$217.5 billion as at 31 December 2021, U.S.\$224.1 billion as at 31 December 2022, U.S.\$238.5 billion as at 31 December 2023 and U.S.\$247.8 billion as at 31 December 2024 (of which wholesale banks' assets were U.S.\$136.8 billion and retail banks' assets were U.S.\$110.9 billion as at 31 December 2024). The total assets of the banking system were U.S.\$242.8 billion as at 28 February 2025 (of which wholesale banks' assets were U.S.\$131.9 billion and retail banks' assets were U.S.\$110.9 billion as at 28 February 2025).

The table below sets out the annual aggregate balance sheet of banking institutions in Bahrain (including conventional and Islamic banks).

	As at 31 December					As at 28 February 2025
	2020	2021	2022	2023	2024 <sup>(1)</sup>	
	(U.S.\$ millions) <sup>(2)</sup>					
<b>Wholesale Banks</b>						
Assets .....	113,078.8	118,102.7	122,372.8	131,451.8	136,883.2	131,904.7
Domestic .....	15,821.1	17,232.3	17,918.9	20,602.1	18,454.8	20,361.0
Foreign .....	97,257.7	100,870.4	104,453.9	110,849.7	118,428.4	111,543.7
Liabilities.....	113,078.8	118,102.7	122,372.8	131,451.8	136,883.2	131,904.7
Domestic .....	12,721.2	13,487.8	15,729.6	13,852.0	12,832.3	13,373.2
Foreign .....	100,357.6	104,614.9	106,643.2	117,599.8	124,050.9	118,531.5
<b>Retail Banks</b>						
Assets .....	94,274.8	99,399.0	101,721.9	107,076.3	110,907.7	110,898.5
Domestic .....	55,690.8	58,846.3	63,517.1	68,224.3	71,470.5	72,867.3
Foreign .....	38,584.0	40,552.7	38,204.8	38,852.0	39,437.2	38,030.82
Liabilities.....	94,274.8	99,399.0	101,721.9	107,076.3	110,907.7	110,898.5
Domestic .....	52,156.0	54,872.9	56,603.6	59,975.7	60,222.8	61,144.1
Foreign .....	42,118.9	44,526.0	45,118.3	47,100.4	50,684.9	49,753.8
<b>Total banking sector assets .....</b>	<b>207,353.5</b>	<b>217,501.6</b>	<b>224,094.6</b>	<b>238,528.1</b>	<b>247,790.9</b>	<b>242,802.8</b>

**Notes:**

(1) Preliminary Data.

(2) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00

Source: CBB

## Conventional Banks

### Retail Banks

The table below sets out the aggregate balance sheet of retail banks, by sector, of loans made by retail banks, as at the dates indicated.

	As at 31 December					As at 28 Feb. 2025
	2020	2021	2022	2023	2024	
Number of retail banks <sup>(1)</sup> .....	30	30	30	30	29	29
of which: Islamic retail banks.....	6	6	6	7	6	6
Aggregate balance sheet of retail banks (U.S.\$ millions) <sup>(2)</sup> .....	94,274.8	99,399.0	101,721.9	107,076.3	110,907.7	110,898.2
Combined foreign and local deposits of retail banks (U.S.\$ millions) <sup>(2)</sup> .....	44,968.8	49,745.2	50,541.8	53,735.6	54,677.5	53,744.59
Business loans/financings made by retail banks (% of total loans/financings) .....	51.2	49.0	43.8	42.6	42.3	41.3
Loans/financings to Government made by retail banks (% of total loans/financings) .....	3.5	4.2	5.6	7.9	9.4	9.7
Personal loans/financings made by retail banks (% of total loans/financings).....	45.3	46.9	50.6	50.1	48.3	49.0

**Notes:**

(1) Including Islamic retail banks

(2) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00

Source: CBB

### Wholesale Banks

Wholesale banks comprise locally-incorporated banks and branches of foreign commercial and investment banks, which use Bahrain as a base. Locally-incorporated wholesale banks are subject to the capital or cash reserve requirements of the CBB and, in the case of branches of overseas banks, may operate with significant tax benefits with regard to their home

jurisdiction. Wholesale banks pay the CBB an annual licence fee and, under specific conditions and limitations, may accept deposits from residents of Bahrain.

Wholesale banks, including wholesale Islamic banks, are the most important sector in Bahrain's financial services industry. As at 31 December 2020, 2021, 2022, 2023 and 2024 there were 61, 59, 56, 54 and 53 wholesale banks in Bahrain, respectively, of which 14, 12, ten, eight and eight, respectively, were wholesale Islamic banks.

The table below shows a breakdown of the assets and liabilities of wholesale banks, as at the dates indicated.

	As at 31 December								As at 28 Feb.			
	2020		2021		2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Domestic (U.S.\$ billions).....	15.8	12.7	17.2	13.5	17.9	15.7	20.6	13.9	18.4	12.8	20.4	13.4
Foreign (U.S.\$ billions).....	97.3	100.4	100.9	104.6	104.5	106.6	110.8	117.6	118.4	124.0	111.5	118.5
Share of GCC countries (%) <sup>(1)</sup> .....	31.3	34.2	32.0	35.7	27.3	38.7	24.7	41.3	24.7	39.9	25.9	44.3
Share of Western Europe (%).....	31.0	26.2	28.3	23.8	31.0	23.4	31.1	25.7	29.0	29.3	33.9	23.8
Share of Americas (%)	9.4	3.1	11.1	3.0	12.2	3.8	15.1	2.4	18.9	2.0	9.9	1.5
Share of Asian countries (%) .....	7.3	9.9	7.3	11.5	6.9	7.6	6.4	6.8	6.9	7.5	7.4	7.9
Denominated in U.S. Dollars (%) .....	68.6	75.7	70.8	79.2	72.3	77.9	74.1	75.6	78.1	76.1	76.8	74.9
Denominated in Euros (%).....	11.0	8.6	11.7	8.3	13.0	8.6	13.1	9.1	9.7	8.3	10.7	9.4
Denominated in GCC currencies (%) <sup>(1)(2)</sup> ..	11.6	11.0	10.4	8.0	7.9	9.5	6.3	11.1	5.5	9.9	4.4	9.0

**Notes:**

(1) Excluding Bahrain.

(2) Excluding the Bahraini Dinar.

Source: CBB

## Islamic Banks

Bahrain is increasingly involved in the rapidly expanding Islamic banking business and hosts the industry's global oversight body, the Accounting and Auditing Organisation for Islamic Institutions, as well as the Islamic Rating Agency and the International Islamic Financial Market. The Islamic banking sector was created in Bahrain in 1978 with the establishment of the Bahrain Islamic Bank and expanded in the 1980s with the issue of four banking licences to Islamic banks. Eight further banking licences were issued to Islamic banks in the 1990s.

The number of Islamic banking licences has remained relatively stable for the past seven years and, as at 31 December 2024, there were a total of 15 Islamic banking licences, of which seven were held by retail banks and eight were held by wholesale banks.

The aggregate total assets of Islamic banks, comprised of unrestricted investments, have been relatively stable since 2020, increasing from U.S.\$31,611.4 million as at 31 December 2020 to U.S.\$34,554.8 million, with restricted investment accounts (which are off balance sheet items) of U.S.\$1,893.4 million, as at 31 December 2021. As at 31 December 2022, the aggregate total assets of Islamic banks, comprised of unrestricted investments, stood at U.S.\$36,065.1 million, and restricted investment accounts (which are off balance sheet items) amounted to U.S.\$543.6 million. As at 31 December 2023, the aggregate total assets of Islamic banks comprised of unrestricted investments stood at U.S.\$38,234.4 million, and restricted investment accounts (which are off balance sheet items) amounted to U.S.\$439.9 million. As at 31 December 2024, the aggregate total assets of Islamic banks comprised of unrestricted investments stood at U.S.\$63,354.4 million. As at 28 February 2025, the aggregate total assets of Islamic banks comprised of unrestricted investments stood at U.S.\$61,139.6 million.



As at 31 December 2020, 2021, 2022, 2023 and 2024, Islamic banks' assets accounted for 15.2%, 15.9%, 16.1%, 16.0% and 25.6% of total banking sector assets, respectively.

With restricted investment accounts, the account holder may impose certain restrictions as to when and how such holder's funds are to be invested and the Islamic bank may be restricted from combining its own funds with the restricted investment account funds for investment purposes.

### Credit Developments

The table below sets out the outstanding loans and advances to non-bank residents made by retail banks and their breakdown as at the dates indicated.

	As at 31 December					As at 28
	2020	2021	2022	2023	2024 <sup>(1)</sup>	February 2025
	(U.S.\$ millions)					
<b>Business Sector</b> .....	<b>14,167.2</b>	<b>14,205.2</b>	<b>13,168.8</b>	<b>13,162.6</b>	<b>13,861.0</b>	<b>13,571.4</b>
Manufacturing .....	3,121.9	3,436.9	3,248.1	3,614.8	3,514.6	3,356.5
Mining and Quarrying .....	401.0	198.6	385.8	365.3	224.5	221.5
Agriculture Fishing and Dairy .....	32.1	35.1	44.2	48.5	46.5	46.4
Construction and Real Estate .....	5,138.3	5,344.7	4,392.9	4,089.0	3,890.4	3,891.4
Trade .....	2,485.2	2,404.1	2,164.9	2,039.5	—	—
Non-Bank Financial .....	604.9	450.9	449.9	477.5	—	—
Other Sectors, of which:	2,383.7	2,335.2	2,483.0	2,527.9	—	—
<i>Transportation and Communication</i> .....	555.8	392.3	385.0	422.8	—	—
<i>Hotels and Restaurants</i> .....	500.3	521.7	429.1	439.1	—	—
<b>General Government</b> .....	<b>983.1</b>	<b>1,208.6</b>	<b>1,675.1</b>	<b>2,460.9</b>	<b>3,085.2</b>	<b>3,182.7</b>
<b>Personal Sector</b> .....	<b>12,546.1</b>	<b>13,592.3</b>	<b>15,204.2</b>	<b>15,704.1</b>	<b>15,824.7</b>	<b>16,069.0</b>
Secured by Mortgage .....	5,845.5	6,014.7	7,342.6	7,799.1	8,059.4	8,102.5
Secured by Vehicle Title .....	314.2	290.3	283.6	245.4	258.6	254.6
Secured by Deposit .....	499.0	355.5	344.0	646.6	557.6	561.8
Secured By Salary Assignment .....	4,522.2	5,141.0	5,093.1	4,278.0	4,722.6	4,735.3
Credit Card Receivables .....	245.1	264.6	223.9	314.9	356.0	354.0
Other .....	1,120.0	1,526.0	1,916.9	2,420.0	1,870.4	2,060.9
<b>Total</b> .....	<b>27,696.2</b>	<b>29,006.1</b>	<b>30,048.1</b>	<b>31,327.7</b>	<b>32,771.0</b>	<b>32,823.0</b>

Source: CBB

#### Note:

(1) As at 31 December 2024, information published in respect of outstanding loans/financings and advances to non-bank residents made by retail banks differs as compared to prior periods. Certain Business Sector sub-line items are no longer published.

The total amount of credit given by the retail banking sector was U.S.\$32,823.0 million as at 28 February 2025. The total amount of credit given by the retail banking sector as at 31 December 2024 was U.S.\$32,771.0 million, an increase of 4.6% compared to as at 31 December 2023. The continued credit growth was primarily a result of an increase in mortgage financing.

Total business sector credit was U.S.\$13,571.4 million as at 28 February 2025. Total business sector credit as at 31 December 2024 was U.S.\$13,861.0 million, reflecting a 5.3% increase, as compared to U.S.\$13,162.6 million as at 31 December 2023. Principal contributors to business lending were the construction and real estate, and manufacturing sectors, which accounted for 28.0% and 25.3% of total business sector credit, respectively.

Total personal sector credit was U.S.\$16,069 million as at 28 February 2025. Total personal sector credit was U.S.\$15,824.7 million as at 31 December 2024. Personal sector loans were primarily loans/financings secured by mortgages and salary assignments, which accounted for 50.9% and 29.8% of total personal sector credit, respectively. As at 31 December 2024, the largest increase in personal credit was credit secured by Salary Assignment which was U.S.\$4,722.6 million (reflecting a 10.4% increase, as compared to as at 31 December 2023).

## Non-Performing Loans

The table below shows a breakdown of non-performing loans/financings (“NPLs”) as a percentage of loans/financings issued by the banking institutions in Bahrain at the dates indicated.

	<u>Dec. 2020</u>	<u>June 2021</u>	<u>Dec. 2021</u>	<u>June 2022</u>	<u>Dec. 2022</u> (%)	<u>June 2023</u>	<u>Dec. 2023</u>	<u>June 2024</u>	<u>Dec. 2024<sup>(1)</sup></u>
Conventional Retail Banks.....	4.7	4.3	3.9	3.8	3.3	3.6	3.4	4.0	3.3
Conventional Wholesale Banks ...	4.1	3.6	2.8	2.5	2.3	2.1	2.2	2.2	2.0
Islamic Retail Banks.....	6.5	5.5	5.0	4.4	4.8	5.0	4.9	4.7	4.3
Islamic Wholesale Banks.....	1.6	1.8	0.7	6.3	4.8	5.3	1.0	0.8	1.1
<b>Total Banking Sector .....</b>	<b>4.3</b>	<b>3.8</b>	<b>3.2</b>	<b>3.3</b>	<b>3.0</b>	<b>3.1</b>	<b>2.9</b>	<b>3.0</b>	<b>2.8</b>

**Note:**

(1) Preliminary Data.

Source: CBB

Between June 2024 and December 2024, NPLs of conventional retail banks decreased by 0.7%, from 4.0% to 3.3%; NPLs of conventional wholesale banks decreased slightly to 2.0%; NPLs of Islamic retail banks decreased to 4.3%; and NPLs of Islamic wholesale banks increased by 0.3%, from 0.8% to 1.1%. Taken as a whole, between June 2024 and December 2024, NPLs for the total banking sector decreased by 0.2%, from 3.0% to 2.8%.

Although Islamic banks have significantly reduced their NPL ratios over the past five years, the NPL ratios for Islamic retail banks still remain the highest amongst other banking segments due to the nature of their financings, which involve a higher exposure to real estate. The CBB continues to work with banks in the sector to decrease their real estate exposure and NPL figures accordingly.

The table below shows a breakdown of the specific provisioning of NPLs, as a percentage of NPLs for the banking institutions in Bahrain (conventional and Islamic), at the dates indicated.

	<u>Dec. 2020</u>	<u>June 2021</u>	<u>Dec. 2021</u>	<u>June 2022</u>	<u>Dec. 2022</u> (%)	<u>June 2023</u>	<u>Dec. 2023</u>	<u>June 2024</u>	<u>Dec. 2024<sup>(1)</sup></u>
Conventional Retail Banks.....	70.0	69.6	71.9	73.2	74.3	66.7	71.0	60.6	57.3
Conventional Wholesale Banks ...	74.3	73.9	72.8	69.6	67.0	61.1	60.7	63.7	60.3
Islamic Retail Banks .....	42.9	51.8	56.4	59.0	54.8	49.6	40.5	51.5	42.8
Islamic Wholesale Banks.....	87.6	78.6	92.0	86.7	94.9	81.5	87.5	50.9	13.2
<b>Total Banking Sector .....</b>	<b>68.0</b>	<b>68.9</b>	<b>70.1</b>	<b>69.9</b>	<b>68.5</b>	<b>61.8</b>	<b>59.8</b>	<b>59.1</b>	<b>53.3</b>

**Note:**

(1) Preliminary Data.

As at 31 December 2024, provisions for NPLs of the entire banking sector were 53.3%. Provisions for NPLs of conventional retail banks, conventional wholesale banks, Islamic retail banks, Islamic wholesale banks collectively decreased to 57.3%, 60.3%, 42.8%, and 13.2% as at 31 December 2024, respectively.

Provisions for NPLs of Islamic retail banks are generally lower than the conventional retail segment largely because Islamic bank financing is mostly asset-backed. The Shari'a based financing instruments are backed by underlying tangible assets and are, therefore, considered secured by assets that can be used as collateral.

Throughout the COVID-19 pandemic, provisioning levels in the banking sector were increased in order to absorb potential NPL shocks, with the CBB requesting all licenced banks to provide accurate classifications of credit exposures and to identify any potential deterioration in credit as a result of any changes in the economic environment and the financial impact of the COVID-19 pandemic on customers in order to determine any potential additional provision required. At present, banks in Bahrain are operating at a healthy average of capital adequacy levels and provisioning levels.

### **Capital Adequacy**

The table below shows a breakdown of the Capital Adequacy Ratios ("CAR") by the banking institutions in Bahrain (conventional and Islamic) at the dates indicated.

	As at 31 December				
	2020	2021	2022 (%)	2023	2024 <sup>(1)</sup>
Conventional Retail Banks .....	20.0	20.6	21.5	21.9	32.0
Conventional Wholesale Banks.....	17.8	17.1	17.5	18.0	16.9
Islamic Retail Banks.....	20.3	21.7	21.2	20.0	24.6
Islamic Wholesale Banks.....	16.4	15.8	16.9	17.4	19.6
<b>Total Banking Sector.....</b>	<b>18.6</b>	<b>18.7</b>	<b>19.5</b>	<b>19.7</b>	<b>21.2</b>

#### **Note:**

(1) Preliminary Data.

Source: CBB

The CAR for the entire banking sector increased by 1.5%, from 19.7% as at 31 December 2023 to 21.2% as at 31 December 2024. The CAR of conventional retail banks increased by 10.1%, from 21.9% as at 31 December 2023 to 32.0% as at 31 December 2024, while the CAR of conventional wholesale banks decreased by 1.1%, from 18.0% to 16.9% over the same period. The CAR of Islamic retail banks increased by 4.6%, from 20.0% as at 31 December 2023 to 24.6% as at 31 December 2024. The CAR of Islamic wholesale banks also increased by 2.2%, from 17.4% to 19.6% during the same period.

In 2021, Bahraini banks were observed to have maintained adequate capital, and the levels of NPLs declined. As part of CBB's measures taken to alleviate the impact of the COVID-19 pandemic, Bahraini banks were asked to apply certain repayment/payment moratoria, with such measures extended on a number occasions until they expired in July 2022. Such measures did not result in a significant adverse impact on asset quality, as the affected loans/financings continued to accrue interest/profit and they were considered to be performing during the moratorium period. However, following the expiration of these measures there has been an increase in requests to restructure loans.

### **Bank Supervision**

The CBB is the sole regulator of Bahrain's financial sector, covering the full range of banking, insurance/*Takaful*, investment business and capital markets activities. The CBB's wide scope of responsibilities allows a consistent policy approach to be applied across the whole of Bahrain's financial sector. It also provides a straightforward and efficient regulatory framework for financial services firms operating in Bahrain.

Under the Central Bank of Bahrain and Financial Institutions Law of 2006, the CBB is authorised, among other things, to grant licences to persons wishing to undertake regulated services, determine the types of business which banks may or may not conduct, establish capital requirements for banks, conduct inspections of banks, stipulate reserve and liquidity ratios for banks and, in certain circumstances, to take over the administration of banks and liquidate them.

The CBB has five offsite supervision directorates which undertake supervision of retail banks, wholesale banks, nonbank financial institutions, Islamic financial institutions and insurance/*Takaful* firms, respectively. The principal objectives of these directorates are to ensure that the institutions remain adequately capitalised, have effective risk management and internal controls in place, maintain adequate liquidity and operate with integrity and skill. Supervision is conducted by these directorates in a number of ways, including through prudential meetings with banks and their auditors, monitoring of the regular reporting of banks and ensuring their compliance with a range of regulatory requirements.

A separate inspection directorate, carries out onsite examinations of banks, including Islamic financial institutions. This directorate has introduced a risk-based approach whereby a particular institution's risk profile will determine the nature and frequency of inspections. A separate directorate, the compliance directorate, investigates suspicious financial transactions, money laundering, terrorist financing and unauthorised business.

In 2016, the CBB (together with the IMF) conducted a Financial Sector Assessment Programme (the “**FSAP**”), aimed at ensuring that international standards and best practices have been implemented and applied across the CBB's financial sector operations and activities. On 26 June 2016, the IMF published a comprehensive report in respect of Bahrain's financial sector, which included a number of recommendations for the development of the legislative and regulatory frameworks adopted by the CBB, as well as detailed technical reports of, amongst other topics, banking supervision, inspection, insurance/*Takaful*, financial stability and macro-prudential policy, contingency planning and anti-money laundering. The CBB has implemented many of these recommendations, including establishing the Financial Stability Committee tasked with creating a macroprudential policy framework for the CBB, making changes to the deposit protection scheme and to the risk modules in the CBB rulebook for conventional and Islamic Banks and signing a memorandum of understanding with the MOFNE, acknowledging the importance of cooperation during financial crises and the need for information exchange and consultation regarding financial stability and crisis management and is continuing to work on the implementation of certain other recommendations.

#### *Conventional Banks and Bank Financial Institutions*

The retail and wholesale banking supervision directorates are responsible for the offsite supervision of all conventional banks, financing companies and ancillary service providers. The financial institutions supervision directorate is responsible for all non-Islamic non-bank financial institutions (including money changers and money and foreign exchange brokers).

The banking supervision directorates deal with the prudential supervision of banks, financing companies and ancillary service providers and require the published accounts of all licensees under its supervision, whether locally incorporated or branches of foreign banks, to comply with International Financial Reporting Standards. Locally incorporated banks and branches of foreign banks operating under a commercial bank licence in Bahrain are required to publish their financial statements on a quarterly basis and semi-annual basis, respectively. The year-end financial statements of all banks and financing companies must be audited by external auditors and the interim financial statements must be reviewed by the external auditors. In addition, all banks operating in Bahrain are required to submit prudential information returns on a quarterly basis and statistical returns on a monthly basis to the CBB.

As the banking regulator, the CBB sets and monitors capital requirements on both a consolidated (group) basis and on a solo (parent company only) basis. The CBB implemented the new standards for capital and liquidity requirement proposed by the Basel Committee on Banking Supervision (“**Basel III**”) in Bahrain starting from 1 January 2015. Local banks or banking groups are required to maintain a minimum capital adequacy ratio of 12.5% (on a consolidated basis) and 8% (on a stand-alone basis) which exceeds the minimum ratio requirements set by Basel III. All Bahraini banks are currently following the standardised approach to Credit Risk under Pillar One of Basel III. The basic indicator and standardised approaches are permitted for operational risk, while the standardised and internal model approaches are permitted for market risk. As part of Basel III implementation, new and more extensive Pillar Three Disclosure requirements came into effect for all locally-incorporated banks' financial statements dated 30 June 2015 onward. In compliance with Basel III, the CBB has since required all banks to comply with liquidity coverage ratio (“**LCR**”) and net stable funding ratio (“**NSFR**”) requirements. LCR is reported to the CBB on a monthly basis and NSFR on a quarterly basis. Banks are also required to disclose the ratios in their quarterly and annual financial statements.

The CBB has established a Deposit and Unrestricted Investment Account Protection Scheme (the “**Scheme**”) for compensating eligible depositors (any natural person holding an eligible account with a conventional bank or an Islamic bank in Bahrain) when conventional retail and Islamic banks licenced by the CBB are unable, or are likely to be unable, to satisfy claims against them. A new pre-funded Scheme was established by the CBB at the beginning of 2011 to replace the old post-funded Scheme. The new Scheme creates two funds (one conventional and one Islamic), which will be used to compensate eligible depositors in the event that their bank defaults.

The body established to operate and administer the Scheme is the Deposit and Unrestricted Investment Account Protection Board. The Deposit Protection Board will consider if and when compensation will be available in relation to a particular bank, set out the procedures and rules of operation of the Scheme and be responsible for calculating the amounts of compensation payable.

The Scheme applies to eligible deposits held with the Bahrain offices of CBB licensees, whether in Bahraini Dinars or other currencies, held by persons who are either residents or non-residents of Bahrain. In the event of default, such deposits are protected up to a maximum of BD 20,000 (U.S.\$53,191.50).

## *Islamic Banking*

As the charging of interest is prohibited under *Shari'a* rules and regulations, Islamic banking institutions operate, *inter alia*, on the principle of profit and loss sharing. Rather than charging interest, they participate in the yield resulting from use of the funds. Depositors also share in the profits of the bank according to a predetermined ratio.

Due to the different way in which Islamic banking operates and the specific risks inherent in the system, the CBB has developed a regulatory framework separate from that for the conventional banking system for Islamic banks. This was first implemented in March 2002 with the introduction of the Prudential Information and Regulatory Framework for Islamic banks (“**PIRI**”) by the Islamic financial institutions directorate. The objective of the PIRI is to provide an Islamic banking regulatory framework which is based on the Basel III standards and addresses the specific features of Islamic financial products.

Among other measures, PIRI requires Islamic banks to maintain a 12.5% consolidated capital adequacy ratio (8.0% on a solo basis) and to take a capital charge equal to 30% of assets financed by unrestricted profit sharing investments accounts in order to calculate the capital adequacy requirements. Islamic banks, like conventional banks, must also submit prudential returns on a quarterly basis. The Basel III capital adequacy requirements are applicable to Islamic banking institutions; however, such requirements are customised to fit the nature of the Islamic banking in accordance with Islamic Financial Services Board (“**IFSB**”) requirements. The deposit protection scheme described above also applies in respect of deposits held with Islamic banks licenced by the CBB.

## ***Banking Sector Liquidity***

The impact of the global financial crisis on the Bahraini financial system was relatively modest so the Government and the CBB have not considered it necessary to resort to some of the exceptional measures adopted elsewhere in the world such as unlimited deposit or interbank guarantees or asset purchases by the state. Nonetheless, the CBB introduced two measures to improve market liquidity: opening a new foreign exchange swap facility and the acceptance of a wider range of collateral. These adjustments helped to ensure that short-term financial assistance was available to banks at reasonable rates against a wider range of collateral and allowed banks to obtain Bahraini Dinars in return for U.S. Dollars, as required. The CBB enhanced its monitoring of bank liquidity during the financial crisis, requiring all locally-incorporated banks to report their liquidity positions on a daily basis and to report their risk exposures on a weekly basis.

As part of its implementation strategy of Basel III, the CBB is assessing the readiness of banks in Bahrain in complying with the new liquidity requirements. The CBB is considering introducing new liquidity requirements to enhance its regulatory framework and, in January 2018, issued a consultation paper in respect of its liquidity management module in the CBB rulebook for conventional and Islamic licensees. Comments to the consultation paper were received from licensees at the end of February 2018. Currently, the CBB receives *pro forma* Basel III ratios (liquidity coverage ratio and net stable funding ratio) on a quarterly basis.

## **Insurance**

In light of substantial infrastructure investments anticipated in the GCC over the next decade, opportunities for growth of the insurance/*Takaful* industry are considered to be significant. This growth in regional infrastructure spending is expected to result in an increase in insurance/*Takaful* activity, in turn, resulting in a growth in gross premiums/contributions of the insurance/*Takaful* industry in the region. As an economy with a relatively strong insurance/*Takaful* sector, the Government believes that Bahrain is well-placed in terms of market position, regulatory quality and structure to handle and capitalise on this anticipated demand for insurance/*Takaful* services, both domestically and regionally.

A significant number of insurance companies/*Takaful* operators and organisations have a presence in Bahrain. The table set out below sets out the number of insurance companies/*Takaful* operators and gross premiums/contributions of the insurance/*Takaful* market as at the dates indicated.

	As at 31 December					As at
	2019	2020	2021	2022	2023	30 Sep 2024
Insurance companies/ <i>Takaful</i> operators and organisations registered in Bahrain <sup>(1)</sup> ..	149	144	141	138	141	137
Gross premiums/contributions of the insurance/ <i>Takaful</i> market (U.S.\$ millions) <sup>(2)</sup>	764.2	736.4	733.9	743.2	777.3	636.8
Gross premiums/contributions of the insurance/ <i>Takaful</i> market (% change year on year) .....	1.2	(3.6)	(0.3)	1.3	4.6	10

**Notes:**

(1) Includes representative offices and ancillaries.

(2) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

Source: CBB

Since 2002, the responsibility for the regulation of the insurance/*Takaful* sector rests with the insurance directorate of the CBB. The insurance directorate conducts its offsite supervision in a manner broadly equivalent to the banking and financial institutions supervision directorates, although insurance firms/*Takaful* operators are now obliged to report to the CBB on a quarterly basis. All legal, regulatory and supervisory insurance frameworks follow the essential criteria of the International Association of Insurance Supervisors core principles and methodology.

As part of the efforts towards enhancement and improvement of the regulatory framework, the CBB introduced its revised and enhanced Operational and Solvency framework for the *Takaful* and *Retakaful* industry in 2014 after undergoing deliberations and consultations with the industry and all the stakeholders.

### Anti-Money Laundering

In 2001, Bahrain passed its first anti-money laundering law (Legislative Decree № (4) of 2001). Bahrain has formulated national anti-money laundering (“AML”) and combating the financing of terrorism (“CFT”) policies and strategies to mitigate existing and evolving money laundering and terrorism financing risks. Bahrain is a member of the Financial Action Task Force (the “FATF”), an anti-money laundering and anti-terrorism financing association which also includes the 29 OECD countries, through Bahrain’s membership of the GCC. Bahrain is also a founding member of the regional MENAFATF and has hosted its secretariat since 2004.

In order to achieve consistency with international standards, a number of AML and CFT laws and regulations have been introduced, including: (i) Legislative Decree № (4) of 2001 with respect to the prevention and prohibition of money laundering; (ii) Law № 54 of 2006, which amended certain provisions of the 2001 decree to incorporate FATF’s recommendations concerning the financing of terrorism; (iii) Legislative Law № (25) of 2013, which further amended certain provisions of the 2001 decree to reflect new FATF recommendations introduced in 2012; (iv) Decree Law № (36) of 2017, which further incorporated AML and CFT provisions in line with the international standards; (v) Decree Law № (57) of 2018, which further amended the 2001 decree; and (vi) Decree Law № (29) of 2020, which introduced further amendments to the 2001 decree.

Supervisory authorities in Bahrain have formulated and mandated additional rules, regulations and guidelines to be followed by their respective reporting entities. The CBB is the financial institutions’ supervisory and regulatory authority in accordance with Article (39) of the CBB Law. The CBB monitors licensees’ compliance with applicable AML/CFT laws and the Financial Crime Module of the relevant CBB Rulebook where the CBB sets clear guidelines and requirements for all licensees in accordance with the FATF 40 Recommendations. It is a requirement that all CBB licensees undertake risk assessments on a regular basis to identify and mitigate money laundering and terrorism financing

risks to their institution based on the nature and size of their business. The Compliance Directorate of the CBB is tasked with leading AML/CFT efforts in the financial sector.

## Capital Markets

The Bahrain Bourse (formerly known as the Bahrain Stock Exchange) commenced operations in June 1987; and in late 2010 by the Royal Decree № (60) of 2010, it was converted into a joint stock company and renamed the Bahrain Bourse.

As at 28 February 2025, a total of 41 companies were listed on the Bahrain Bourse with a total market capitalisation of U.S.\$20.2 billion. Bonds/Sukuk (both corporate and government) and mutual funds are also listed on the exchange. The Bahrain All Share Index stood, as at 28 February 2025, at 1,960.2.

The table below sets out certain data relating to the Bahrain Bourse transactions as at and for the periods indicated.

	As at and for the year ended 31 December					As at 28 February 2025
	2020	2021	2022	2023	2024	
Companies listed on the Bahrain Bourse	43	44	43	42	41	41
Total market capitalisation (U.S.\$ billion) <sup>(1)</sup>	24.7	28.8	30.3	20.6	20.5	20.2
Growth rate (%)	(8.5)	16.6	5.2	(32.0)	(1.0)	(3.9)
Bahrain All Share Index close	1,489.8	1,797.3	1,895.3	1,971.5	1,985.9	1,960.2
Volume of shares traded (millions of shares)	1,209.3	1,018.3	536.9	780.0	1,483.9	996.7
Value of shares traded (U.S.\$ million) <sup>(1)</sup>	566.0	520.4	451.6	559.1	850.5	1,017.3
Bahrain All Share index (points)	1,489.8	1,797.3	1,895.3	1,971.5	1,985.9	1,960.2
Number of listed Bahraini companies <sup>(2)</sup>	40	42	41	41	40	40

### Notes:

(1) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

(2) Excludes companies listed on the Bahrain Bourse under cross-listing arrangements and closed companies.

Source: Bahrain Bourse

In order to open up Bahrain's economy, the Government relaxed ownership restrictions in 1999 which has had the effect of improving the performance of the Bahrain Bourse. In the mid-1980s, GCC nationals were permitted to own up to 49% of a listed firm and, in 1999, this level was increased to 100%. At the same time, a rule was introduced allowing non-GCC nationals to own 49% of the Bahrain Bourse listed firms.

The CBB regulates the Bahrain Bourse. The issuing of broking licences, changes to listing and trading rules (which are contained in the Capital Markets Rulebook) and market supervision is carried out by the CBB through the capital markets supervision directorate which has adopted a single regulatory model in line with that of the other central bank directorates. The CBB has also commenced custodial services and settlement procedures through a new central depository system.

## PUBLIC FINANCE

Despite a smaller budget deficit in 2022, Bahrain's budget deficit has grown in recent years due to a counter cyclical policy of continued diversification of investment and public support during low oil price periods, and in 2020, due to the COVID-19 pandemic.

The Government initially introduced a number of initiatives between 2015 and 2017 to streamline expenditure, increase revenues and redirect government subsidies. Following such initiatives, in late 2018, the Government announced the FBP, which sets out a roadmap for addressing Bahrain's fiscal challenges over the medium-term, with the overall objective to achieve a balanced budget by 2022, which target was subsequently revised to 2024 to reflect the impact of the COVID-19 pandemic and the lower international oil price environment in 2019 and 2020. To achieve this goal, initiatives were introduced aimed at: (i) reducing Government operational expenditures; (ii) introducing a voluntary retirement scheme for government employees; (iii) balancing the Electricity and Water Authority's expenditures and revenue; (iv) streamlining the distribution of cash subsidies to citizens in need; (v) improving the efficiency of Government expenditure; and (vi) simplifying Government processes and increasing non-oil revenue.

Under these broad targets, the FBP aimed to strengthen the Kingdom's fiscal and economic foundations to ensure the sustainability of resources for future generations, including through: (i) further developing the provision of sustainable government services in education, health and social services; (ii) continuing the provision of subsidised electricity and water services to citizens in their primary residences; (iii) creating quality job opportunities for citizens and ample support to do business; (iv) establishing rules for the sustainable use of resources; (v) enhancing the efficiency and fairness of direct government support to citizens; (vi) continuing funding development and infrastructure projects; (vii) streamlining and improving the provision of government services to citizens and investors; and (viii) improving Bahrain's credit rating, thereby reducing the cost of financing for citizens and investors.

The Government's policy includes further developing non-oil streams of revenue and involves the introduction of new fees and charges across a number of sectors. To date, the Government has approved and implemented increases to the fee for services provided by the Supreme Council of the Environment, fees for the registration of medical devices, university tuition fees and fees for services provided by the Urban Planning and Development Authority. See "*Fiscal Policy*" for more information on Bahrain's fiscal policy.

Prior to the impact of the COVID-19 pandemic in 2020, the Government was making good progress with the implementation of the FBP, with a meeting of the Minister of State for Financial Affairs of the UAE, the Minister of Finance of the State of Kuwait, the Minister of Finance and National Economy of the Kingdom and the Assistant Minister for International Financial Affairs and Macro-Fiscal Policies of Saudi Arabia in September 2019 noting that progress was being made and the positive outcomes achieved under the FBP had led to a decline in the actual deficit in the first half of 2019 by 37.8% and an increase of non-oil revenues by 46.8%, as compared to the corresponding period in 2018.

The COVID-19 pandemic and the prolonged low international oil price environment in 2019 and 2020 negatively affected Bahrain's economy, resulting in higher actual and budgeted overall budget deficits than originally targeted by the FBP. The 2021/2022 budget, which included an oil price estimate of U.S.\$50 per barrel, provided for a budgeted overall budget deficit of U.S.\$3.3 billion for 2021 and U.S.\$3.2 billion for 2022 (although the actual overall budget deficit for 2022 was lower at U.S.\$494 million), as compared to budget deficits of U.S.\$422.9 million for 2021 and U.S.\$58.5 million for 2022 targeted by the FBP launched in 2018. Accordingly, the Government reviewed the forecasts set out in the FBP and revised certain expected outcomes, including extending the target to achieve an overall fiscal balance by two years, to 2024.

In October 2021, the Ministers of Finance of Kuwait, the UAE and Saudi Arabia, together with the Arab Monetary Fund (in an advisory capacity), met with the Minister of Finance and National Economy of the Kingdom to discuss the FBP in light of the effects of the COVID-19 pandemic and reiterated their support for the FBP and the Kingdom's efforts to enhance fiscal stability and strengthen sustainable economic growth.

The revised FBP's targets and additional measures were in line with the principles set out in the original 2018 FBP and included: (i) increasing VAT to 10% with effect from 1 January 2022 (pursuant to Law № 33 issued on 18 December 2021); (ii) increasing annual contributions to the budget from Government-owned entities from 2023; (iii) introducing new Government services revenue initiatives, including a newly established Revenue Development Taskforce to drive non-oil revenue growth and the introduction of new fees and services; (iv) restructuring ministries and Government entities to streamline resources and increase manpower efficiency; (v) reducing recurrent non-manpower expenditure; (vi) reducing project spend (without impacting major projects); and (vii) establishing a mechanism to review and adjust commodities prices on a periodic basis to ensure they are in line with market prices.

The 2025/2026 budget includes an oil price estimate of U.S.\$60 per barrel and for a budgeted overall budget deficit of U.S.\$1,128 million in 2025 and a budgeted overall deficit of U.S.\$3,870 million in 2025.



While the FBP was not revised in 2025, a number of fiscal consolidation measures and targets were introduced in the 2025/2026 budget, including: (i) increasing non-hydrocarbon revenues, including through the implementation of a domestic minimum top-up tax; (ii) ensuring the sustainability and development of the health care sector by introducing health insurance for non-Bahrainis and visitors; (iii) developing the infrastructure and real estate sectors, as well as the logistics and transportation sectors; and (iv) improving the efficiency of recurrent expenditures of ministries and government entities, and, by doing so, reducing expenditures by at least 5%, as compared to 2024.

The following table summarises the Government budget and the revised FBP targets for the years indicated.

	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2023 FBP <sup>(2)</sup>	2024 Budget	2024 Actual <sup>(1)</sup>	2024 FBP <sup>(2)</sup>	2025 Budget	2026 Budget
	(U.S.\$ millions)													
<b>Revenue</b> .....	7,836	5,538	6,399	6,956	6,535	9,425	8,254	8,500	8,418	9,227	8,320	9,168	7,778	9,200
Oil.....	5,575	3,279	4,036	4,743	4,073	6,440	5,096	5,411	5,056	5,710	4,948	5,708	3,969	4,336
Non-Oil.....	2,260	2,260	2,363	2,213	2,462	2,986	3,158	3,088	3,363	3,517	3,372	3,460	3,809	4,864
<b>Expenditure</b> <sup>(1)</sup> .....	9,985	9,981	9,745	9,489	9,685	9,919	9,922	10,558	9,028	9,800	10,708	9,149	11,648	12,066
<b>Primary Surplus/(Deficit)</b> .....	(353)	(2,674)	(1,464)	(677)	(1,137)	1,465	369	162	1,387	1,523	14	2,013	(1,128)	206
<b>Surplus/(Deficit)</b> .....	(2,148)	(4,443)	(3,347)	(2,533)	(3,150)	(494)	(1,668)	(2,058)	(610)	(573)	(2,502)	18	(3,870)	(2,866)

**Notes:**

- (1) The Expenditure Budget includes Rollover Budget
- (2) The revised FBP forecasts do not include potential additional revenue from targeted increases in corporate income tax.
- (3) Preliminary.

## Government Budget

Bahrain prepares budgets on a biennial basis, taking into account the key priority areas of Vision 2030 during each budgeting process. See “*Overview of The Kingdom of Bahrain—Vision 2030*”. The budget is built around a two-year cycle, but separate budgets are also prepared for each calendar year. The financial year commences on 1 January and ends on 31 December of each year.

Bahrain’s budget is not consolidated. Local authorities are funded by transfers from the Government budget to cover any shortfall in their own budgets. Local authorities are not permitted to borrow funds in their own name.

Two holding companies, Mumtalakat and Bapco Energies (formerly nogaholding), were established by Royal Decrees in June 2006 and August 2007, respectively. Mumtalakat is an independent holding company for the Government’s non-oil and gas assets, while Bapco Energies is a holding company for the Government’s oil and gas assets. Prior to the establishment of these two holding companies, the Government received income from the assets they now hold directly. See “—*Revenue—Mumtalakat*” and “—*Revenue—Bapco Energies*”.

Bahrain’s budget is presented on a modified cash basis. See “*Certain Defined Terms and Conventions—Fiscal Data*” and “*Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain’s fiscal deficit and debt ratio may not be fully reflective of all of the Government’s obligations*”.

## Budget revenues and expenditures

The following table summarises the execution of the Government budget for the periods indicated.

	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual <sup>(1)</sup>	Budget <sup>(2)</sup>	Budget <sup>(2)</sup>
<i>(U.S.\$ millions, except percentages)</i>							
<b>Revenues</b> .....	<b>5,538</b>	<b>6,956</b>	<b>9,425</b>	<b>8,500</b>	<b>8,320</b>	<b>7,778</b>	<b>9,200</b>
Oil and gas.....	3,279	4,743	6,440	5,411	4,948	3,969	4,336
Non-oil and gas.....	2,260	2,213	2,986	3,088	3,372	3,809	4,864
<b>Expenditures</b> .....	<b>9,981</b>	<b>9,489</b>	<b>9,919</b>	<b>10,558</b>	<b>10,823</b>	<b>11,648</b>	<b>12,066</b>
Recurrent expenditure <sup>(3)</sup> .....	8,994	8,661	9,126	9,821	10,099	10,917	11,335
Emergency expenditure .....	402	296	172	—	—	—	—
Projects expenditure .....	585	532	621	737	723	731	731
<b>Surplus/(deficit)</b> .....	<b>(4,443)</b>	<b>(2,533)</b>	<b>(494)</b>	<b>(2,058)</b>	<b>(2,502)</b>	<b>(3,870)</b>	<b>(2,866)</b>
<b>Primary surplus/(deficit)</b> .....	<b>(2,674)</b>	<b>(677)</b>	<b>1,465</b>	<b>162</b>	<b>14</b>	<b>(1,128)</b>	<b>206</b>
Overall Budget Deficit to GDP Ratio (%) .....	(12)	(6)	(1)	(4)	(5)	(8)	(5)
Primary Budget Surplus/(Deficit) to GDP Ratio (%) .....	(7)	(2)	3	0.4	0.03	(2)	0.4

### Notes:

(1) Preliminary.

(2) See “—2025/2026 Budget” for further details.

(3) Includes debt service and part of the Economic Stimulus Package related to the payment of the electricity and water bills.

Source: Ministry of Finance and National Economy

### 2019/2020 Budget

The 2019/2020 budget was the first budget cycle to implement the FBP.

In 2019, an actual deficit of U.S.\$1,818 million was recorded (compared to a budgeted deficit of U.S.\$1,971 million and reflecting a decrease of 23.6% compared to the actual deficit in 2018 and a decrease of 48.8% compared to the actual deficit in 2017) with recurrent expenditures reaching U.S.\$8,867 million (compared to budgeted recurrent expenditures of U.S.\$8,716). In 2019, the actual deficit was lower than the budgeted deficit primarily due to an increase in oil prices which resulted in higher oil revenue. In addition to this, actual non-oil revenue exceeded the budgeted non-oil revenue due to the implementation of various initiatives used to improve revenue collection, such as the adoption of pre-payments. Furthermore, in 2019, VAT collection was U.S.\$692 million, which exceeded the estimated revenue from VAT by U.S.\$293 million for this period.

In July 2020, Decree № 22 for the year 2020 was issued, which authorised emergency expenditures of BD 177 million to fund the Government’s efforts to combat COVID-19. These additional expenditures were included in the final accounts for 2020.

In addition, Decree № 23 for the year 2020 was issued to permit the Government to withdraw U.S.\$450 million from the Future Generations Fund on a one-time basis to support the state budget for the year 2020 and temporarily halt the allocation of oil revenues to the Future Generations Fund in 2020.

In the 2020 adjusted budget, total revenue was budgeted at U.S.\$7,836 million for 2020, total expenditure was budgeted at U.S.\$9,985 million for 2020, and the budget deficit was budgeted at U.S.\$2,148 million for 2020. Non-oil revenues were budgeted at U.S.\$2,260 million for 2020.

In 2020, an actual deficit of U.S.\$4,443 was recorded (compared to a budgeted deficit in the adjusted 2020 budget of U.S.\$2,148 million) and reflecting an increase in the deficit of 144.3% compared to the actual deficit in 2019, and the recurrent expenditures without the emergency expenditure reaching U.S.\$8,994 million (compared to budgeted recurrent expenditures of U.S.\$8,835 million in the 2020 adjusted budget). In 2020, actual emergency expenditure of U.S.\$402

million was recorded (compared to budgeted emergency expenditures of U.S.\$472 million). Oil and gas revenues were below budgeted oil and gas revenues, primarily due to lower international oil prices, as well as the impact of the COVID-19 pandemic.

Key changes in fiscal consolidation measures in the 2019/2020 budget, as compared to previous budgets, included: (i) measures to implement the FBP in addition to the 2019-2022 Government Plan; (ii) the introduction of VAT; (iii) the continued implementation of excise tax; (iv) a natural increase in supply and demand; and (v) the continued implementation of certain revenue development initiatives. The 2019/2020 budget assumed an average oil price of U.S.\$60 per barrel.

#### *2021/2022 Budget*

The 2021/2022 budget was approved in March 2021 by Parliament and signed by the King as Law № 9 of 2021 in April 2021. The 2021/2022 budget took into account the Government's continued commitment in achieving the targets set out in the FBP, in particular, non-oil revenue and non-interest expenditure targets, while stimulating economic recovery and creating opportunities for citizens. Moreover, in October 2021, the revised FBP targets were announced for the period 2022-2024 and include additional measures to be introduced in line with the principles set out in the original 2018 FBP.

In 2021, an actual deficit of U.S.\$2,533 million was recorded (compared to a budgeted deficit in the adjusted 2021 budget of U.S.\$3,347 million) reflecting a decrease in the deficit of 43% compared to the actual deficit in 2020, with total expenditure reaching U.S.\$9,489 million (compared to budgeted total expenditure of U.S.\$9,745 million in the 2021 adjusted budget) reflecting a decrease of 5% compared to the actual total expenditure in 2020. The 2021/2022 budget assumed an average oil price of U.S.\$50 per barrel.

In 2022, an actual deficit of U.S.\$494 million was recorded (compared to a budgeted deficit of U.S.\$3,150 million) reflecting a decrease in the deficit of 81% compared to the actual deficit in 2021, total expenditure was U.S.\$9,919 million (compared to budgeted total expenditure of U.S.\$9,685 million). In 2022, the actual deficit was lower than the budgeted deficit primarily due to an increase in oil prices, which resulted in higher oil revenues.

#### *2023/2024 Budget*

The 2023/2024 budget was approved in May 2023 by Parliament and signed by the King as Law № 5 of 2023 in June 2023. The 2023/2024 budget targeted total revenue of U.S.\$8,254 million for 2023 and U.S.\$9,227 million for 2024 (reflecting an increase in budgeted oil revenues in 2024). The oil price estimate was set at U.S.\$60 per barrel. In terms of expenditure, the 2023/2024 budget targeted total expenditure of U.S.\$9,637 million for 2023 (subsequently increased to U.S.\$9,922 million in the adjusted budget, which presented the budget law figures plus a rollover budget from 2022) and U.S.\$9,656 million for 2024 (subsequently increased to U.S.\$9,800 million in the adjusted budget, which presented the budget law figures plus a rollover budget from 2023). The 2023/2024 budget demonstrated a continued commitment to achieving the targets set out in the FBP, with the budgeted budget deficit to GDP ratio set at below 1% of GDP for 2024.

In 2023, an actual deficit of U.S.\$2,058 million was recorded (compared to a budgeted deficit in the adjusted 2023 budget of U.S.\$1,668 million), reflecting an increase in the deficit of 317% compared to the actual deficit in 2022, with total expenditure reaching U.S.\$10,558 million (compared to budgeted total expenditure of U.S.\$9,922 million in the 2023 adjusted budget) reflecting an increase of 6% compared to the actual total expenditure in 2022.

According to preliminary figures, in 2024 a deficit of U.S.\$2,502 million was recorded, with total revenues amounting to U.S.\$8,320 million and total expenditures amounting to U.S.\$10,823 million.

#### *2025/2026 Budget*

The 2025/2026 budget targets total revenue of U.S.\$7,778 million for 2025 and U.S.\$9,200 million for 2026. The oil price estimate is set at U.S.\$60 per barrel. In terms of expenditure, the 2025/2026 budget targets total expenditure of U.S.\$11,648 million for 2025 and U.S.\$12,066 million for 2026.

See “—Fiscal Policy”.

#### *Non-budget expenditures*

In March 2011, the Foreign Ministers of the GCC announced the establishment of the GCC Development Fund to be provided as a grant and distributed between Bahrain and Oman, with Bahrain receiving U.S.\$7.5 billion to be distributed over a ten-year period. See “Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain's economy is dependent on economic and

other conditions of Saudi Arabia in particular, as well as the GCC countries”. GCC Development Fund proceeds are expected to be utilised towards the achievement of Vision 2030’s developmental goals. For more information on this economic strategy, see “*Overview of The Kingdom of Bahrain—Vision 2030*”.

The Government has identified specific priority projects to be financed through the GCC Development Fund in the following sectors.

	<b>Saudi Arabia</b>	<b>Kuwait</b>	<b>UAE</b>	<b>Total</b>
	<i>(U.S.\$ millions)</i>			
Housing.....	460	996	890	2,346
Roads and Sewerage.....	785	470	210	1,465
Electricity and Water.....	581	940	50	1,571
Airport.....	—	—	1,013	1,013
Health.....	69	—	250	319
Education.....	85	—	10	95
Social.....	—	62	—	62
Industry.....	—	32	—	32
Youth and Sports.....	477	—	—	477
Others (Administration Fees).....	—	—	50	50
To be allocated in next phase.....	43	—	27	70
<b>Total.....</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>7,500</b>

Source: Ministry of Finance and National Economy

In 2024, the Government continued to interact with the various funding agencies with regard to the progress of GCC Development Fund projects. The Government is in discussions as to the possible utilisation of the remaining amount of U.S.\$43 million in the Saudi tranche and U.S.\$27 million in the UAE tranche.

As at 31 December 2024, an amount of U.S.\$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.\$5.8 billion had been certified as paid from the GCC Development Fund. Contracts in an amount of U.S.\$6.4 billion had been awarded in respect of 48 projects, of which 23 projects had been completed and 25 projects are ongoing.

## Fiscal Policy

Bahrain’s budget deficit has grown in recent years due to a counter cyclical policy of continued diversification in investment and public support during low oil prices and during the COVID-19 pandemic.

The main objectives of Bahrain’s State budget for the years 2023-2026 are:

- implementation of the Government Plan 2023-2026 (see “*Overview of The Kingdom of Bahrain—Vision 2030—Government Plan 2023 – 2026*”);
- implementation of the FBP initiatives during 2018 - 2024;
- implementing fiscal consolidation measures in connection with:
  - developing new non-oil revenue streams;
  - recovering costs on existing Government fees and services;
  - controlling Government expenditure growth; and
  - redirecting Government subsidies to target lower-income segments of the population.

Although oil continues to play an important role in Bahrain’s economy, the Government continues to focus on: (i) reducing subsidies; and (ii) further increasing non-oil revenues through various initiatives. Developing non-oil streams of revenue has involved the introduction of new fees and charges across a number of sectors. Since 30 December 2017, excise tax has been imposed on additional commodities and, between 1 January 2019 and 1 January 2022, VAT of 5% was charged on goods and services. In 2019 and 2020, VAT collection exceeded the estimated VAT revenue for such

years. Since 1 January 2022, the VAT rate has increased to 10%. In 2022, VAT receipts increased by U.S.\$798 million, as compared to 2021.

The following table sets forth the key initiatives that have been implemented since 2021.

Initiative	Implementation Date	Estimated Revenue/Savings for a one-year cycle from the implementation date
Update registration of medical devices fees by NHRA	March 2021	U.S.\$3 million in 2022
Update the fees of the Supreme Council for the Environment	April 2021	U.S.\$2 million in 2022
University of Bahrain Initiatives	September 2021	U.S.\$5 million in 2022
Amend Urban Planning and Development Authority fees	November 2021	U.S.\$3 million in 2023
Value Added Revenue (from the increase in the rate of VAT to 10%)	January 2022	U.S.\$670 million in 2022
Proposal for the provision of commercial records data	July 2022	U.S.\$1 million in 2022
Higher Education Council revenue development initiative	November 2022	U.S.\$0.8 million in 2023
Worker card issuance fees	December 2022	U.S.\$6.9 million in 2023
Amending passport issuance fees along with fees to lost and damaged passports	March 2023	U.S.\$1.8 million in 2024
PSI in Salmaniya Medical Complex Parking	March 2023	U.S.\$0.6 million in 2024
Increased departure fees for passengers at Bahrain International Airport	March 2024	U.S.\$19.1 million in 2024
Hotel Accommodation fees	May 2024	U.S.\$19.4 million in 2024

As a member of the “OECD/G20 Inclusive Framework on BEPS”, Bahrain endorsed the “Statement on a Two–Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” as of 31 August 2021. In line with this commitment, Bahrain has approved and enacted the Domestic Minimum Top-Up Tax law, effective 1 January 2025, which establishes a minimum level of taxation for multinational companies which have more than €750 million in global consolidated revenues. This reflects the Kingdom’s efforts to align with international standards aimed at ensuring a global minimum corporate tax rate of 15%, while maintaining its position as an attractive destination for foreign direct investment.

### ***Subsidies***

The Government has been active in realigning public subsidies so that they target those most in need. Working in conjunction with the World Bank, the Government has identified the best options to redirect food subsidies by introducing a means-tested monthly financial transfer, saving up to U.S.\$13 million in the year ended 31 December 2022, as compared to the year ended 31 December 2015.

It has also raised unified gas prices. Effective 1 April 2015, gas prices increased from U.S.\$2.25 per mmbtu (gross heating value) to U.S.\$2.50 per mmbtu and were thereafter to increase at a rate of U.S.\$0.25 per mmbtu (gross heating value) per year until the price reached U.S.\$4.00 per mmbtu on 1 April 2021. In order to support local industries affected by the COVID-19 pandemic, the Government decided not to increase the price to U.S.\$4.00 in April 2021. The gas price increased to U.S.\$4.00 per mmbtu on 1 April 2022. In January 2024, Alba signed a 10-year gas supply agreement with the Government superseding all previous agreements. Pursuant to this agreement, the gas price is fixed for the first five-year period at U.S.\$4.00 per mmbtu, following which the price will be determined by the competent authority.

In addition, the re-categorisation of utilities subsidies has generated savings. The reduction of subsidies has contributed and may continue to contribute to an increase of some components affecting inflation. Although inflation has been low in recent years, with an inflation rate of 1.0% in 2019 and deflation rates of 2.3% in 2020 and 0.6% in 2021, global inflation surged in 2022 and 2023, with an annual inflation rate of 3.6% recorded in Bahrain in 2022. Inflation in Bahrain

fell back to low levels during 2023 and 2024 with inflation rates of 0.1% recorded in 2023 and 0.9% recorded in 2024. See “*Monetary and Financial System—Inflation*”. Any persistent levels of high inflation may require further targeted subsidies.

Since 2018, the Government has been looking to reform and streamline its subsidy system, to consolidate payments and redirect a larger proportion of subsidies to the poorest citizens. Part of these reforms includes transitioning to an income-contingent system. The redirection of subsidies and the reform of the subsidy criterion aims to reduce subsidy expenditure, while ensuring that eligible individuals benefit from overall higher subsidies.

The Government introduced the following initiatives that have focused on increasing revenue and realigning public subsidies so that they target those most in need.

- *Oil and gas*: Since 2015, local diesel prices have been gradually revised to BD 0.180 per litre and have been maintained at this level since 2019. In addition, gasoline and quality and premium gasoline selling prices have been revised to BD 0.140 and BD 0.200 per litre, respectively.
- *Social subsidies*: In 2023, a committee was formed to represent the Government in joint meetings with legislative authorities aimed at developing appropriate mechanisms to target a fairer and more efficient provision of social subsidies.

Efficiency savings are also being introduced to streamline the size and cost of the Government. Several ministerial working committees have been established to reduce bureaucracy costs of running government departments and organisations, as well as investing in sophisticated information technology to achieve increased productivity. A centralised procurement platform is now operational and is intended to promote effective and efficient government procurement practices and systems.

In order to control growth of current public spending, the Government has launched the design and implementation of a fiscal sustainability framework and strategy. This process includes the design of a medium-term fiscal strategy and funding plan, a fiscal reform plan and implementation plan and the creation of a fiscal reform unit in charge of implementing the fiscal reform plan and overseeing and monitoring the implementation of fiscal reforms.

The Government has also established seven ministerial teams, which seek to revise and reduce the recurrent expenditures in the following areas:

- Government Buildings and Facilities Maintenance and Equipment Task Force, headed by the Minister of Works, Municipalities and Urban Planning;
- Travel and Transport Task Force, headed by the Minister of Transportation and Telecommunications;
- Rentals and Government Facilities Task Force, headed by the Minister of Industry, Commerce and Tourism;
- Information Technology Task Force, headed by the Chief Executive of the Information and eGovernment Authority;
- Health and Environment Resources Task Force, headed by the Minister of Health;
- Educational Services and Training Task Force, headed by the President of the Civil Service Bureau; and
- Other Operational Expenditures Task Force, headed by the Minister of Housing.

## Revenue

The actual total revenues for the years ended 31 December 2020, 2021, 2022, 2023 and 2024, as well as budgeted revenues for 2025 and 2026, are set forth below.

	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual <sup>(1)</sup>	Budget <sup>(2)</sup>	Budget <sup>(2)</sup>
<i>(U.S.\$ millions)</i>							
<b>Oil and gas</b> .....	<b>3,279</b>	<b>4,743</b>	<b>6,440</b>	<b>5,411</b>	<b>4,948</b>	<b>3,969</b>	<b>4,336</b>
<b>Non-oil and gas<sup>(3)</sup></b> .....	<b>2,260</b>	<b>2,213</b>	<b>2,986</b>	<b>3,088</b>	<b>3,372</b>	<b>3,809</b>	<b>4,864</b>
<i>Of which:</i>							
Taxation and fees.....	1,276	1,434	2,322	2,449	2,506	— <sup>(4)</sup>	— <sup>(4)</sup>
Government goods and services ....	194	164	191	204	194	— <sup>(4)</sup>	— <sup>(4)</sup>
Government investment and properties.....	680	499	365	349	610	— <sup>(4)</sup>	— <sup>(4)</sup>
Grants .....	—	—	—	—	—	— <sup>(4)</sup>	— <sup>(4)</sup>
Fines, penalties and misc. ....	108	115	105	85	61	— <sup>(4)</sup>	— <sup>(4)</sup>
Sale of capital assets.....	1	1	3	2	2	— <sup>(4)</sup>	— <sup>(4)</sup>
<b>Total</b> .....	<b>5,538</b>	<b>6,956</b>	<b>9,425</b>	<b>8,500</b>	<b>8,320</b>	<b>7,778</b>	<b>9,200</b>

### Notes:

- (1) Preliminary.
- (2) See “—2025/2026 Budget” for further details.
- (3) Includes grants.
- (4) Not available

*Source: Ministry of Finance and National Economy*

The principal source of revenue since 2020 has been the oil and gas industry, which is highly dependent on world oil prices. In 2020, 2021, 2022, 2023 and 2024, revenues from the oil and gas industry represented 59.2%, 68.2%, 68.3%, 63.7% and 59.5% respectively, of total revenue. Since the inception of the FBP in 2018, there has been a dedicated effort to increase non-oil and gas revenues through initiatives such as expanding taxation and fees and improving regulatory frameworks in line with cost recovery plans. In 2022, 2023 and 2024, non-oil revenues demonstrated year-on-year growth, of 34.9%, 3.4% and 9.2%, respectively. The share of non-oil and gas revenues to total revenues has generally been increasing over the five years ending 31 December 2023. In 2020, 2021, 2022, 2023 and 2024, non-oil revenues represented 40.8%, 31.8%, 31.7%, 36.3% and 40.5% respectively, of total revenues.

In 2020, 2021, 2022, 2023 and 2024, taxation and fees revenue represented 23.0%, 20.6%, 24.6%, 28.8% and 30.1% respectively, of total revenue.

Other significant sources of revenue include custom duty, primary health care services fees, visa fees, residence permits, car licences, company registration fees and fees for employment permits and, as of 1 January 2019, VAT. Revenue from Government goods and services (the other significant non-oil contributor to total revenue) are principally comprised of port charges, airport taxes and airspace use fees.

Revenue from Government investments and properties are principally comprised of dividends earned on the Government’s shareholdings. The Government’s major domestic shareholdings, as at 31 December 2024, were its 100% shareholding in each of its holding companies, Mumtalakat, Bapco Energies (formerly, nogaholding) and Eskan Bank, as well as its holdings in Bahrain Bourse (100%) and Bahrain Development Bank (89.5%). A summary of the Government’s equity holdings in various local and foreign companies is set forth below.

## Mumtalakat

Mumtalakat is the investment arm of Bahrain and was established in June 2006 by Royal Decree as an independent holding company for the Government’s key commercial assets. Mumtalakat was created to align and implement the execution of the Government’s initiatives to improve governance and transparency, pursue value-enhancing opportunities and help achieve operational excellence for its key state-owned commercial assets. The company is wholly-owned by the Government through the Ministry of Finance and National Economy.

On 29 June 2006, the Government transferred its interest in 29 commercial assets to Mumtalakat, including its interest in Alba, Beyon (formerly, Batelco), Edamah, Gulf Air and NBB. Mumtalakat owns stakes in strategic commercial assets of

Bahrain, which are significant contributors to the Bahraini economy and support directly and indirectly many other businesses in the country and the region.

Mumtalakat's portfolio of companies includes a wide variety of commercial entities across a broad range of industry sectors, including industrial manufacturing, financial services, telecommunications, real estate, aviation, tourism and food production. Companies such as Alba, Gulf Air, Beyon and NBB, represent some of the largest and most established businesses in Bahrain, with multiple decades of operating history and a track record of leadership and innovation within their industries.

Mumtalakat manages its portfolio of companies with the objective of enhancing their performance and returns. Furthermore, it actively seeks to invest in commercially sound and sustainable opportunities locally, regionally and internationally.

As at 31 December 2024, Mumtalakat held minority and majority stakes in over 50 companies across various sectors, including real estate and tourism, financial services, industrial manufacturing, food and agriculture, logistics, aviation, education, consumer services, healthcare, telecommunications, media and technology and general services, across the MENA region, Europe and North America. The portfolio also includes assets in six publicly listed companies in Bahrain Bourse (Alba, Bahrain Flour Mills, Beyon, Delmon Poultry Company, Gulf Hotels Group and NBB).

The following companies were subsidiaries of Mumtalakat as at 31 December 2024.

	<b>Equity holding</b> (%)
Aluminium Bahrain B.S.C. (Alba) .....	69.4
Bahrain Flour Mills Company B.S.C. (c) .....	65.7
Bahrain National Dredging Company B.S.C. (c) .....	100.0
Bahrain Institute for Pearls and Gemstones W.L.L (DANAT).....	100.0
BIC Holding Company B.S.C. (c) <sup>(1)</sup> .....	100.0
Bahrain Real Estate Investment Company (Edamah) B.S.C (c) .....	100.0
General Poultry Company B.S.C. (c).....	100.0
Gulf Air Group Holding B.S.C. (c) <sup>(2)</sup> .....	100.0
MAZAD W.L.L .....	100.0
Masar Group W.L.L (Formerly Southern Tourism Company B.S.C. (c)) .....	100.0
McLaren Group Limited.....	100.0
Khairat Al Bahrain 1 Holding W.L.L. ....	100.0
Khairat Al Bahrain 2 Holding W.L.L. ....	100.0
H Al Dhaen Boats W.L.L. ....	99.9
Radio Bahrain Company W.L.L.....	100.0
Array Innovation W.L.L.....	100.0
Silah Gulf W.L.L.....	100.0
Prodrive International Company W.L.L.....	65.0
Bahrain Investment Holding Company – Istithmar W.L.L.....	100.0
Safa W.L.L. ....	100.0
Bahrain Food Holding Company W.L.L. ....	100.0

**Notes:**

- (1) BIC Holding Company B.S.C. (c) owns 100% stakes in Bahrain International Circuit Company W.L.L., Al Dana Amphitheatre B.S.C. (c), and Gulf Strategic Solutions company W.L.L.
- (2) Gulf Air Group Holding B.S.C. (c) owns 100% stakes in Gulf Air B.S.C. (c), Bahrain Airport Company W.L.L, Gulf Handling Company W.L.L. and Gulf Air Holidays W.L.L.

*Source: Mumtalakat*

Mumtalakat also holds equity stakes in other companies in various industries around the world (of which 75% are located in the MENA region, 16% are located in Europe and 9% are located in the United States).

In 2023, Mumtalakat reported a consolidated net loss of BD 497 million, as compared to a consolidated net loss of BD 54 million in 2022. The net consolidated loss in 2023 was primarily due to BD 244 million of non-cash impairments recorded in 2023 related to the write-off of intangible assets and lower profits at Alba due to lower global aluminium prices. Mumtalakat recorded consolidated revenues of BD 2.4 billion in 2023, as compared to consolidated revenues of BD 2.7 billion in 2022. The decrease was primarily due to lower LME prices in 2023, as compared to 2022. Mumtalakat's principal associates, NBB and Beyon, continued to report positive results during 2023. In 2023, Mumtalakat's share of profits from NBB and Beyon were BD 34 million and BD 26 million, respectively, as compared to BD 29 million and BD 25 million, respectively, in 2022.



In the six months ended 30 June 2024, Mumtalakat reported a consolidated net profit of BD 21 million, as compared to a consolidated net loss of BD 29 million during the corresponding period of 2023. This increase was primarily due to continued profitability of Alba (which reported an increase in net profits from BD 77 million in the six months ended 30 June 2023 to BD 93 million in the six months ended 30 June 2024, due to lower raw material costs and reduced interest expenses), Beyon and NBB (which reported an increase in profits from BD 17 million for the six months ended 30 June 2023 to BD 20 million for the six months ended 30 June 2024), as well as in improvement in performance by McLaren and an ongoing positive performance in the Group's broader portfolio. Mumtalakat's revenue increased by 5% from BD 1,185 million in the six months ended 30 June 2023 to BD 1,240 million in the six months ended 30 June 2024. This increase was primarily driven by McLaren's increased sales revenue and improved operational performance along with a marginal increase in Gulf Air's revenue.

In July 2021, McLaren completed a £550 million capital raise in the form of a £400 million issuance of preference shares to Ares Management Corporation and the Saudi Public Investment Fund and a £150 million issuance of convertible preference shares subscribed for by existing shareholders, including Mumtalakat. In July 2021, McLaren also issued U.S.\$620 million in senior secured notes. Proceeds from the debt and equity capital raises were used, *inter alia*, to redeem McLaren's existing senior secured notes, repay an existing revolving credit facility and add cash to McLaren's balance sheet. In July 2022, McLaren completed a £125 million capital raise in the form of an issuance of convertible preference shares, payable in tranches, subscribed for by existing shareholders, including Mumtalakat. Proceeds from the capital raise are expected to be used by McLaren to improve its liquidity position supporting its growth plans as a global luxury supercar and elite motorsport business. In 2022, in order to help manage the impact on liquidity of delays to wholesale deliveries of the McLaren Artura, McLaren sold certain heritage cars to a principal shareholder for £100 million. Following this sale, the group had been in active discussions with its shareholders regarding an ongoing recapitalisation process and, in 2023, shareholders provided £370 million in additional funding. In June 2023, Mumtalakat purchased the preference shares in McLaren from Ares Management Corporation and the Saudi Public Investment Fund. In December 2023, the shareholders of McLaren unanimously approved a full recapitalisation of the group, which is intended to introduce a simplified share structure and streamline governance process. In March 2024, Mumtalakat completed a capital reorganisation of McLaren Group Limited, which involved the conversion of all preference shares into ordinary shares, resulting in Mumtalakat taking full ownership and becoming the sole shareholder of McLaren Group Limited. This transition is designed to simplify McLaren's ownership structure and governance, enhancing Mumtalakat's control and support over its strategic direction and financial management. In December 2024, Mumtalakat and CYVN Holdings ("CYVN"), an advanced mobility operator and investment vehicle based in Abu Dhabi, entered into a strategic partnership agreement pursuant to which CYVN would acquire 100% of McLaren's automotive business and a non-controlling stake in McLaren's racing business. The transaction, which completed in April 2025, aligns with Mumtalakat's strategy and ongoing efforts to optimise and enhance its portfolio.

In September 2023, the current board of directors of Mumtalakat was appointed for a four-year term. In May 2023, Shaikh Abdulla bin Khalifa Al Khalifa replaced Khaled Omar Alromaihi as the Chief Executive Officer of Mumtalakat. Prior to joining Mumtalakat, Shaikh Abdulla bin Khalifa al Khalifa served as Chief Executive Officer of Osool Asset Management, the investment arm of the SIO, and has more than 22 years' of experience in the banking and financial Services industry. Shaikh Abdulla has also served as Chairman of the Board of Directors of Beyon (formerly Batelco) since June 2018.

As part of the Government's initiative to increase non-oil revenue, Mumtalakat began paying dividends in 2017. Mumtalakat paid dividends to the Government in an amount of BD 10.0 million (U.S.\$26.6 million) for each of the fiscal years 2017 and 2018, BD 30.0 million (U.S.\$79.8 million) for each of the fiscal years 2019 and 2020, BD 20.0 million (U.S.\$53.2 million) for each of the fiscal years 2021 and 2022 and BD 40.0 million (U.S.\$106.4 million) for the fiscal year 2023 and 2024.

### **Alba**

Alba is one of Mumtalakat's key portfolio companies and a significant economic contributor to Bahrain. In November 2010, Mumtalakat conducted an offering of a portion of its ordinary shares in Alba (the "**Alba Offering**"). The Alba Offering enabled Mumtalakat, as selling shareholder, to sell ordinary shares ("**Alba Ordinary Shares**") that it owned in Alba, representing 10.0% of Alba's total issued, fully paid and outstanding share capital. The Alba Ordinary Shares are listed on the Bahrain Bourse and global depositary receipts are listed on the London Stock Exchange. As a consequence of the Alba Offering, Mumtalakat holds a 69.38% equity shareholding in Alba. In February 2024, Ma'aden announced that it had completed its purchase of SABIC's 20.62% equity shareholding in Alba.

Bahrain's largest non-oil export is aluminium, estimated by the IGA to have accounted for 20.0% of total exports and 36.1% of total non-oil exports in 2021 and 22.8% of total exports and 45.4% of non-oil exports in 2022 and 19.2% of total exports and 38.3% of non-oil exports in 2023 and 39.4% of non-oil exports in 2024.

Line 6 commenced production on 13 December 2018. In July 2019, the Line 6 expansion project was completed, increasing Alba's annual production capacity by 540,000 tonnes, bringing Alba's total production capacity to 1.6 million tonnes of aluminium per year. With full ramp-up of Line 6, Alba is the world's largest single-site producer (excluding China) of aluminium by individual smelter capacity. The capital expenditure for the construction of Line 6, as well as replacing and expanding the power capacity of the existing power plant facilities, was approximately U.S.\$3 billion, which Alba financed without Government assistance. In October 2016, Alba entered into a U.S.\$1.5 billion syndicated term-loan facility, comprising of a conventional facility and an Islamic facility. In April 2017, Alba secured commitments of approximately U.S.\$700 million from ECA supported facilities. In October 2019, Alba successfully refinanced its U.S.\$1.5 billion syndicated loan facility with a larger syndicate of banks at a lower interest rate and an eight year tenor. In April 2022, Alba refinanced its outstanding U.S.\$1.25 billion syndicated loan facility. The sustainability-linked loan has an eight-year tenor and carries a lower interest margin than the previous syndicated loan facility of 235 basis points *per annum* above the sum of the Secured Overnight Financing Rate and credit adjustment spread. The margin is subject to an adjustment on an annual basis by an aggregate amount of up to 2.5 basis points tied to three sustainability-linked key performance indicators: Total Waste Recycled (Solid Waste), Training Hours and Lost Time Injury Frequency's Incident Count. See "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Manufacturing—Aluminium.*"

Following the completion of Line 6, Alba's strategic focus remains on high value-added products, such as extrusion billets, foundry alloys and rolling slabs, which comprised 66%, 68%, and 72% of Alba's product mix for the years ended 31 December 2022, 31 December 2023 and 31 December 2024. Following completion of the full ramp up of Line 6, Alba's production efficiencies have been optimised, and Alba believes it is well-positioned to compete in current market conditions on the basis of (amongst other factors) operating efficiencies, pro-active cost improvement programmes and self-sufficient power producing assets.

### ***Gulf Air***

Since the commencement of a restructuring programme in Gulf Air in 2012, the amount of funding from the Government and Gulf Air Group to Gulf Air totalled U.S.\$2.1 billion as at 30 June 2024. In 2023, Gulf Air recorded a net loss of BD 91.0 million (U.S.\$242.0 million), as compared to a net loss of BD 87.3 million (U.S.\$232.2 million) in 2022. In the six months ended 30 June 2024, Gulf Air recorded a net loss of BD 59.1 million (U.S.\$157.2 million), as compared to a net loss of BD 38.6 million (U.S.\$102.7 million) in the corresponding period in 2023.

The suspension of flights and travel restrictions arising from the COVID-19 pandemic significantly impacted the revenue and results of operations of Gulf Air in 2020 and 2021. In 2022, Gulf Air gradually resumed its pre-pandemic network of operations and launched a number of new destinations. In 2023 and 2024, Gulf Air further expanded its network and increased its operations.

In January 2023, Dr. Jeffrey Goh was appointed as the Chief Executive Officer of the Gulf Air Holding Company. In August 2024, a new board of directors was appointed to manage the Gulf Air Group under the chairmanship of Khalid Hussain Taqi.

During the second half of 2015, Gulf Air ordered 29 Airbus A320 aircrafts (including 17 A321neo, 12 A320neo aircrafts) and 12 B787 aircraft from Boeing, in line with its goals to modernise its fleet to more fuel-efficient aircrafts. The airline took delivery of five B787 aircraft and one A320neo aircraft in 2018, two additional B787 aircraft and four additional A320neo aircraft in 2019, one additional A320neo aircraft and one additional A321neo aircraft in 2020, three additional A321neo aircraft during 2021, one additional A321neo aircraft in 2022 and three additional B787 aircraft and seven additional A321neo aircraft in 2023, and two additional A321neo aircraft during the first half of 2024. As of 31 December 2024, Gulf Air operated a fleet of 42 aircraft comprising of 32 narrow-bodied aircraft and 10 wide-bodied aircraft.

### ***Bapco Energies***

NOGA was formed in 2005 out of the structural reform of Bahrain's oil and gas industry and was entrusted with the responsibilities of the former Supreme Oil Council, the former Gas Committee and the former Ministry of Oil, including to act as the oil and gas industry regulator and propose and implement Government policy for the sector. On 26 September 2021, pursuant to Royal Decree № 99/2021, NOGA was effectively abolished and renamed the Ministry of Oil. The structure of the nogaholding group, its operations, financial arrangements and obligations remained otherwise unchanged, with the Government continuing to own 100% of nogaholding and nogaholding continuing to own 100% of Bapco.

In April 2021, Royal Decree № 53/2021 was issued amending the royal decree establishing nogaholding and authorising the amendment of nogaholding's articles of association to provide for its direct holding by the Government (rather than as a subsidiary of NOGA, as was the case prior to April 2021).

In May 2023, His Royal Highness the Crown Prince and Prime Minister inaugurated Bapco Energies as the new brand identity of nogaholding. Under Bapco Energies, the existing group companies, including Bapco, Banagas, Tawseah, Bahrain Aviation Fueling Company (“**BAFCO**”), Tatweer Petroleum and Bapco Retail Company (“**Tazweed**”) are expected to be integrated and rebranded into seven businesses over the next three years.

Bapco Energies is subject to the supervision of the Higher Committee for Energy and Natural Resources, which is chaired by the Prime Minister. Bapco Energies is an investment holding company which invests in various oil and gas companies in which the Government has a strategic interest and oversees the activities of its various portfolio companies (details of which are set out in the table below).

By Royal Decree on 23 April 2021, His Majesty the King appointed His Highness Sheikh Nasser Bin Hamad Al Khalifa as Chairman of the Board of Directors of Bapco Energies. The remainder of the current Board of Directors was appointed by Royal Decree on 15 June 2021 (comprising Sheikh Salman Bin Khalifa Al Khalifa (Deputy Chairman), Khalid Amro Al-Rumaihi (Member), H.E. Dr. Mohammed Mubarak Bindaina (Member), Faisal Mohammed Al-Mahroos (Member), Abdulla Jihad Al-Zain (Member), Hadyah Mohammed Fathalla (Member), Bob Warren Dudley (Member) and Tony Hayward (Member)). His Excellency Dr Mohammed Mubarak Bin Daina was appointed Special Envoy for Climate Affairs, Chief Executive Officer of the Supreme Council for Environment and Acting Managing Director of Bapco Energies. Mark Thomas has served as Bapco Energies’s Chief Executive Officer since 19 September 2021.

On 20 October 2021, His Majesty, the King, issued Royal Decree № 108/2021, amending Royal Decree № 105/2021 to provide that Bapco Energies shall be the competent authority responsible for: (i) appointing the boards of directors of companies wholly-owned by the state that carry out business related to the oil industry; and (ii) selecting Government representatives for the boards of directors and general assemblies of companies in which the state contributes a share in their capital.

Portfolio companies have a track record of paying annual dividends to Bapco Energies. In 2012, Bapco Energies (then nogaholding) received dividends totalling U.S.\$253.6 million and paid a dividend of U.S.\$150.0 million to the Ministry of Finance. In 2014, Bapco Energies (then nogaholding) received a U.S.\$146 million aggregate dividend and paid a dividend of U.S.\$150.0 million to the Government. In 2015, although dividends were declared, Bapco Energies (then nogaholding) did not receive a cash dividend from its operating companies Banagas and Tawseah, due to falling oil prices and the equity requirements of their portfolio companies, however, it paid a U.S.\$150.0 million dividend to the Government. Given the medium- to long-term nature of the ongoing projects, as well as in respect of any future projects and the need to fund its respective equity requirements, Bapco Energies (then nogaholding) did not pay dividends in 2016. Dividends declared in 2016 (in respect of 2015) are expected to be set off against outstanding receivables from the Government. In 2017, Bapco Energies (then nogaholding) paid a U.S.\$150.0 million dividend to the Government (for 2016). In 2019, Bapco Energies (then nogaholding) declared a U.S.\$150.0 million dividend to the Government (for 2018). In 2022, a dividend of U.S.\$300.0 million was declared for the years 2020 and 2021, which was set off against outstanding receivables from the Government.

During 2020, Bapco Energies’ portfolio companies were mainly impacted by: (i) the COVID-19 pandemic, following a decrease in consumption levels in April and May 2020 and the construction industry being unable to operate at full capacity with workers encouraged to work from home; and (ii) a decrease in international oil prices during the first quarter of 2020.

As of 31 December 2022, Bapco Energies (then nogaholding) had outstanding debt of U.S.\$5 billion, Bapco Gas Expansion (then Tawseah) had outstanding debt of U.S.\$553 million, and Bapco Refining (then Bapco) had outstanding debt of U.S.\$2.6 billion. Bapco Energies has also granted a letter of credit in respect of its associate, Bahrain LNG, for an amount of U.S.\$4.2 million in 2022.

In March 2016, Bapco Energies obtained a multi-bank Murabaha Financing Facility of U.S.\$570 million from a group of ten international, regional and local banks. The proceeds from the facility were utilised to fund the construction of the oil pipeline between Saudi Arabia and Bahrain and other projects. Bapco Energies’ portfolio companies are currently involved in a number of major projects. Bapco Gas (formerly, Banagas) undertook a significant expansion project (Bahrain Gas Plant Project—CGP III) to further increase gas processing capacity within Bahrain for the production of marketable natural gas liquids. Also, Bapco Energies entered into a joint venture for development of an LNG import terminal project for Bahrain. The project comprised an offshore receiving and regasification facility, gas pipeline and onshore gas receiving facility. Both the LNG import terminal and the Bahrain Gas Plant Project have been completed. This facility was replaced by a U.S.\$1.4 billion Murabaha facility arrangement signed in 2019 with a consortium of banks, with part of the proceeds from the facility being utilised to fund the construction of the AB4 pipeline and the remainder being used to make equity contributions and to assist with funding the projects currently being undertaken by Bapco Gas Expansion and for general corporate purposes. In July 2021, Bapco Energies increased this facility by U.S.\$200 million to fund capital expenditures in relation to Bapco Upstream’s field expansion and development programme and to meet Bahrain’s future domestic natural gas requirements.

In February 2021, Bapco Energies (then nogaholding) accessed the international capital markets through a U.S.\$250 million tap issuance of bonds maturing in 2024 (increasing the aggregate principal amount of the bonds to U.S.\$750 million). In April 2021, Bapco Energies (through nogaholding Sukuk Limited) issued U.S.\$600 million of trust certificates. In January 2022, Bapco Energies (then nogaholding) entered into an uncommitted overdraft facility of BD 25 million which has not been drawn down.

On 26 April 2022, Bapco Energies (then nogaholding) entered into sustainability-linked conventional and Islamic facilities with a syndicate of lenders/financiers, arranged by Gulf International Bank (B.S.C.) and Mashreqbank psc and in an aggregate amount of U.S.\$2.2 billion, of which U.S.\$1.6 billion has been utilised to settle its Shari'a compliant murabaha facilities originally entered into in 2019 (as described above). The sustainability-linked facilities, which include a number of customary information covenants, positive covenants, negative covenants and events of default, are repayable/payable in September 2026 at an interest rate and a profit rate (respectively) of 2.1% plus Secured Overnight Financing Rate and credit adjustment spread and were Bapco Energies first sustainability-linked corporate financing facilities, utilising sustainability-linked key performance indicators related to greenhouse gas emissions reduction, as well as safety measures, including lost-time injury frequency rate.

On 14 October 2022, Bapco Energies (then nogaholding) signed a U.S.\$300 million push facility with the Italian Export Credit Agency ("SACE"). The facility has a tenor of ten years, comprising (i) a 12-month availability period, (ii) a 12-month grace period (principal repayment moratorium) and (iii) an eight-year repayment period. The rate of interest payable by Bapco Energies under the facility is the secured overnight financing rate ("SOFR"), plus a 1.75% margin, payable semi-annually. The facility benefits from a SACE guarantee covering 80% of principal and interest amounts.

On 22 December 2022, Bapco Energies (then nogaholding) signed a syndicated U.S.\$200 million uncommitted revolving credit (Murabaha) facility with a syndicate led by Albaraka Islamic Bank and with participation from Khaleeji Commercial Bank, Bahrain Islamic Bank and National Bank of Kuwait. The facility is expected to be utilised for general corporate purposes and has a tenor of five years. The rate of profit payable by Bapco Energies under the facility is term SOFR, plus a 2% margin *per annum*.

In May 2023, Bapco Energies (then nogaholding) (through nogaholding Sukuk Limited) issued U.S.\$750 million of trust certificates with a profit rate of 6.625%. Bapco Energies also completed a cash tender offer with respect to its outstanding U.S.\$750 million notes maturing in November 2024, with approximately U.S.\$478 million in principal amount (63.7% of the then-outstanding notes) repurchased. In February 2025, Bapco Energies also completed a cash tender offer with respect to its outstanding U.S.\$1 billion notes maturing in 2027, with over U.S.\$200 million in principal amount repurchased. In March 2025, Bapco Energies issued U.S.\$1 billion of trust certificates with a profit rate of 6.250%.

In November 2023, Bapco Energies completed an amendment and extension of its U.S.\$2.2 billion dual tranche sustainability-linked conventional and Islami facilities (as described above), with an additional U.S.\$300 million green shoe option, which remains unutilised as of the date hereof. Under the amended facilities, the maturity dates have been extended to November 2026 and certain amortisation structures have been included. A repricing exercise was also conducted, with an interest rate and profit rate (respectively) of 1.95%, plus SOFR. The sustainability-linked performance indicators have also been amended to further align with best practices, as well as the definitions used by the International Association of Oil & Gas Producers.

In July 2024, Bapco Energies signed a U.S.\$500 million long-term financing facility guaranteed by the U.S. Export Credit Agency, the Export-Import Bank of the United States and funded by the Private Export Funding Corporation. The financing supported certain service contracts for the ongoing gas field development program. The facility is structured as a dual-tranche transaction, comprising eight- and ten-year tranches, each with a semi-annual repayment profile. The effective blended coupon rate payable by Bapco Energies under the facility is 4.662% *per annum*, payable semi-annually.

In July 2024, Bapco Energies signed a strategic partnership agreement for petroleum products trading with TotalEnergies.

In September 2024, Bapco Energies sold a minority ownership stake in the Saudi Bahrain Pipeline Company to a fund managed by BlackRock, representing Bapco Energies' first asset monetisation transaction.

Bapco Energies has further plans to increase access to natural gas in order to meet increased natural gas requirements resulting from the possible expansion of GPIC, Alba and the Bahrain oil refinery.

With respect to natural gas, Bapco Upstream (formerly Tatweer Petroleum) is responsible for developing drilling projects and infrastructure at Bahrain Field required to support Bapco Energies' natural gas production capacity and meet the demand for Khuff natural gas. Offshore and deep drilling projects are ongoing, but alternate plans such as importing natural gas from overseas, implementing energy conservation measures purchasing electricity from the GCC grid and leveraging sustainable energy sources are also either underway or being developed.

The table below sets out companies in which Bapco Energies held equity as at 31 December 2019, 2020, 2021, 2022 and 2023 and as at 30 September 2024.

Company	As at 31 December					As at 30 September 2024
	2019	2020	2021	2022	2023	
	(%)					
Bapco Refining.....	100	100	100	100	100	100
Bapco Gas <sup>(5)</sup> .....	75	75	75	75	75	100
Bapco Gas Expansion.....	100	100	100	100	100	100
Bapco Air Fuelling .....	60	60	60	60	60	60
GPIC.....	33	33	33	33	33	33
Bapco Lube Base Oil.....	55	55	55	72.5	72.5	72.5
Bapco Upstream .....	100	100	100	100	100	100
Bahrain LNG W.L.L. ....	30	30	30	30	30	30
BAC Jet Fuel Company.....	50	50	50	50	50	50
Bapco Gasoline Blending.....	85	85	85	85	85	57.5
Saudi Bahrain Pipeline Company <sup>(6)</sup> .....	100	100	100	100	100	99.9
Trident Logistics Bahrain CO. W.L.L. ....	49	49	49	49	49	49
Bapco Tazweed .....	100	100	100	100	100	100
Arab Shipbuilding and Repair Yard Co. B.S.C. (c) <sup>(1)</sup>	36.96	36.96	36.96	36.96	36.96	36.96
Bapco Upstream Holding Company W.L.L. <sup>(2)</sup> .....	—	—	—	—	100	100
Bapco Trading Holding Company W.L.L. <sup>(2)</sup> .....	—	—	—	—	100	100
Bapco Sustainable Solutions W.L.L. <sup>(2)</sup> .....	—	—	—	—	100	100
Bapco Gas Distribution Holding Company W.L.L. <sup>(2)</sup>	—	—	—	—	100	100
Bapco Fuel Distribution Holding Company W.L.L. <sup>(3)</sup>	—	—	—	—	100	100

**Notes:**

- (1) Bapco Energies acquired its 36.96% interest in Arab Shipbuilding and Repair Yard Co. B.S.C. (c) in October 2019.
- (2) All companies were registered on 23 May 2023, active with licence.
- (3) Registered on 24 May 2023, active with licence.
- (4) Bapco Energies acquired minority shareholding ownership from Chevron Asia Pacific Holdings (12.5%) in August 2024, and Boubyan Petrochemical Company (12.5%) in September 2024
- (5) Bapco Energies sold minority stake (0.1%) in SBPC to Oryx Bidco Holding Limited, a fund managed by BlackRock

Source: Bapco Energies

*Bapco Refining (formerly, Bapco)*

In July 2019, Sheikh Mohammed bin Khalifa bin Ahmed Al Khalifa, Minister of Oil, issued Resolution № (9) of 2019 to restructure the Board of Directors of Bapco Refining (formerly, Bapco). Dr. Dawood Nassif was appointed as the Chairman of the Board of Directors of Bapco Refining.

The current Board of Directors consists of His Excellency Abdulla Jehad Al Zain (Chairman). Mr. Mark Thomas (Deputy Chairman), His Excellency Yusuf Abdulla Ali Humood, Mr. Yusuf Abdulla Mohamed Taqi, Mr. Ahmed Yusuf Taleb Abdulghani and Dr. Abdulrahman Jawahery.

Following the rebranding of nogaholding as Bapco Energies in May 2023, Bapco has been rebranded as Bapco Refining.

*Bapco Upstream (formerly, Tatweer)*

In January 2020, His Excellency Sheikh Mohamed bin Khalifa bin Ahmed Al Khalifa was appointed as the Chairman of the Board of Directors of Bapco Upstream (formerly, Tatweer Petroleum) pursuant to Resolution № (3) of 2020. Dr. Fayez Hashim Abdullatif Al Sadah and Mr. Faisal Mohamed Hasan Al Mahroos were also appointed to the Board.

On 20 October 2021, the Board of Directors of Bapco Upstream (then Tatweer) was replaced pursuant to Resolution № (2) of 2021. Mr. Faisal Mohamed Hasan Al Mahroos was appointed as Chairman and Mr. Mark Thomas, Mr. Mazen Mohamed Ahmed Matar, Mr. Ghassan Ali Muhanna Mohamed Almuhanha, Mr. Isa Ali Abdulrahman Janahi and Mr. Ali Habib Ahmed Qassim were appointed by Bapco Energies as Board Members for a two-year term. Dr. Rainer Seele was subsequently appointed by Bapco Energies as a Board Member to Bapco Upstream's Board of Directors on 7 November 2021.

Following the rebranding of nogaholding as Bapco Energies in May 2023, Tatweer has been rebranded as Bapco Upstream.

On 21 October 2023, the Board of Directors of Bapco Upstream was replaced pursuant to Resolution № (5) of 2023. Mr. Faisal Mohamed Hasan Al Mahroos was appointed as Chairman and Mr. Mark Thomas, Dr. Rainer Seele, Mr. Ali Habib Ahmed Qassim and Mr. Johann Pleininger (who also serves as Bapco Upstream's Chief Executive Officer) were appointed by Bapco Energies as Board Members for a one-year term.

#### *Bapco Gas (formerly, Banagas) and Bapco Gas Expansion*

On 21 March 2022, His Highness Shaikh Nasser bin Hamad Al Khalifa, the Chairman of the Board of Bapco Energies, appointed representatives of Bapco Energies (then nogaholding) to the Board of Directors of Bapco Gas (then Banagas) (Mr. Mark Thomas was appointed as Chairman of the Board of Bapco Gas and Shaikh Mohammed bin Abdulrahman Al Khalifa was appointed as his Deputy; Mr. Abdulrazaq Abdul Hussain Jawahery, Mr. Abdullah Al Bastaki and Ms. Hala Mafiz were appointed Board members) and re-established the Board of Directors of Bapco Gas Expansion Company. Mr. Mark Thomas was appointed as Chairman of the Board of Bapco Gas Expansion and Shaikh Mohammed bin Abdulrahman Al Khalifa was appointed as his Deputy. Mr. Abdulrazaq Abdul Hussain Jawahery, Mr. Abdullah Al Bastaki and Ms. Hala Mafiz were appointed as Board members.

Following the rebranding of nogaholding as Bapco Energies in May 2023, Banagas has been rebranded as Bapco Gas.

Bapco Energies owns 100% of Bapco Gas and is represented by all five members of the Board of Directors.

#### *Arab Shipbuilding and Repair Yard*

On 27 January 2022, His Highness Shaikh Nasser bin Hamad Al Khalifa appointed Mr. Youssef Isa Bubshait and Mr. Mazen Mohammed Matar as Bapco Energies representatives on the Board of Arab Shipbuilding and Repair Yard. Mr. Youssef Isa Bubshait served as Chairman of the Board until 21 February 2023. Mr. Mazen Matar served as Board Member and Managing Director from 29 October 2019 to 7 February 2024.

On 22 February 2023, His Highness Shaikh Nasser bin Hamad Al Khalifa appointed H.E Ayman bin Tawfeeq AlMoayyed as Bapco Energies representative on the Board of Arab Shipbuilding and Repair Yard and to serve as Chairman of the Board. On 8 February 2024, His Highness Shaikh Nasser bin Hamad Al Khalifa appointed Sh. Hamad bin Mohammed Alkhalifa as Bapco Energies representative on the Arab Shipbuilding and Repair Yard to serve as an alternate member at the Board of Directors. The Board approved the appointment of the new Chief Executive Officer, Dr. Ahmed Alabri, on 3 June 2024. He has served as CEO since 11 August 2024.

#### **Recurrent Expenditure**

The following table shows the structure of the Government's recurrent expenditure budget (which includes debt service) for the years indicated.

	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual <sup>(1)</sup>	Budget <sup>(2)</sup>	Budget <sup>(2)</sup>
	<i>(U.S.\$ millions)</i>						
Manpower.....	3,696	3,753	3,931	3,734	3,771	— <sup>(4)</sup>	— <sup>(4)</sup>
Services .....	590	591	646	632	623	— <sup>(4)</sup>	— <sup>(4)</sup>
Consumables.....	355	343	401	224	221	— <sup>(4)</sup>	— <sup>(4)</sup>
Assets .....	40	30	48	40	39	— <sup>(4)</sup>	— <sup>(4)</sup>
Maintenance .....	132	115	111	96	95	— <sup>(4)</sup>	— <sup>(4)</sup>
Transfers.....	1,529	1,042	1,011	1,652	1,629	— <sup>(4)</sup>	— <sup>(4)</sup>
Grants, subsidies and payment <sup>(3)</sup> .....	2,652	2,788	2,978	3,443	3,721	— <sup>(4)</sup>	— <sup>(4)</sup>
Emergency Expenditure.....	402	296	172	—	—	— <sup>(4)</sup>	— <sup>(4)</sup>
<b>Total.....</b>	<b>9,396</b>	<b>8,957</b>	<b>9,298</b>	<b>9,821</b>	<b>10,099</b>	<b>10,917</b>	<b>11,335</b>

#### **Notes:**

(1) Preliminary.

(2) See “—2025/2026 Budget” for further details.

(3) Includes part of the Economic Stimulus Package related to the payment of the electricity and water bills and includes debt service. Payments on interest/profit constitute the major part of recurrent expenditure under the heading “Grants, subsidies and payment of interest”. Payments on interest/profit constituted 66.7% of grants, subsidies and payments of interest/profit expenditure in 2020, 66.6% in 2021, 65.8% in 2022, 64.5% in 2023 and 67.6% in 2024.

(4) Not available.

Recurrent expenditure on manpower (principally comprising wages and pension contributions) is the most significant part of Government recurrent expenditure. In 2020, 2021, 2022, 2023 and 2024, manpower expenditure comprised 39.3%, 41.9%, 42.3%, 38.0% and 37.3% respectively, of total recurrent expenditure.

Services expenditure covers, *inter alia*, rent, expenditure on utilities such as, electricity, water, telephones, postage, insurance/*Takaful*, communication, travel and the staging of conferences and exhibitions. Consumables include fuel, medical supplies, general supplies and materials and printing and stationery. The major consumers of services are the Ministries of Health, Education, Defence and Interior, which among them accounted for 49.4% in 2020, 46.6% in 2021, 48.0% in 2022 and 44.4% in 2023, of total consumption of services.

The Electricity and Water Authority (which commenced independent accounting operations in January 2009 and was formerly known as the Ministry of Electricity and Water) accounted for approximately 1% of recurrent expenditure in 2021. The major users of consumables are the Ministries of Health, Defence, Interior, Sheikh Mohamed bin Khalifa Specialist Heart Centre, the King Hamad Hospital and Bahrain Oncology Centre and which between them accounted for 96.2%, 95.3%, 96.3% and 91.1% of total consumables in 2020, 2021, 2022 and 2023 respectively.

The principal transfers are to the local authorities in Bahrain, the Electricity and Water Authority, Bahrain University, Bahrain Polytechnic and, accounts and government contributions. Transfers to the Electricity and Water Authority amounted to 37% in 2018, 28% in 2019, 21% in 2020 and 10% in 2021. There were no transfers made to the Electricity and Water Authority in 2022.

In accordance with Vision 2030, and as articulated in the FBP, the Government aims to reduce its dependence on oil revenues for funding recurrent expenditure. It aims to achieve this by generating additional sources of revenue and cutting inefficient spending. Subsidies for water, electricity, gasoline and food will be targeted to reduce costs. See “*Fiscal Policy*”. By funding the majority of its day-to-day expenditure from recurrent revenue (independent of oil), the Government believes it will be able to apply oil revenues for the benefit of future generations.

## Project Expenditure

The following table shows the structure of the Government’s project expenditure for the years indicated.

	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual <sup>(1)</sup>	Budget <sup>(2)</sup>	Budget <sup>(2)</sup>
	(U.S.\$ millions)						
Infrastructure .....	332.4	269.4	325	442.7	402.9	375	375
Social services .....	66.5	80.1	82.5	111.8	106.6	61	58.9
Economic services .....	15.7	16.6	16.8	20	19.8	24.3	30.5
Administrative services .....	57.2	92.7	72.5	72.3	71.4	51.7	54.2
Others .....	113.1	72.8	123.7	90.5	122.7	219.3	212.9
<b>Total.....</b>	<b>584.9</b>	<b>531.7</b>	<b>620.5</b>	<b>737.3</b>	<b>723.4</b>	<b>731.4</b>	<b>731.4</b>

### Note:

(1) Preliminary.

(2) See “—2025/2026 Budget” for further details.

Source: Ministry of Finance and National Economy

The project expenditure is financed through the general budget. In 2024, according to preliminary figures, actual project expenditure was U.S.\$723.4 million, as compared to U.S.\$737.3 million in 2023, U.S.\$620.5 million in 2022 and U.S.\$531.7 million in 2021.

Project expenditure with Government funds principally consist of housing projects, road improvements and maintenance and construction of new roads, the improvement and development of storm-water and waste-water networks and construction and healthcare projects. A number of projects are funded from the GCC Development Fund, including housing, road and other major infrastructure projects. See “—Government Budget—Budget revenues and expenditures—Non-budget expenditures”. Planned project expenditures in the next ten years are expected to be funded by Government funds with other sources of project financing, including PPPs, grants, soft loans from regional funding entities, export credit agencies and Islamic and commercial financing.

An amount of U.S.\$1,463 million is allocated in the 2025/2026 budget for project expenditure during 2025 and 2026, with such amount expected to be supplemented by U.S.\$1,516 million in funds from the GCC Development Fund. These funds are expected to be allocated in the following proportions: 65% to infrastructure projects; 22% to social services projects; 8% to administrative services projects; and 5% to economic services projects.

As at 31 December 2024, total expenditures under the GCC Development Fund were allocated as follows: 35% to infrastructure projects; 33% to housing projects; 24% to electricity and water projects; and 8% (representing approximately U.S.\$448 million) to other sectors (of which, 65% to health projects; 20% to education projects; 10% to social development projects; and 5% to youth and sports projects).

**Housing:** Since 2012, Bahrain has entered into a series of PPPs for the development of major housing projects. These projects include the construction and development of housing units including the Al Madina Al Shamaliya, the East Hidd, the East Sitra and the Al Dur (Southern Governorate) housing projects. The estimated cost of these projects is approximately U.S.\$3.3 billion, of which U.S.\$1.4 billion is expected to be funded through the budget (with the remainder to be funded through GCC funding). The Government's land development programme consists of Government land being developed by private developers. A pilot project in Al Lawzi for the construction of 132 housing units was completed and the Government has a number of other planned projects under its land development programme, including (among others) six phases of the Al Ramli project for the construction of 1,620 housing units, the Madinat Salman Island 11 projects for the construction of 1,440 housing units, the Isa Town Block 813 project for the construction of 528 housing units and the Madinat Salman Island 14 West project for the construction of 546 housing units.

**Roads and Transport:** Since 2014, Bahrain has implemented a series of road projects aimed at developing Bahrain's main road network, focusing on projects complementing the traffic and connectivity requirements generated by new and future housing projects. Since 2014, various road projects have commenced relating to the improvement and upgrade of the Sh Khalifa bin Salman Highway, the Sh Jaber Al Ahmed Al Sabah Highway, the Muharraq ring road, Jasra interchange, Saar interchange and Shaikh Zayed Highway. In the third quarter of 2023, part of the tunnel in the Al Fateh Road development project was opened, with other segments of the project to be opened gradually once they are completed. Further projects are being planned in relation to the Bahrain Northern Highway (with the tender for the fourth package of the North Muharraq Highway Project launched in November 2023), Budaiya Highway and Sh Isa bin Salman Highway.

Bahrain has also taken steps to improve transport and international connectivity. For example, construction of the new passenger terminal building at Bahrain International Airport, which was completed in 2020 and opened in January 2021. The project is a part of the airport modernisation programme, a comprehensive development plan designed to improve the infrastructure and services at the airport to cater to future aviation needs. See "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Transport and Construction*".

**Water:** Bahrain has taken steps to improve the quality of its water and sanitation. The Tubli Sewage Treatment Plant expansion project, which is expected upon completion to double the processing capacity of the plant to 400,000 cubic meters per day, is estimated to cost U.S.\$229 million (with certain funding provided by the GCC Development Fund). As at 31 December 2023, this project was estimated to be 77% completed. However, receipt of the funding to be provided by the GCC Development Fund has been delayed until 31 March 2025.

**Healthcare:** Additionally, Bahrain is in the process of expanding its healthcare industry with the aim of becoming a leading healthcare destination in the region through planned projects for the development of state of the art oncology and cardiac treatment centres. The planned projects include the launch of new specialised medical centres managed by world renowned experts using the latest treatments, medical techniques and technology available to enhance medical care in Bahrain and in the region as a whole. Improving the health sector is amongst the Government's top priorities and aligns with Bahrain's fiscal policy of economic diversification.



## INDEBTEDNESS

The CBB manages the issue of foreign and domestic debt for, and on behalf of, MOFNE.

The Notes offered by this Base Offering Circular are authorised under Decree Law № 12 of 2025 (the “**2025 Decree**”). The 2025 Decree establishes Bahrain’s debt ceiling in respect of certain borrowings/financings at U.S.\$59,840.4 million in principal amount outstanding at any time, of which U.S.\$42,794.1 million was utilised, and U.S.\$17,046.3 million remained available as at 31 March 2025. Certain additional amounts have been authorised pursuant to separate decrees that do not apply towards the ceiling. See “—*External Government Debt*” and “—*Domestic Government Debt*”.

As at 31 March 2025, Bahrain’s total outstanding debt (comprising its total external debt and its total domestic debt, but excluding debt of the government related entities) amounted to U.S.\$50,093.3 million, of which U.S.\$14,069.1 million was denominated in Bahraini dinars and U.S.\$36,024.2 million was denominated in foreign currencies.

During the past 15 years, Bahrain has paid all principal and interest/profit payments in respect of its outstanding borrowings/financings when they fell due and has not entered into any restructuring arrangements with its creditors to defer the repayment/payment of its borrowings/financings.

	As at 31 December					As at 31
	2020	2021	2022	2023	2024	March 2025
	<i>(U.S.\$ millions, except where indicated)</i>					
Outstanding external debt...	25,439.9	29,982.7	29,892.2	32,975.6	36,811.8	36,024.2
Outstanding gross domestic debt.....	14,335.1	14,867.0	14,601.0	14,601.0	14,601.0	14,069.1
<b>Total outstanding Government debt<sup>(2)</sup>.....</b>	<b>39,775.0</b>	<b>44,849.7</b>	<b>44,493.2</b>	<b>47,576.6</b>	<b>51,412.8</b>	<b>50,093.3</b>
Outstanding external debt (% of GDP) <sup>(1)</sup> .....	71.0%	73.4%	64.0%	71.6%	77.1%	72.3%
Outstanding Government debt (% of GDP) <sup>(2)</sup> .....	111.0%	109.8%	95.8%	103.0%	107.7%	100.5%

**Note:**

(1) Outstanding and total debt figures exclude borrowings/financings from the CBB and includes instalments received from the GCC Development Fund.

*Source: Ministry of Finance and National Economy*

## External Government Debt

The majority of the Government's outstanding external borrowing/financing comprises international Islamic certificates and international bonds.

The following table sets out the breakdown of the Government's outstanding external borrowing/financing, as at the dates indicated, by lender/financier.

	As at 31 December					As at 31 March 2025
	2020	2021	2022	2023	2024	
	(U.S.\$ millions)					
GCC Development Funds <sup>(1)</sup> .....	4,989.9	6,507.7	7,067.2	7,150.5	7,236.9	7,299.2
<i>The Kuwait Fund</i> .....	128.5	232.8	221.4	312.4	337.1	400.6
<i>Arab Fund for Economic and Social Development</i> ...	79.2	68.7	56.6	47.4	50.9	50.2
<i>The Saudi Fund</i> .....	2,431.0	3,031.0	3,325.6	3,325.6	3,400.3	3,400.3
<i>The Abu Dhabi Fund</i> .....	2,223.4	3,045.5	3,341.0	3,339.5	3,331.4	3,331.0
<i>Qatar Fund for Development</i> .....	70.0	70.0	70.0	70.0	70.0	70.0
<i>Islamic Development Bank</i> .....	57.8	59.7	52.6	55.6	47.1	47.1
International bonds Issue № 1 (2010) .....	—	—	—	—	—	—
International bonds Issue № 2 (2012) .....	1,500.0	1,500.0	—	—	—	—
International bonds Issue № 3 (2013) .....	1,500.0	1,500.0	1,500.0	—	—	—
International bonds Issue № 4 (2014) .....	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
International bonds Issue № 5 (2015) .....	700.0	—	—	—	—	—
International bonds Issue № 6 (2015) .....	800.0	800.0	800.0	800.0	800.0	800.0
International bonds Issue № 7 (2016) .....	275.0	—	—	—	—	—
International bonds Issue № 8 (2016) .....	325.0	325.0	325.0	325.0	325.0	325.0
International bonds Issue № 9 (2016) .....	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 4 .....	1,000.0	1,000.0	1,000.0	1,000.0	—	—
International bonds Issue № 10 (2017) .....	600.0	600.0	600.0	600.0	600.0	600.0
International bonds Issue № 11 (2017) <sup>(2)</sup> .....	500.0	500.0	—	—	—	—
International bonds Issue № 12 (2017) .....	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
International bonds Issue № 13 (2017) .....	900.0	900.0	900.0	900.0	900.0	900.0
International Islamic Certificates Issue № 5 (2017)..	850.0	850.0	850.0	850.0	850.0	—
International Islamic Certificates Issue № 6 (2018)..	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 14 (2018) <sup>(2)</sup> .....	500.0	500.0	500.0	—	—	—
International Islamic Certificates Issue № 7 (2018) <sup>(2)</sup>	500.0	—	—	—	—	—
International bonds Issue № 15 (2019) .....	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 8 (2019)..	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 16 (2020) .....	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 9 (2020)..	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	—
International bonds Issue № 17 (2020) .....	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 10 (2020)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 18 (2021) .....	—	500.0	500.0	500.0	500.0	500.0
International bonds Issue № 19 (2021) .....	—	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 20 (2021) .....	—	500.0	500.0	500.0	500.0	500.0
International Islamic Certificates Issue № 11 (2021) <sup>(2)</sup>	—	500.0	500.0	500.0	500.0	500.0
International Islamic Certificates Issue № 12 (2021)	—	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 21 (2021) .....	—	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 22 (2022) <sup>(2)</sup> .....	—	—	500.0	500.0	500.0	500.0
International bonds Issue № 23 (2022) <sup>(2)</sup> .....	—	—	500.0	—	—	—
International Islamic Certificates Issue № 13 (2022) (2) .....	—	—	350.0	350.0	350.0	350.0
International bonds Issue № 24 (2023) .....	—	—	—	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 14 (2023)	—	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 25 (2023) <sup>(2)</sup> .....	—	—	—	500.0	500.0	500.0
International bonds Issue № 26 (2023) <sup>(2)</sup> .....	—	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 27 (2023) <sup>(2)</sup> .....	—	—	—	500.0	500.0	500.0
Syndicate Loan Facility (2023) .....	—	—	—	1,500.0	1,500.0	1,500.0
International bonds Issue № 28 (2024) .....	—	—	—	—	1,000.0	1,000.0
International Islamic Certificates Issue № 15 (2024)	—	—	—	—	1,000.0	1,000.0
Murabaha Loan Facility (2024) .....	—	—	—	—	1,500.0	1,500.0
International Islamic Certificates Issue № 16 (2024)	—	—	—	—	1,250.0	1,250.0
Syndicate Loan Facility (2024) .....	—	—	—	—	1,000.0	1,000.0
<b>Total outstanding external debt</b> .....	<b>25,439.9</b>	<b>29,982.7</b>	<b>29,892.2</b>	<b>32,975.6</b>	<b>36,811.8</b>	<b>36,024.2</b>

Notes:

- (1) "GCC Development Funds" is the total borrowing/financings from the six funds listed below it. U.S.\$36,024.2 million outstanding is including the loans/financings from GCC under the Fiscal Balance Programme in addition to the previous long-term loans/financings from regional development funds and institutions as at 31 March 2025, all these loans/financings are not included in the calculation of Bahrain's current debt ceiling as issued under several different decrees over the years.
- (2) Conducted as a private placement.

*Source: Ministry of Finance and National Economy*

Each of the loans/financings from the International Development Funds set forth in the above table relates to one or more specific projects and has typically included a significant grace period before any payments under it are required to be made. None of the loans/financings are secured.

The following table sets out the total external debt maturing in each of the years stated as at 31 March 2025.

	<b>Amount of debt to be re-paid in each year</b>	<b>Total External Debt</b>
	<i>(U.S.\$ millions)</i>	
As at 31 March 2025 .....	—	36,024.3
2025.....	1,553.8	34,470.5
2026.....	2,807.5	31,663.0
2027.....	2,230.1	29,433.0
2028.....	2,728.9	26,704.1
2029.....	3,558.4	23,145.8
2030.....	3,820.1	19,325.7
2031.....	3,818.6	15,507.1
2032.....	2,571.6	12,935.5
2033.....	2,321.8	10,613.7
2034.....	1,322.0	9,291.8
2035.....	1,322.2	7,969.6
2036.....	1,322.4	6,647.2
2037.....	322.6	6,324.5
2038.....	320.4	6,004.1
2039.....	317.3	5,686.8
2040.....	313.9	5,373.0
2041.....	313.9	5,059.1
2042.....	313.9	4,745.3
2043.....	313.9	4,431.4
2044.....	1,560.4	2,871.0
2045.....	307.5	2,563.6
2046.....	299.9	2,263.7
2047.....	1,266.8	996.8
2048.....	244.2	752.6
2049.....	129.9	622.7
2050.....	68.7	554.0
2051.....	531.5	22.5
2052.....	16.0	6.5
2053.....	3.2	3.2
2054.....	3.2	0.0

Source: Ministry of Finance and National Economy

The total outstanding external debt as at 31 March 2025 was U.S.\$ 36,024.2 million. The majority of the Government's external debt as at 31 March 2025 was denominated in GCC currencies and in U.S. Dollars. The average maturity of the external debt as at 31 March 2025 was approximately 11.5 years.

### Domestic Government Debt

The table below shows a breakdown of Bahrain's domestic debt as at the dates indicated.

	<b>As at 31 December</b>					<b>As at 31</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>March 2025</b>
	<i>(U.S.\$ millions)</i>					
Treasury bills (three month).....	1,861.7	1,861.7	1,861.7	1,861.7	1,861.7	1,861.7
Treasury bills (six month).....	558.5	558.5	558.5	558.5	558.5	558.5
Treasury bills (12 months).....	3,191.5	3,191.5	2,925.5	3,191.5	3,191.5	3,191.5
Al Salam Islamic securities (three month) .....	343.1	343.1	343.1	343.1	343.1	343.1
Islamic certificates .....	2,210.1	1,944.1	1,944.1	1,944.1	1,944.1	1,279.2
Development bonds .....	6,170.2	6,968.1	6,968.1	6,702.1	6,702.1	6,835.1
<b>Gross domestic debt.....</b>	<b>14,335.1</b>	<b>14,867.0</b>	<b>14,601.0</b>	<b>14,601.0</b>	<b>14,601.0</b>	<b>14,069.1</b>
Held by SIO and pension funds .....	256.9	215.4	463.0	509.0	379.3	458.9
<b>Net domestic debt.....</b>	<b>14,078.2</b>	<b>14,651.6</b>	<b>14,138.0</b>	<b>14,092.0</b>	<b>14,221.7</b>	<b>13,610.2</b>

Source: Ministry of Finance and National Economy

Bahrain's gross domestic debt amounted to U.S.\$14,335.1 million as at 31 December 2020 (40.0% of Bahrain's 2020 GDP at current prices), U.S.\$14,867.0 million as at 31 December 2021 (36.4% of Bahrain's 2021 GDP at current prices), U.S.\$14,601.0 million as at 31 December 2022 (31.4% of Bahrain's 2022 GDP at current prices), U.S.\$14,601.0 million as at 31 December 2023 (31.6% of Bahrain's estimated 2023 GDP at current prices) and U.S.\$14,601.0 million as at 31 December 2024 (30.6% of Bahrain's estimated 2024 GDP at current prices). Bahrain's gross domestic debt amounted to U.S.\$14,069.1 million as at 31 March 2025 (28.2% of Bahrain's 2025 GDP at current prices).

This debt is principally in the form of short-term treasury bills and Islamic securities, medium- and long-term development bonds, medium-term Islamic certificates and two long-term syndicated loans.

The following table sets out the average interest rates payable as at each of dates indicated in relation to Bahrain's domestic debt.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	(%)			
<b>Short-Term Domestic Debt</b>				
Treasury bills (three month).....	5.2	6.2	6.0	5.4
Treasury bills (six month).....	5.0	6.2	5.9	5.4
Treasury bills (12 months).....	4.4	6.3	5.8	5.2
Al Salam Islamic securities (three month) .....	5.1	6.1	6.0	5.4
Islamic certificates (six month).....	4.6	6.2	6.0	5.5
<b>Overall Short-Term Domestic Debt Average Interest Rate.....</b>	<b>4.9</b>	<b>6.2</b>	<b>6.0</b>	<b>5.4</b>
<b>Long-Term Domestic Debt</b>				
Development bonds .....	4.5	4.9	5.2	5.3
Islamic certificates .....	5.0	5.1	5.1	4.8
<b>Overall Long-Term Domestic Debt Average Interest Rate .....</b>	<b>4.8</b>	<b>5.0</b>	<b>5.2</b>	<b>5.1</b>

Source: Ministry of Finance and National Economy

A significant proportion of Bahrain's domestic debt is held by commercial banks, Bahrain's SIO and by Government pension funds. As a result, Bahrain's net domestic debt amounted to U.S.\$14,335.1 million as at 31 December 2020, U.S.\$14,867.0 million as at 31 December 2021, U.S.\$14,601.0 million as at 31 December 2022, U.S.\$14,601.0 million and U.S.\$14,601.0 million as at 31 December 2024.

The Government has no contingent liabilities in respect of its domestic debt. None of Bahrain's short-term trade finance is recorded as domestic debt, and the outstanding debt amounts set out in this Base Offering Circular do not include any borrowings/financings from the CBB. The borrowings/financings from the CBB are for cash management purposes; the introduction of the FBP and other initiatives is expected to reduce reliance on CBB funding over time. The 1977 Decree establishes a debt ceiling in respect of development bonds, treasury bills and financing instruments that are Shari'a compliant. On 27 March 2025, pursuant to the 2025 Decree, the Government raised the debt ceiling from BD 18,000 million to BD 22,500 million, of which U.S.\$42,794.1 million was utilised, and U.S.\$17,046.3 million remained available as at 31 March 2025.

## Public Debt Management

In 2018, as part of Government efforts to promote public debt management and support debt sustainability and economic growth, a senior debt management consultant was hired as an advisor to MOFNE. In October 2018, a decree on public debt was issued, which emphasised the importance of debt management functions by creating a Debt Management Office that reports directly to the Minister of Finance and National Economy.

One of the main objectives of the Debt Management Office is to build capacity for existing debt management staff and to provide necessary training in order to enhance the Middle Office's ability to analyse macro costs and risks to the public debt portfolio, including interest/profit rate risk, exchange rate risk and refinancing risk.

On 27 April 2021, a new director was appointed to manage the Debt Management Office and tasked with implementing strategy and managing investor relations in respect of the Kingdom's public debt affairs. In addition, the Treasury Directorate was split into two dedicated Directorates one of which is focused on running the operations of all matters related to public financing (Financing Operations Directorate) and the other is focused on the collection of revenues and payments of expenditures (Payments and Collection Directorate).

In partnership with the IMF, in December 2018, a training session was conducted by the IMF team in the form of technical assistance. This training focused on improving the cost and risk analysis of the debt portfolio, as well as building a medium term debt strategy.

## BOOK-ENTRY CLEARANCE SYSTEM

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “**Clearing Systems**”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-entry Systems

#### DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a “banking organization” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**” and, together with Direct Participants, “**Participants**”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org), but such information is not incorporated by reference in and does not form part of this Base Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**DTC Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (each, a “**Beneficial Owner**”) is in turn to be recorded on the Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name, as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's operational arrangements and the issuing/paying agent general operating procedures for money market instruments (**DTC's MMI Procedures**). Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

#### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit,



on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. Dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. Dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

#### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (“**Custodian**”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date two business days after the trade date (T+2) and transfers of Notes of such Series between participants in DTC will generally have a settlement date one business day after the trade date (T+1). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures,

and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Issuer, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

### **Pre-issue Trades Settlement**

It is expected that delivery of Notes will be made against payment therefore on the relevant issue date, which could be more than one business day following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within one business day (T+1), unless the parties to any such trade expressly agree otherwise. Accordingly, if an issue date is more than one business day following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is one business day prior to the relevant issue date will be required, by virtue of the fact that such Notes initially will settle beyond T+1, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and, if an issue date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant issue date should consult their own adviser.

# TAXATION

## General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Offering Circular and is subject to any changes in law that might take effect after such date.

## Kingdom of Bahrain

As at the date of this Base Offering Circular, there are no taxes payable with respect to income, withholding or capital gains under existing Bahraini laws. Corporate income tax is only levied on oil, gas and petroleum companies at a flat rate of 46%. This tax is applicable to any oil company conducting business activity of any kind in Bahrain, including oil production, refining and exploration, regardless of the company's place of incorporation.

There are no currency or exchange control restrictions currently in force under Bahraini law and the free transfer of currency into and out of Bahrain is permitted, subject to any anti-money laundering regulations and international regulations in force from time-to-time.

Under existing Bahraini laws, payments under the Notes will not be subject to taxation in Bahrain, no withholding will be required on such payments to any holder of Notes and gains derived from the sale of the Notes will not be subject to Bahraini income, withholding or capital gains tax. In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject to such withholding, as described under Condition 8.

## U.S. Federal Income Taxation

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with purchasers of Registered Notes that are U.S. Holders, acquire such Registered Notes at initial issuance at their issue price (as defined below) and will hold the Registered Notes as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar; (x) accrual basis taxpayers subject to special rules for the taxable year of inclusion under Section 451(b) of the Code (as defined below); and (xi) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, or non-U.S., state or local tax considerations.

As used herein, the term “**U.S. Holder**” means a beneficial owner of Registered Notes that is for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or a trust which has validly elected to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or any other entity or arrangement treated as fiscally transparent for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986 (the “Code”), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect. No rulings have been or will be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the matters discussed below, and no assurance can be given that the views of the IRS or a court with respect to those matters will not differ from those described below.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF REGISTERED NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.**

The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a supplement or otherwise.

**U.S. Holders**

***Payment of Interest***

*General*

Interest on a Note held by a U.S. Holder, including the payment of any additional amounts whether payable in U.S. Dollars or a currency other than U.S. Dollars (“**foreign currency interest**” on a “**Foreign Currency Note**”), other than interest on a “Discount Note” that is not “qualified stated interest” (each, as defined below under “—*Original Issue Discount—General*”), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes and original issue discount (“**OID**”), if any, accrued with respect to the Notes (as described below under “—*Original Issue Discount—General*”) and payments of any additional amounts generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

*Pre-Issuance Accrued Periodic Distribution Amounts*

If a portion of the price paid for a Certificate is attributable to an amount of Periodic Distribution Amount accrued prior to the date the Certificate is issued (the “**pre-issuance accrued Periodic Distribution Amount**”), the Trustee and Company intend to treat a portion of the first Periodic Distribution Amount payment on the Certificates equal to the amount of the pre-issuance accrued Periodic Distribution Amounts as a non-taxable return of the pre-issuance accrued Periodic Distribution Amount. This discussion assumes that the Periodic Distribution Amount payment on Certificates with pre-issuance accrued Periodic Distribution Amount will be so treated, and references to Periodic Distribution Amount in the remainder of this discussion exclude pre-issuance accrued Periodic Distribution Amount. This discussion assumes that in determining the issue price of a Certificate, there will be excluded an amount equal to the pre-issuance accrued Periodic Distribution Amount. Pre-issuance accrued Periodic Distribution Amount not included in income should not form part of any amortisable bond premium (as described below under “*Certificates Purchased at a Premium*”). A U.S. Holder’s tax basis in a Certificate will be reduced by any non-taxable return of pre-issuance accrued Periodic Distribution Amount. This discussion does not otherwise address the treatment of pre-issuance accrued Periodic Distribution Amount, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued Periodic Distribution Amount.

***Original Issue Discount***

*General*

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes (“**CPDIs**”). If Notes are issued that are characterized as CPDIs, supplemental U.S. federal income tax disclosure may be separately provided in a supplement or otherwise.

A Note, other than a Note with a term of one year or less (a “**Short-Term Note**”), will be treated as issued with OID (a “**Discount Note**”) if the excess of the Note’s “stated redemption price at maturity” (as defined below) over its issue price is at least a *de minimis* amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity) (or its “weighted average maturity” in the case of a Note that provides for payments other than “qualified stated interest” before maturity (an “**instalment obligation**”)). A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the “**issue price**” of a Note under the applicable Pricing Supplement will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The “**stated redemption price**” at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A “**qualified stated interest**” payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than in debt instruments of the Issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “—*Variable Interest Rate Notes*”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described below under “—*Election to Treat All Interest as Original Issue Discount*.” A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note’s *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes, regardless of their method of accounting. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note (“**accrued OID**”). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess, if any, of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “**adjusted issue price**” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments on or before the first day of the accrual period.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “**acquisition premium**”) and that does not make the election described below under “—*Election to Treat All Interest as Original Issue Discount*”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under “—*General*”, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under “—*Notes Purchased at a Premium*”) or acquisition premium. If a U.S. Holder makes this election for the Note, then, when the constant yield method is applied, the issue price of the Note will equal the U.S. Holder’s adjusted basis immediately after its acquisition of the Note, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to

apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed below under “—*Market Discount*” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates (“**Variable Interest Rate Notes**”) generally will bear interest at a “qualified floating rate” (as defined below) and thus will be treated as “variable rate debt instruments” under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of such total non-contingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note), or (ii) 15% of the total non-contingent principal payments; (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “**qualified floating rate**” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An “**objective rate**” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “**qualified inverse floating rate**” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “**current value**” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a

“variable rate debt instrument” generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a CPDI. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as CPDI may be more fully described in the applicable Pricing Supplement.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder’s purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

### *Market Discount*

A Note, other than a Short-Term Note, that is not acquired at its original issue generally will be treated as purchased at a market discount (a “**Market Discount Note**”) if the Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s revised issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note’s maturity (or, in the case of an instalment obligation, the Note’s weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder’s income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

### *Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “—*Election to Treat All Interest as Original Issue Discount*” above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

### *Sale or Other Disposition of Notes*

A U.S. Holder’s adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments other than qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. Except to the extent described above under “*Original Issue Discount—Market Discount*” or “*Original Issue Discount—Short-Term Notes*” or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain are currently lower than the maximum marginal rates applicable to ordinary income if the Notes have been held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.



## ***Foreign Currency Notes***

### ***Interest and OID***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Note in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognize, as ordinary income or loss, foreign currency exchange gain or loss with respect to accrued interest income on the date the interest is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income for the relevant accrual period and the spot rate of exchange on the date such interest is actually or constructively received.

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Note), a U.S. Holder may recognise foreign exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

### ***Market Discount***

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. Dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. Dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

### ***Bond Premium***

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account will recognise a capital loss when the Note matures.

### ***Sale or Other Disposition of Notes***

A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. Dollar cost of the Note. The U.S. Dollar cost of a Note purchased with foreign currency generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and its tax basis in the Note. The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Foreign Currency Note equal to the difference, if any, between the U.S. Dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or other disposition, or, in the case of Notes traded on an established securities market sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale; and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or other disposition.

### ***Foreign Tax Credit Considerations***

If Bahraini taxes were to be imposed on payments with respect to the Notes, see “*Taxation*”, subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a credit against its U.S. federal income tax liability for any such Bahraini taxes. A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such Bahraini taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisers regarding the application of such rules and the creditability or deductibility of any Bahraini taxes.

### **Backup Withholding and Information Reporting**

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, Notes, payable to a U.S. Holder by a U.S. or certain U.S.-related paying agents or intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments (including payments of OID) if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. Holders (including, among others, corporations) are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

### ***Reportable Transaction Reporting***

Under certain U.S. Treasury Regulations, U.S. Holders that participate in “reportable transactions” (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

### ***Specified Foreign Financial Assets***

Certain United States persons that own “specified foreign financial assets,” including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds U.S.\$50,000 on the last day of the taxable year or

U.S.\$75,000 at any time during the taxable year, or certain other requirements are met. The Notes may be treated as specified foreign financial assets, and U.S. Holders may be subject to this information reporting regime. Significant penalties and an extended statute of limitations may apply to a U.S. Holder that fails to file information reports. U.S. Holders should consult their own tax advisers regarding these potential information reporting obligations.

### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) № 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement (the “**Programme Agreement**”) dated 29 April 2025, agreed with the Issuer the basis upon which they or any of them may from time-to-time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and, subject to the terms of the Programme Agreement, to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### Transfer Restrictions

***As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes***

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing the Notes for its own account or for the account of one or more QIBs and it is aware, and any person on whose account it is acting has been advised, that any sale to it is being made in reliance on Rule 144A; or (ii) it is outside the United States;
- (b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes;
- (c) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities law;
- (d) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof; (ii) to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (iii) in offshore transactions in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;
- (e) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (d) above, if then applicable;
- (f) that Notes initially offered and sold to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and that Notes offered and sold in offshore transactions in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (g) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide to each of the Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;
- (h) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect, subject as provided in Condition 2.5:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OF THE SECURITIES ACT FOR REALES AND OTHER TRANSFERS OF THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME-TO-TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (i) if it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION”; and

- (j) that the Issuer, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Managers or, as the case may be, the relevant Dealer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent) of Registered Notes.

## **Selling Restrictions**

### ***United States***

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year (taking into account any unilateral right to extend or rollover the term) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) (the “**D Rules**”), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);
- (d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either (i) repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate’s behalf or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c); and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii) or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor’s agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including the D Rules.

In addition, to the extent that the Pricing Supplement or the subscription agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is TEFRA C, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such

Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Notes, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions, or otherwise involve its U.S. office in the offer or sale of such Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder, including TEFRA C.

Accordingly, the Bearer Notes will be offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

This Base Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Offering Circular does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

#### ***Public Offer Selling Restriction under the Prospectus Regulation***

In relation to each Member State of the EEA (each, a “**Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) № 2017/1129.

#### ***United Kingdom***

##### ***Public Offer Selling Restriction under the UK Prospectus Regulation***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

- (b) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) № 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### *Other Regulatory Restrictions*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### *Kingdom of Bahrain*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes except that the Notes may be marketed on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors” for an offer outside Bahrain.

For this purpose, an “**accredited investor**” means:

- (a) an individual who has a minimum net worth (either singly or jointly with their spouse) of U.S.\$1 million, excluding that person’s principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1 million;
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund); or
- (d) any other entity which is an “accredited investor” as defined in the Central Bank of Bahrain Rulebook, Volume 6, from time-to-time.

#### *United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or



publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

### ***Abu Dhabi Global Market***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Abu Dhabi Global Market unless such offer is:

- (a) an “Exempt Offer” in accordance with the Market Rules of the Financial Services Regulatory Authority (the **FSRA**) Rules; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business Module of the FSRA Rules.

### ***Dubai International Financial Centre***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the “**DFSA**”) Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

### ***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under the “Rules on the Offer of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority (the “**Capital Market Authority**”) pursuant to resolution number 3-123-2017 dated 27 December 2017, as amended by its resolution number 3-114-2024 dated 7 October 2024 (the “**KSA Regulations**”), made through a capital market institution by the Capital Market Authority, in each case, in accordance with the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “institutional and qualified investors” under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9, or as otherwise required or permitted by the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 the KSA Regulations.

Each offer of Notes shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Although HSBC Bank plc is appointed as a Dealer pursuant to the Programme Agreement, HSBC Saudi Arabia, which is a Capital Market Institution licensed by the Capital Market Authority, will be the relevant legal entity for all regulated activities in the Kingdom of Saudi Arabia relating to the issuance of any Notes under the Programme, including offering and related applications to the Capital Market Authority.

### ***State of Kuwait***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law № 31 of 1990 and the implementing regulations thereto, as amended, and Law № 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Singapore***

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the applicable Pricing Supplement all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***General***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and the Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents and agrees that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was duly authorised by Law № (21) of 2017 on the amendment of the provisions of Decree Law № (15) of 1977 on the issuance of development bonds. The issuance of Notes under the Programme is duly authorised by Decree Law № (12) of 2025 on the amendment of provisions of Decree Law № 15 of 1977 on the issuance of development bonds.

### Listing of Notes

Application may be made to the London Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to trading on the main market of the London Stock Exchange. Any Series of Notes intended to be admitted to trading on the main market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the applicable Pricing Supplement and any other information required by the London Stock Exchange. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. Unlisted Notes may be issued pursuant to the Programme. The application for listing of Notes of any Series issued under the Programme relates to all Notes of that Series issued or proposed to be issued.

### Documents Available

Following the date of this Base Offering Circular, copies of the following documents will, when published, be available for inspection in physical form from the business address set out herein of the Issuer and during normal business hours from the specified office of the Principal Paying Agent for the time being in London:

- (a) the Agency Agreement (including the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant;
- (b) a copy of this Base Offering Circular; and
- (c) any future base offering circular, supplements to this Base Offering Circular and Pricing Supplements.

For the period of 12 months following the date of this Base Offering Circular, the following documents will be available by electronic means on the internet site: [www.mofne.gov.bh](http://www.mofne.gov.bh) (i) the consolidated final accounts of the Government for the years ended 31 December 2020, 2021, 2022, 2023 and 2024; and (ii) the latest budget for the current fiscal year. The internet site [www.mofne.gov.bh](http://www.mofne.gov.bh) does not form part of this Base Offering Circular.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

### Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

**Significant Change**

There has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources, income and expenditure figures of the Issuer since 31 December 2024.

**Litigation**

The Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Offering Circular which may have, or have had in such period, a significant effect on the financial position of the Issuer.

**Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its agencies. Certain of the Dealers or their affiliates that may, from time-to-time, have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Business address**

The business address of the Issuer is P.O. Box 333, Building 100, Road 1702, Block 317, Diplomatic Area, 323, Manama, BH-13, Kingdom of Bahrain and its telephone number is +973 17 575 666 or +973 17 575 670.

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