IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached 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 offering circular (the "**Offering Circular**"). In accessing the 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 or the Joint Lead Managers and Bookrunners (each as defined in the Offering Circular) as a result of such access.

Confirmation of Your Representation: By accessing the Offering Circular you have confirmed to the Issuer and the Joint Lead Managers and Bookrunners 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 Securities Act of 1933, as amended (the "**Securities Act**"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the 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 Joint Lead Managers and Bookrunners, 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 Offering Circular has been delivered to you on the basis that you are a person into whose possession the 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 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 THE 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. THE 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 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 the Joint Lead Managers and Bookrunners or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers and Bookrunners or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The 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 Joint Lead Managers and Bookrunners, any person who controls any of the Issuer or the Joint Lead Managers and Bookrunners, 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 Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers and Bookrunners. 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.

OFFERING CIRCULAR

THE KINGDOM OF BAHRAIN

acting through the Ministry of Finance and National Economy

Issue of:

U.S.$1,000,000,000 7.125% Notes due 2036
under its Global Medium Term Note Programme

Issue Price: 100.000%

The U.S.$1,000,000,000 7.125% Notes due 2036 (the "**Notes**") are being issued by The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy (the "**Issuer**") on 10 June 2026 (the "**Issue Date**") under its Global Medium Term Note Programme (the "**Programme**"). The terms and conditions of the Notes will consist of the "*Terms and Conditions of the Notes*" (the "**Conditions**") incorporated by reference herein from the Base Offering Circular (as defined under "*Document Incorporated by Reference*"), as completed by the Pricing Supplement, as set out herein.

The issue price of the Notes is 100.000% of their principal amount. Interest on the outstanding principal amount of the Notes will be payable semi-annually in arrear on 10 June and 10 December of each year, commencing on 10 June 2026. Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 10 June 2036.

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 states of the United States. The Notes will be offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and within the United States to qualified institutional buyers ("**QIBs**") within the meaning of Rule 144A under the Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

For a summary of certain restrictions on resales of the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*", each incorporated by reference herein from the Base Offering Circular.

INVESTING IN THE NOTES INVOLVES RISKS. FOR A DISCUSSION OF THESE RISKS SEE "RISK FACTORS".

Application has been made to the United Kingdom ("**UK**") Financial Conduct Authority (the "**FCA**") for the Notes 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 this application, the Notes are excluded securities under Regulations 5 and 6 of the Public Offers and Admissions to Trading Regulations 2024 (the "**POATRs**"). Accordingly, this Offering Circular has not been reviewed or approved by the FCA as a prospectus under the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook ("**PRM**"). 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 of the PRM but will be listed in accordance with the listing rules of the London Stock Exchange. 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 European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**").

The Issuer has been assigned a long-term foreign currency rating of B (stable outlook) by S&P Global Ratings Europe Limited ("**Standard & Poor's**") and a long-term foreign currency and local currency rating of B (stable 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.

The Notes will be offered and sold in registered form in denominations of U.S.$200,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000. Notes that are offered and sold in reliance on Regulation S (the "**Unrestricted Notes**") will initially be represented by a permanent registered global certificate (the "**Unrestricted Global Certificate**"), without interest coupons, which will be registered in the name of a nominee for and will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Notes that are offered and sold in reliance on Rule 144A (the "**Restricted Notes**") will initially be represented by a permanent registered global certificate (the "**Restricted Global Certificate**" and, together with each Unrestricted Global Certificate, the "**Global Certificates**"), without interest coupons attached, which will be deposited on or about the Issue Date with Citibank, N.A., London Branch, as custodian (the "**Custodian**") for, and registered in the name of Cede & Co., as nominee for, The Depository Trust Company ("**DTC**").

This Offering Circular must be read in conjunction with the sections of the Base Offering Circular that are incorporated by reference by and form part of, this Offering Circular. Where there is any inconsistency between the Base Offering Circular and this Offering Circular, the language used in this Offering Circular shall prevail. Capitalised terms which are used but not defined in any particular section of this Offering Circular have the meaning attributed thereto in the Conditions or any other section of this Offering Circular or the sections of the Base Offering Circular incorporated by reference herein.

Joint Lead Managers and Bookrunners

Bank ABC	**Citi**	**First Abu Dhabi Bank**
J.P. Morgan	**National Bank of Bahrain**	**Standard Chartered Bank**

The date of this Offering Circular is 8 June 2026.

IMPORTANT NOTICES

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

This 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:

- 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*");

- the World Bank Group (the "**World Bank**") (in the case of certain information included under the heading "*Risk Factors*");

- 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*");

- 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*");

- 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*");

- 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*");

- 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*");

- the Bahrain Bourse (in the case of certain information included under the heading "*Monetary and Financial System*");

- the Ministry of Industry and Commerce (in case of certain information included under the heading "*Economy of The Kingdom of Bahrain*");

- the Nationality, Passports and Residences Affairs (in case of certain information included under the heading "*Economy of The Kingdom of Bahrain*");

- 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*");

- 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*");

- the Telecommunications Regulatory Authority (in the case of certain information included under the heading "*Economy of The Kingdom of Bahrain*");

- the Survey & Land Registration Bureau (in the case of certain information included under the heading "*Overview of The Kingdom of Bahrain*"); and

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

Where information has been sourced from a third party, 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 such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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 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 the Joint Lead Managers and Bookrunners.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the 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 Joint Lead Managers and Bookrunners or the Agents or any of their affiliates that any recipient of this Offering Circular or any other information supplied in connection with the Programme or the Notes should purchase the Notes. Each investor contemplating purchasing the 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 Offering Circular nor any other information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers and Bookrunners or the Agents or any of their affiliates to any person to subscribe for or to purchase the Notes. Neither the delivery of this Offering Circular nor the offering, sale and delivery of the 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 or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Without limitation, the Joint Lead Managers and Bookrunners and the Agents 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 the Notes of any information coming to their attention.

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 or incorporated by reference in this 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 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.

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

This 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 Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and Bookrunners and their respective affiliates do not represent that this 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 Joint Lead Managers and Bookrunners or any of their respective affiliates, which is intended to permit a public offering of any Notes or distribution of this 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 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this 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 Joint Lead Managers and Bookrunners, 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 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 Joint Lead Managers and Bookrunners, 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.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

This 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 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 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.

This Offering Circular has been filed with the CBB. The CBB has not reviewed, approved or registered this 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 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 Offering Circular. No offer of Notes will be made to the public in Bahrain and this 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 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 Offering Circular or the 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 Joint Lead Managers and Bookrunners 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.

U.S. INFORMATION

This 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 Notes. Its use for any other purpose in the United States is not authorised. This 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 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 Notes is hereby notified that the offer and sale of any 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 OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purposes of the 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; 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 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 target market assessment) and determining appropriate distribution channels.

NOTICE TO UK RESIDENTS

The distribution in the United Kingdom of this Offering Circular and any other marketing materials relating to the Notes if effected by a person who is not an authorised person under the Financial Services and Markets Act 2000 is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Offering Circular does not and is not intended to constitute an offer, sale or delivery of notes or other debt financing instruments under the laws of the State of Qatar (including the Qatar Financial Centre) and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their respective regulations or any other regulations in Qatar. The Notes are not, and will not be, traded on the Qatar Exchange.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP 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).

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "**Stabilisation Manager**") (or person(s) acting on behalf of the Stabilisation Manager(s)) 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 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 and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

DOCUMENT INCORPORATED BY REFERENCE

The following sections of the base offering circular relating to the Programme dated 29 April 2025 (the "**Base Offering Circular**") will be incorporated by reference herein, and form part of, this Offering Circular:

A statement contained in the specific sections of the Base Offering Circular which are incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Those parts of the document incorporated by reference in this Offering Circular which are not specifically incorporated by reference in this Offering Circular are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Offering Circular. Any documents themselves incorporated by reference in the document incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

A copy of the document parts of which are incorporated by reference in this Offering Circular may be obtained without charge from the website of the Issuer at www.mofne.gov.bh and the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html*.

RISK FACTORS

The purchase of the Notes involves risks and is suitable only for, and should be made only by, investors that are fully familiar with the Issuer and that have such other knowledge and experience in financial and business matters as may enable them to evaluate the risks and the merits of an investment in the Notes. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors set forth below. Prospective purchasers of the Notes should make such enquiries as they think appropriate regarding the Notes and the Issuer without relying on the Issuer or the Joint Lead Managers and Bookrunners.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

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 the United States and Israel and the Islamic Republic of Iran ("**Iran**"), 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, 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 global inflationary pressures moderated during 2024 and into 2025, geopolitical tensions and the impact of U.S. trade policy in 2025 have continued to contribute to volatility in energy and commodity prices and have increased the risk of renewed inflationary pressures and weaker global growth. In addition, the escalation of regional tensions during 2026, including missile and drone attacks across parts of the Gulf and risks to critical shipping routes, have heightened uncertainty in global energy and logistics markets. See "*—The 2026 Iran War*". These developments, together with ongoing geopolitical and macroeconomic risks, may continue to affect investor confidence, capital flows and global financial conditions.

These trends have in the past, and may in the future, impact Bahrain's economy. 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 and 2025 (with deflation of 0.1% recorded in 2025), 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 2025, the non-oil sector grew by 4.1% in real terms and 5.3% in nominal terms, as compared to 2024. Actual revenue from oil and gas accounted for approximately 49.9% of total public revenues for 2025, 60.1% for 2024, 63.7% for 2023, 68.3% for 2022 and 68.2% for 2021.

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. Crude oil prices declined in 2025 compared to 2024. The average price of Brent crude oil in 2025 was U.S.$69.10 per barrel, as compared to U.S.$80.76 per barrel in 2024, a decrease of U.S.$11.66 per barrel or 14.4%, reflecting a combination of supply-side and demand-side factors. OPEC+ progressively unwound approximately 2.2 million barrels per day of prior production cuts, with total crude production reaching 43.1 million barrels per day in November 2025. At the same time, crude oil production in the United States remained at record levels, while subdued global economic growth weighed on demand expectations. Geopolitical developments provided limited and intermittent support to prices, with tensions and supply risks associated with Venezuela, Ukraine and Iran periodically contributing to short-term price movements. In early 2026, oil prices have remained volatile, reflecting a balance between continued supply-side pressures and heightened geopolitical risks. Ongoing regional tensions, including military activity affecting parts of the Gulf, including disruption to shipping routes such as the Strait of Hormuz, as well as continued uncertainties relating to global growth and trade policy, have contributed to fluctuations in oil prices and market sentiment. See also "*—The 2026 Iran War*". While geopolitical developments may at times provide upward pressure on prices due to supply risk concerns, there can be no assurance that such factors will offset broader demand-side weakness or supply increases. In addition, in April 2026, the United Arab Emirates ("**UAE**") announced that it would withdraw from OPEC and the broader OPEC+ alliance with effect from 1 May 2026. The UAE cited its long-term strategic and economic objectives and the desire for greater flexibility over production levels as key drivers of its decision. The UAE's exit, alongside ongoing geopolitical tensions and evolving supply dynamics, may contribute to increased uncertainty in global oil markets.

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.

In addition to price volatility, Bahrain's oil and gas revenues are exposed to the risk of physical disruption to production, processing and export infrastructure. The ongoing regional conflict has created operational uncertainty with respect to the import of raw materials and the export of finished products, leading Aluminium Bahrain B.S.C. ("**Alba**") to declare *force majeure* in respect of its customer contracts in early March 2026 as a result of the shipping disruption in the Strait of Hormuz. To conserve and extend existing alumina inventories, Alba implemented a partial curtailment of Alba's overall production capacity through a controlled shutdown of reduction lines 1 to 3, which commenced on 15 March 2026. Such a shutdown, whilst managed, nonetheless results in a material reduction in Alba's output and revenues for the duration of the curtailment. In addition, Alba's facilities were subject to direct attacks on 28 March 2026 and the extent of the damage is still being evaluated. See also "*—The 2026 Iran War*". Any further such incidents could result in partial or prolonged shutdowns of production, damage to refining capacity, delays in export shipments, increased insurance and transportation costs and constraints on access to international markets, which could, in turn, impact Bahrain's economy. In addition, in March 2026, Bapco Energies declared *force majeure* on certain of its operations affected by the regional conflict, including as a result of a drone attack on its refinery complex. Any prolonged disruption to Bapco Energies' operations, including refining, upstream production, logistics and export activities could result in reduced crude processing volumes, lower refined product output and constraints on export capacity, in turn adversely affecting foreign exchange inflows and overall trade balances.

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.$4.4 billion in 2025, as compared to an overall budget deficit of U.S.$2.7 billion in 2024, U.S.$2.0 billion in 2023, U.S.$494 million in 2022 and U.S.$2.5 billion in 2021. 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 9% of GDP in 2025, as compared to 6% of GDP in 2024, 4% of GDP in 2023, 1% of GDP in 2022 and 6% of GDP in 2021.

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.$59.0 billion as at 31 December 2025, as compared to U.S.$51.4 billion as at 31 December 2024, U.S.$47.6 billion as at 31 December 2023, U.S.$44.5 billion as at 31 December 2022 and U.S.$44.8 billion as at 31 December 2021. The debt-to-GDP ratio was 120.4% as at 31 December 2025, as compared to 108.9% as at 31 December 2024, 103.0% as at 31 December 2023, 95.8% as at 31 December 2022 and 109.8% as at 31 December 2021.

The Kingdom faces significant debt maturities in the coming years, with U.S.$2.6 billion of external debt maturing in 2026 and U.S.$2.5 billion of external debt maturing in 2027, as at 31 March 2026. 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 and 2025 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 formal 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*".

The 2026 Iran War

On 28 February 2026, the United States and Israel launched coordinated airstrikes against multiple military, nuclear and leadership targets across Iran in an operation designated "Operation Epic Fury". The strikes resulted in the killing of Iran's Supreme Leader, Ayatollah Ali Khamenei, and a number of other senior Iranian military and security officials. The strikes are also reported to have damaged Iran's nuclear infrastructure, naval assets and command-and-control facilities, as well as other military, government and civilian targets. Iran subsequently retaliated against Israeli, U.S., Gulf and other targets in the region, primarily with drone and missile attacks. In addition, Israel has conducted air strikes and other attacks on targets in Lebanon, including in Beirut. In early April 2026, the United States and Iran agreed to a ceasefire (the "**Ceasefire**"), which has subsequently been extended, although repeated violations have been reported. Although Bahrain is not a direct party to the conflict and Bahrain and the GCC have exercised deliberate restraint throughout the conflict, Iran has struck targets in Bahrain. The conflict's ongoing direct and indirect effects can be expected to have a significant impact on Bahrain, its economy and its finances, in particular, if it is not resolved quickly.

The risks described in this risk factor reflect an ongoing and active armed conflict and geopolitical crisis. The situation described herein may deteriorate significantly, including through further attacks on Bahrain and other GCC countries, further closures of maritime routes, further escalation between the United States and Israel, on the one hand, and Iran, on the other hand, the involvement of additional state actors or the use of weapons of mass destruction, each of which would compound the risks described above. Although Bahrain has taken steps to mitigate the potential impact of regional instability, there can be no assurance that such measures will be adequate or that no further measures will be required. Prospective investors must conduct their own independent assessment of the rapidly evolving situation and should not rely solely on the information contained herein.

U.S. Policy

The conflict and rapidly shifting U.S. policy objectives and statements have resulted in, among other things, fluctuations of crude oil and other commodity benchmark prices and supply disruptions. This volatility has had, and is likely to continue to have, material consequences for the macroeconomic environment in Bahrain and its trading partners, as well as Bahrain's own fiscal position and balance of payments. The conflict remains unpredictable and it is unclear how U.S. policy in relation to the conflict will develop. Bahrain regards the United States as a long-term strategic partner, as evidenced by early engagement with the U.S. administration's regional peace agenda. The Bahrain Defense Force ("**BDF**") and U.S. Central Command operational coordination under the Defense Cooperation Agreement and the Comprehensive Security Integration & Prosperity agreement has remained effective and continuous throughout the conflict.

Iranian Response

In response to Operation Epic Fury, Iran has launched an ongoing and sustained campaign of ballistic missile and drone strikes against Israel, U.S. military installations in the region and in Bahrain and, among others, Azerbaijan, Bahrain, Cyprus, Jordan, Iraq, Qatar, Saudi Arabia, Türkiye and the United Arab Emirates. Iran has chosen a wide variety of targets, including military bases in the Gulf region, as well as civilian targets, such as airports and ports, hotels and petrochemical and other industrial facilities, among others.

On 28 February 2026, Iran launched a series of drone strikes on Bahrain, hitting multiple buildings in Manama, including the district of Juffair, where the U.S. Navy's 5th Fleet is headquartered. Strikes have since continued, primarily targeting strategic sites, including oil and gas infrastructure, port and logistics facilities. To date, two civilians (including a Bahraini national) have been killed, more than 70 civilians have been injured, and BDF personnel have been wounded. In response to the attacks, Bahrain dismantled five hostile cells, arrested 28 individuals, revoked citizenship from 69 individuals, and sentenced two individuals to life imprisonment in connection with espionage (as well as certain other individuals for up to 10 years). On 5 March 2026, Iranian strikes hit facilities at Bahrain's refinery complex (operated by Bapco). In addition, Alba's facilities were subject to direct attacks on 28 March 2026 and the extent of the damage is still being evaluated. On 5 April 2026, Gulf Petrochemical Industries Company was struck by Iranian drone attacks, resulting in fires at several operational units and the release of chemicals, which may potentially lead to adverse civilian health consequences. Bahraini authorities have activated national air defence systems on multiple occasions to intercept incoming projectiles, and introduced precautionary measures, including temporary airspace restrictions and heightened security protocols around critical infrastructure. While interceptions have mitigated the impact of such attacks, the risk of successful strikes on Bahraini territory remains elevated, particularly given the Kingdom's strategic location and the presence of significant U.S. military assets. Active hostilities continue across the region, including incidents affecting Bahrain, and the conflict may alter the geopolitical and economic landscape of the region if it is extended geographically or prolonged, with direct and material consequences for Bahrain and for holders of securities issued by Bahrain, including potential holders of Notes.

The Strait of Hormuz, the sole maritime passage connecting the Arabian Gulf to the Gulf of Oman and the broader global energy markets beyond, has been effectively closed to international commercial shipping since 2 March 2026. On that date, a senior official of Iran's Islamic Revolutionary Guard Corps (the "**IRGC**") formally confirmed the closure, threatening any vessel attempting transit. This closure is unprecedented; prior to March 2026, the Strait had never been closed for an extended period despite periodic conflict and threats to do so. Although a small number of ships have been able to pass through the Strait over the past couple of weeks, maritime activity remains well below pre-war levels, and both Iranian and U.S. forces have declared the Strait to be closed and ships attempting to make the transit have been seized or attacked. Bahrain has engaged in international diplomatic efforts in response to these developments, including leading, together with other GCC states and Jordan, United Nations Security Council ("**UNSC**") Resolution 2817, which was adopted on 11 March 2026, declaring the Strait closure a threat to international peace and calling for its immediate reopening. In addition, Bahrain has issued multilateral joint statements condemning attacks on commercial shipping and calling for the protection of freedom of navigation under international law.

The consequences of the closure include the following:

- Approximately 20% of the world's daily seaborne oil supply, representing approximately 13-15 million barrels per day, has been effectively stranded, with tanker traffic through the Strait having fallen to near zero. Prior to the closure, approximately 80-100 vessels transited the Strait daily. Similar effects are occurring with respect to supplies of liquified natural gas exported by Gulf countries.

- The Strait closure has significant effects beyond the energy sector; approximately one-third of global fertiliser trade transits the Strait of Hormuz; disruption to these flows threatens global food security and has already driven material inflation in agricultural commodity prices. Downstream industries reliant on petrochemical feedstocks, plastics, pharmaceuticals and industrial materials are similarly exposed.

- Commercial shipping companies, including Maersk, MSC, Hapag-Lloyd and CMA CGM have announced the suspension of all transits through the Strait and adjoining Gulf waters. The Joint War Committee of the London insurance market has designated the Strait of Hormuz as a high-risk war zone, rendering insurance either unavailable or commercially prohibitive for most operators.

- As an alternative, certain vessels have sought to route around the Strait through Omani deep-water ports including Duqm, Salalah and Sohar; however, Iranian drone strikes on Duqm and Salalah infrastructure have put these alternatives at risk, and Oman's territorial waters now fall within the war risk zone.

- The IRGC has been reported to be laying mines in the vicinity of the Strait, and the United States has publicly stated that its naval forces have destroyed a number of Iranian mine-laying vessels, further heightening the risk of vessel damage and loss.

In addition, further direct and indirect effects, such as, ongoing formal and informal closures of ports and airports, reduction of commerce and potential loss of business confidence may impact the countries affected by Iranian strikes, including many of which are trading partners of Bahrain and sources of remittances to Bahrain.

Iran's military strategy has been unpredictable, and no assurance can be given as to the duration, geographic scope, or escalation trajectory of its military campaign, including, in particular, whether Iran will seek to attack Bahrain or its interests. Bahrain's own territory, economic infrastructure, maritime trade, energy security and financial markets may be exposed to direct or indirect consequences of continued or intensified Iranian military action in the region.

On 1 March 2026, an emergency GCC summit was convened, resulting in a collective political statement condemning Iranian strikes on GCC member states. On 5 March 2026, following Iran's attacks on Bahrain and other GCC member states, the GCC and the EU held an emergency meeting and issued a joint statement condemning the strikes and reaffirming European solidarity with Bahrain and the wider GCC. On 8 March 2026, The Arab League issued a formal position condemning attacks on member state territory and infrastructure. Bahrain formally submitted written communications to the UN Secretary General documenting Iranian violations of international law and obligations under the UN Charter. The Bahrain Ministry of Foreign Affairs has issued formal public statements on each major strike date, including 28 February and 28 March 2026, establishing a documented political and legal record of Iranian aggression. Formal bilateral security consultations were conducted on 5 March 2026 with the United States and United Kingdom under existing treaty frameworks, in which defence commitments were reaffirmed and the response coordinated. There have been periodic attempts by third parties, most notably Pakistan, to mediate and support negotiations with an eye toward ending the war. Other than the Ceasefire, such attempts thus far have been largely unsuccessful.

Broader Macroeconomic Risks

The ongoing war has fundamentally changed the macro-economic picture in Bahrain and the wider region, which may also result in previously published data and previously observed trends becoming less relevant or even irrelevant to an analysis of Bahrain's economic and fiscal situation. The war has given rise to a range of second-order macroeconomic and financial market risks:

- <u>Global commodity price volatility</u>: The disruption to approximately 20% of global oil supply and Qatar's entire liquified natural gas output has produced sustained upward pressure on energy prices globally. Fertiliser prices have also risen sharply (with urea prices rising from approximately U.S.$475 to U.S.$680 per metric tonne), with potentially significant consequences for global food inflation, including in Bahrain.

- Global shipping and supply chain disruption: Major global shipping lines have suspended Middle East routes. Rerouting via the Cape of Good Hope adds approximately 10-14 days to voyage times, drives up freight rates and contributes to port congestion and container shortage internationally, which could have direct impacts on Bahrain's trade and trading partners and the costs of imports to Bahrain. In particular, the ongoing regional conflict has created operational uncertainty with respect to the import of raw materials and the export of finished products, leading Alba to declare *force majeure* in respect of customer contracts in early March 2026, as a result of shipping disruptions through the Strait of Hormuz. To conserve and extend existing alumina inventories, Alba implemented a partial curtailment of Alba's overall production capacity through a controlled shutdown of reduction lines 1 to 3, which commenced on 15 March 2026. Such a shutdown, whilst managed, nonetheless results in a material reduction in Alba's output and revenues for the duration of the curtailment. As a key contributor to export revenues, any sustained disruption to Alba's operations or commercial relationships may have a broader adverse impact on Bahrain's non-oil sector, export earnings and overall economic activity. In particular, reduced aluminium exports, higher import costs and supply chain constraints affecting key industries may place downward pressure on non-oil GDP growth and the fiscal position, thereby increasing the Kingdom's overall vulnerability to external shocks. In addition, in March 2026, Bapco Energies declared *force majeure* on certain of its operations affected by the conflict, including as a result of a drone attack on its refinery complex. Any prolonged disruption to Bapco Energies' operations, including refining, upstream production, logistics and export activities could result in reduced crude processing volumes, lower refined product output and constraints on export capacity, in turn adversely affecting foreign exchange inflows and overall trade balances. See also "*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy*".

- G7 and IEA emergency response: G7 energy ministers have stated their readiness to take "all necessary measures" in coordination with the International Energy Agency, which has reportedly proposed its largest ever release of strategic oil reserves. The actual deployment of these reserves, and their effect on prices, remains uncertain and may also depend, to an extent, on the ability to transport and refine crude oil volumes.

- Bahrain's fiscal position: The supply disruptions and the subsequent price volatility described above may have unpredictable effects on Government revenues and expenditures, in particular in respect of Bahrain's current account and balance of payments. In addition, if the macroeconomic situation deteriorates in the Gulf and other areas where expatriates live and from which they send money back to Bahrain, remittances may decline, which may, in turn, have a cascading negative impact on Bahrain's economy, balance of payments and budget. In April 2026, the Government implemented a range of fiscal and policy measures in response to prevailing conditions, including assuming responsibility, through the Unemployment Insurance Fund, of private sector salary payments during April 2026, introducing a BD 7 billion six-month liquidity support programme for retail banks, implementing a three-month deferral programme for loan and credit card payment for individuals and corporates; sustaining critical infrastructure, and deferring or reprioritising certain capital projects. While such measures are intended to support economic stability, they may result in increased public expenditure, delayed fiscal consolidation and a potential reallocation of budgetary resources away from long-term development initiatives. Bahrain is assessing, through diplomatic and legal channels, all damages sustained and reserves its right to pursue reparations under principles of state responsibility for internationally wrongful acts. However, there can be no assurance as to the timing, outcome or recoverability of any such claims, and any compensation received may not fully offset the economic and fiscal impacts of the events described above.

- Travel disruption: Bahraini authorities have activated national air defence systems on multiple occasions to intercept incoming projectiles, and introduced precautionary measures, including temporary airspace restrictions. Gulf Air's operations faced significant disruption following the closure of Bahrain's airspace, resulting in the full suspension of flights to and from Bahrain. While Bahrain's airspace was closed, the Ministry of Foreign Affairs led the repatriation effort in respect of Bahraini nationals stranded abroad through diplomatic missions and coordinated with foreign missions for orderly evacuation of foreign nationals from the Kingdom. While Bahrain's airspace has since reopened and Gulf Air's operations have partially resumed, such disruptions have adversely affected the broader travel and tourism industry in Bahrain, including reduced passenger traffic, lower tourism inflows and pressures on related sectors, which may, in turn, have a negative impact on economic activity and revenues. In addition, the closure of Bahrain International Airport and the broader disruption to regional aviation has materially impacted Bahrain's diplomatic operations, significantly constraining the ability of senior officials to conduct in-person engagements, attend multilateral meetings and maintain the full pace of bilateral diplomatic activity during a period when such engagement was most critical.

- Financial market contagion: Equity and fixed income markets in the region and beyond have been subject to elevated volatility since the commencement of hostilities. Investor risk appetite for regional sovereign and corporate debt may also be adversely affected, and the cost of capital for issuers in the region can be expected to reflect this fact. Increased market volatility and uncertainty may result in reduced investor demand or more limited market access for Bahraini sovereign and quasi-sovereign issuances, particularly in periods of acute geopolitical stress. This could necessitate a greater reliance on short-term funding, domestic liquidity sources or alternative financing arrangements, which may not be available on comparable terms. While Bahrain has actively engaged with international partners and multilateral institutions to communicate Bahrain's political stability and the deliberate and unprovoked nature of the conflict, with a view to preserving sovereign credibility and mitigating reputational risk to the Kingdom's standing as a regional financial hub during a period of elevated geopolitical stress, a prolonged deterioration in market conditions or weakening in Bahrain's macroeconomic or fiscal outlook could lead to negative rating actions. Any such actions may further increase Bahrain's cost of capital, reduce investor confidence and limit the pool of potential investors, thereby potentially reinforcing adverse financing conditions.

As noted above, potential investors in the Notes should consider carefully the potential ongoing impact (direct and indirect) of this conflict on Bahrain in light of their own particular circumstances before investing in the Notes. Bahrain cannot presently provide any guidance or assurance as to the outcome or direct or indirect effects of this conflict, and potential investors should keep this in mind when considering an investment in the Notes.

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 45.7% of total non-oil exports in 2025, and Saudi Arabia accounted for 23.1% of total non-oil exports and 50.5% of non-oil exports to GCC countries. As for non-oil imports, 16.6% of total non-oil imports in 2025 were from other GCC countries, and Saudi Arabia accounted for 5.5% of total non-oil imports and 33.1% of non-oil imports from GCC countries in 2025.

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*" and "*—The 2026 Iran War*". 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.$10.2 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 31 March 2026, Bahrain had received U.S.$7.6 billion in support, as part of the total U.S.$10.2 billion pledged. Consequently, an amount of U.S.$2.6 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 2025, an amount of U.S.$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.$6.0 billion had been certified as paid from the GCC Development Fund. Contracts in an amount of U.S.$6.6 billion had been awarded in respect of 48 projects, of which 23 projects had been completed and 25 projects are ongoing.

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*" and "*—The 2026 Iran War*".

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 Iran, 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.

See also "*—The 2026 Iran War*".

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. In October 2025, Israel and Hamas agreed to a ceasefire and hostage release deal although periodic violations have been reported. 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.

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. In November 2025, Standard & Poor's downgraded Bahrain's long-term foreign-currency issuer rating from B+ to B, citing high Government debt and persistently pressured fiscal positions and high fiscal deficits. The outlook on the rating was revised from negative to stable. In February 2026, Fitch downgraded Bahrain's rating from B+ to B with a stable outlook, citing expectations that Government debt levels will continue to rise, alongside large fiscal deficits and weak external buffers. In March 2026, Standard & Poor's downgraded Bahrain's long- and short-term sovereign credit ratings to B from B+/B with a stable outlook, reflecting continued fiscal and external pressures. In April 2026, Moody's affirmed the B2 rating and revised the outlook from stable to negative, citing increased downside risks arising from elevated fiscal vulnerabilities and heightened geopolitical tensions in the region, including risks to trade routes and key economic sectors. In May 2026, Standard & Poor's affirmed Bahrain's long- and short-term sovereign credit ratings at B with a stable outlook.

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 5.9% in 2021, 5.4% in 2022, 6.3% in 2023, 6.6% in 2024 and 5.6% in 2025. 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 16.9% of real GDP in 2021, 16.4% of real GDP in 2022, 16.9% of real GDP in 2023, 17.2% of real GDP in 2024 and 17.6% of real GDP in 2025. 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 30 April 2026, approximately 63.6% 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.$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, U.S.$4,565.4 million as at 31 December 2024 and U.S.$4,606.9 million as at 31 December 2025. As at 30 April 2026, Bahrain's gross foreign reserves (including gold) were U.S.$4,980.1 million and were estimated by the CBB to represent 2.8 months of import coverage and 4.0 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, with such tariff being applicable to Alba. 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. On 28 May 2025, the U.S. Court of International Trade ruled that tariffs had been imposed illegally and must be removed within 10 days, however, its decision has been stayed by the Circuit Court for the District of Columbia while it is under appeal. In June 2025, the United States increased tariffs on aluminium imports from 25% to 50%.

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% on most imports, alongside separate sector-specific tariffs (including higher tariffs on steel and aluminium products), 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 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 (15.6% of real GDP for the year ended 31 December 2023, 14.7% for the year ended 31 December 2024 and 14.2% for the year ended 31 December 2025) 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. In 2025, Bapco Energies declared a dividend of U.S.$176.0 million in respect of 2023, of which U.S.$112 million was settled in cash and the remaining was set off against an outstanding receivable from the Government. Given the impact of the U.S.-Iran conflict, there can be no assurance Bapco Energies will be in a position to pay dividends in 2026. In particular, in March 2026, Bapco Energies declared *force majeure* on certain of its operations affected by the conflict, including as a result of a drone attack on its refinery complex. Any prolonged disruption to Bapco Energies' operations, including refining, upstream production, logistics and export activities could result in reduced crude processing volumes, lower refined product output and constraints on export capacity, in turn adversely affecting foreign exchange inflows and overall trade balances. Any deterioration in its financial performance may reduce the level or timing of dividend distributions to the Government.

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 at 30 April 2026, the EPC elements of the Bapco Modernisation Programme were approximately 99.5% complete (according to the EPC contractor). 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 pay amounts owing under the Notes.

On 4 April 2018, the Ministry of Oil (formerly 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. 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 the Notes.

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, 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 for 38.3%, 39.4% and 29.0% of Bahrain's total non-oil exports in 2023, 2024 and 2025, respectively, with the increase in 2024 reflecting increased production capacity at Alba's sixth potline ("**Line 6**") following completion of the Alba Line 6 Expansion Project.

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. During 2025, LME prices averaged U.S.$2,627 per tonne, with prices fluctuating between a low of U.S.$2,285 per tonne and a high of U.S.$2,995 per tonne. Prices initially dipped in April 2025 following the announcement of reciprocal tariffs by the United States but increased in the second quarter of 2025. In June 2025, the United States increased tariffs on aluminium imports from 25% to 50%, which led to an increase in the U.S. Midwest premium. LME prices have increased during the first quarter of 2026, driven by the ongoing regional conflict impacting the output of regional smelters, with prices averaging U.S.$3,194 per tonne.

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 Upstream. In January 2024, Alba signed a 10-year gas supply agreement on commercial terms with the Government superseding all previous agreements. Pursuant to this agreement, the price of gas produced domestically was fixed for the first five-year period at U.S.$4.00 per million British thermal units ("**MMBTU**"), following which the price is determined by the competent authority. The price of natural gas increased to

U.S.$4.50/MMBTU effective from 1 January 2026. Alba's competitive position is also dependent on reductions in production costs, efficiency improvement programmes, and maximising output of value-added products which attract higher premiums, however no assurances can be given that Alba will maintain or improve its competitive position. Decisions by Bapco Upstream to change the terms under which it supplies gas to Alba, the pricing by the competent authority, or Alba's inability to obtain alternative gas supplies on commercially attractive terms should that prove necessary 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 ongoing regional conflict has created operational uncertainty with respect to the import of raw materials and the export of finished products, leading Alba to declare *force majeure* in respect of its customer contracts in early March 2026. To extend existing alumina inventories, Alba implemented a controlled shutdown of reduction lines 1 to 3, commencing on 15 March 2026. Furthermore, Alba's facilities were attacked on 28 March 2026. The extent of damage is being evaluated. The long-term impact of this cannot be predicted. See also "— *The 2026 Iran War*".

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. In June 2025, the United States increased tariffs on aluminium imports from 25% to 50%. Sales to the Americas (including the United States) accounted for approximately 15.1% of Alba's total sales in 2025.

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 THE NOTES

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 Notes 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 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 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

The Notes 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. The Notes 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 the 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 the 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 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

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

Certain figures and percentages included in this 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 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 Offering Circular.

Exchange Rate Data

In this 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 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 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 the Notes—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 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 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 Joint Lead Managers and Bookrunners 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 Offering Circular 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.

OVERVIEW

This overview must be read as an introduction to this Offering Circular, and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole. This overview does not report to be complete and is qualified in its entirety by the more detailed information elsewhere in this Offering Circular. Prospective investors should also carefully consider the information set forth in the "Risk Factors" section of this Offering Circular prior to making any investment decision. Capitalised terms not otherwise defined in this overview have the same meanings as elsewhere in this Offering Circular.

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 UAE are member countries. The hydrocarbons sector (crude petroleum and natural gas) represents a significant part of GDP (14.2% of real GDP for the year ended 31 December 2025, as compared to 14.7% for the year ended 31 December 2024, 15.6% of real GDP for the year ended 31 December 2023, as compared to 16.6% of real GDP for the year ended 31 December 2022 and 17.9% for the year ended 31 December 2021) 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 2025, the financial services sector contributed more to GDP (17.6%) than the hydrocarbons sector (14.2%). Manufacturing, oil refining, aluminium production and tourism are also significant contributors to Bahrain's GDP.

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%. In 2024, Bahrain's real GDP increased by 2.9%. In 2025, Bahrain's real GDP increased by 3.5%. The IMF (in its April 2026 World Economic Outlook) forecast real GDP to grow by 3.1% in 2025 and to contract by 0.5% in 2026 due to disruptions to shipping flows through the Strait of Hormuz.

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

	For the year ended 31 December[1]				
	2021	**2022**	**2023**	**2024**	**2025**
GDP at current prices (*U.S.$ millions*)[2]	40,840	46,458	46,192	47,210	48,966
GDP at constant 2010 prices (*U.S.$ millions*)[2]	35,575	37,774	39,239	40,376	41,781
Percentage change over previous period					
At current prices (*%*)	14.0	13.8	(0.6)	2.2	3.7
At constant 2010 prices (*%*)	4.4	6.2	3.9	2.9	3.5
Per capita					
At current prices (*U.S.$*)[2][3]	27,148	29,835	29,163	29,605	30,706
At constant 2010 prices (*U.S.$*)[2][3]	23,648	24,258	24,773	25,320	26,201

Notes:
(1) Certain figures in this table differ from previously published figures.
(2) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(3) Assuming a population of 1,504,365 in 2021, 1,557,182 in 2022, 1,583,934 in 2023 and 1,594,654 in 2024 and 2025.

Source: Information eGovernment Authority

	For the year ended 31 December[1]				
	2021	2022	2023	2024	2025[2]
	(U.S.$ millions)				
Inward FDI flow[3]	33,484.3	36,244.7	43,470.6	46,339.9	47,161.0
Current Account Surplus/(Deficit)	2,602.4	6,838.6	2,699.5	2,281.9	2,822.1
Budget Surplus/(Deficit)	(2,533)	(494)	(2,058)	(2,729)	(4,361)
Government Revenue	6,956	9,425	8,500	8,048	7,567
Oil and Gas Revenue	4,743	6,440	5,411	4,840	3,778
Non-oil and Gas Revenue	2,213	2,986	3,088	3,208	3,790
Total Expenditure	9,489	9,919	10,558	10,777	11,928
Overall Budget Deficit to GDP Ratio *(%)*	(6)	(1)	(4)	(6)	(9)

Notes:

(1) Certain figures in this table differ from previously published figures.

(2) Figures for the year ended 31 December 2025 are preliminary.

(3) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.

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 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.$10.2 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 31 March 2026, Bahrain had received U.S.$7.6 billion in support, as part of the total U.S.$10.2 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 four-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 16.9% of real GDP for 2021, 16.4% of real GDP for 2022, 16.9% of real GDP for 2023, 17.2% of real GDP for 2024 and 17.6% of real GDP for 2025). 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*."

Building on the progress of the FBP and in line with Bahrain's Economic Vision 2030 through supporting expenditure discipline, diversifying revenues and strengthening long-term fiscal sustainability, the Government introduced a major fiscal reform package in December 2025, which is expected to have a gradual fiscal impact extending through 2029. These initiatives include: (i) increasing electricity and water tariffs, with effect from 1 January 2026; (ii) introducing a law on corporate income tax for local companies during 2026 with implementation by 1 January 2027, (iii) increasing fuel prices and introducing a monthly pricing mechanism, with effect from 30 December 2025; (iv) increasing natural gas prices for businesses gradually over a period of four years, with effect from 1 January 2026; (v) increasing labour and health care fees on foreign workers gradually over a period of four years, with effect from 1 January 2026; (vi) increasing sewerage fees (with exemptions for citizens' first homes), with effect from 1 January 2026; (vii) introducing legislative amendments to impose higher excise taxes on carbonated drinks in 2026; (viii) increasing municipal fees on undeveloped investment land, with effect from 1 January 2027; (ix) cutting administrative Government expenditure by 20%, with effect from 1 January 2026; (x) increasing dividends from state owned companies, with effect from 1 January 2026; and (xi) simplifying Government procedures to incentivise FDI and projects, with effect from 1 January 2026.

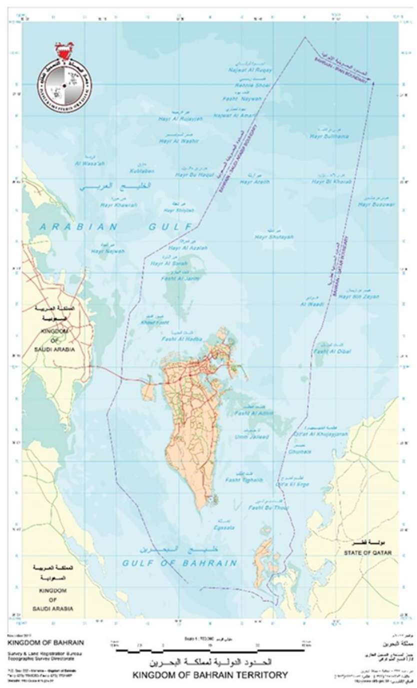
USE OF PROCEEDS

The net proceeds from the issue of Notes will be applied by the Issuer for its general budgetary purposes

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 desalinisation 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 the Notes—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.

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**") and the Prime Minister. The Prime Minister is responsible for much of the day-to-day running of the country.

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 the Notes—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 the Notes—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-donee 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 2025, an amount of U.S.$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.$6.0 billion had been certified as paid from the GCC Development Fund. Contracts in an amount of U.S.$6.6 billion had been awarded in respect of 48 projects, of which 23 projects had been completed and 25 projects are ongoing. 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.$10.2 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 31 March 2026, Bahrain had received U.S.$7.6 billion in support, as part of the total amount pledged. Consequently, an amount of U.S.$2.6 billion in support remains to be disbursed. 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).

In 2026, Bahrain and UAE central banks entered into a BD 2 billion five-year currency swap agreement to support trade and investment in local currencies.

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, has participated in the Saudi-Arabian-led intervention in Yemen since 2015, following a request for assistance from the Yemeni government. While the conflict remains ongoing, its intensity has decreased in recent years, with a truce in place since 2022 and an increasing focus on diplomatic efforts toward a political resolution. Bahrain continues to support regional and international initiatives aimed at achieving stability in Yemen.

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 the Notes—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 the United States, 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 Kingdom—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 "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Transport and Construction*" and "*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 Kingdom's investment promotion agency, mandated to attract high-quality investment to Bahrain and drive sustainable economic growth. Through its activities, the EDB plays a central role in strengthening Bahrain's investment environment, supporting economic diversification, and creating opportunities for businesses and 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 from both the public and private sectors and provides strategic oversight in support of investors, businesses, and the broader 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, including with the launch of a tokenisation service for contactless payment allowing international wallets to operate in Bahrain.

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, supporting Bahrain's transition toward a digitally enabled economy.

In 2025, the EDB set a new record for direct investment, reporting U.S.$2.5 billion in direct investment, as compared to more than U.S.$1.8 billion in 2024 from 88 projects across its five priority sectors, as compared to U.S.$1.4 billion in direct investment from 64 local and international investment projects in 2023 and investments of U.S.$1.1 billion from 89 projects in 2022. Major achievements in the financial services sector included the launch by J.P. Morgan of a tech hub in Bahrain to hire software engineers for its global payments business, while Crypto.com obtained a Payment Service Provider license from the CBB and partnered with Mastercard to launch crypto cards for the GCC. Singapore Gulf Bank also established its presence in Bahrain as a next-generation digital bank, offering U.S. Dollar-denominated fiat and crypto transfers, multi-currency accounts, digital asset custody and stablecoin services. PwC established a new service delivery centre to provide compliance and advisory services to global institutions. Within the ICT sector, the EDB continued to attract leading global technology firms, including Array, further strengthening Bahrain's digital capabilities and reinforcing its position as a regional hub for technology-driven investment and innovation.

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 aimed 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.

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 85.8% 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 2026, Bahrain was ranked first globally in terms of Monetary Freedom in the Index of Economic Freedom published by The Heritage Foundation. At the regional level, Bahrain ranked first in the MENA region in terms of Investment Freedom and Financial Freedom, reinforcing its position as a regional leader in these areas.

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 17.9% of real GDP in 2021, 16.6% of real GDP in 2022, 15.6% of real GDP in 2023, 14.7% in 2024, and 14.2% in 2025. 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 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 15.2% of real GDP in 2021, 15.1% of real GDP in 2022, 14.8% of real GDP in 2023, 15.1% of real GDP for both 2024 and 2025.

Logistics: Bahrain's strategic goal is to provide logistics services for the larger GCC market and the northern Arabian Gulf. While Bahrain's ability to develop and operate as a regional logistics hub has been impacted by recent geopolitical events, including the 2026 Iran war, which has disrupted shipping routes, increased transit times and insurance costs, and introduced operational uncertainty (see "—*The 2026 Iran War*"), 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 ninth out of 164 countries in the 2025 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 16.9% 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. The financial services sector also accounted for approximately 17.2% of GDP in 2024, and 17.6% in 2025.

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.

	2021 Actual	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Budget**(1)	**2025 Actual**(2)	**2026 Budget**
Government Project Spending (*BD millions*)	200	233	277	291	296	296	275
Government Project Spending (*U.S.$ millions)*	532	621	737	774	787	787	731

Notes:

(1) Includes the rollover budget amounting to BD 21 million

(2) Preliminary data before the final closing

Source: Ministry of Finance and National Economy

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 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.

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*".

Gross Domestic Product

Historically, the hydrocarbons sector (extraction of crude petroleum) has been the largest contributor to GDP (17.9% for 2021 and 16.6% for 2022), however, since 2023, the financial and insurance/*Takaful* sector has overtaken the hydrocarbons sector to become the largest contributor to GDP (accounting for 16.9% for 2023, 17.2% in 2024, and 17.6% in 2025, as compared to 15.6% for 2023, 14.7% in 2024, and 14.2% in 2025).

Since 2021, Bahrain's real GDP has increased each year. 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%. In 2024, Bahrain's real GDP increased by 2.9%. In 2025, Bahrain's real GDP increased by 3.5%. The IMF (in its April 2026 World Economic Outlook) forecast real GDP to grow by 3.1% in 2025 and to contract by 0.5% in 2026 due to disruptions to shipping flows through the Strait of Hormuz.

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(1)				
	2021	**2022**	**2023**	**2024**	**2025**
GDP at current prices (*U.S.$ millions*)(2)	40,840	46,458	46,192	47,210	48,966
GDP at constant 2010 prices (*U.S.$ millions*)(2)	35,575	37,774	39,239	40,376	41,781
Percentage change over previous period					
At current prices (*%*)	14.0	13.8	(0.6)	2.2	3.7
At constant 2010 prices (*%*)	4.4	6.2	3.9	2.9	3.5
Per capita					
At current prices (*U.S.$*)(2)(3)	27,148	29,835	29,163	29,605	30,706
At constant 2010 prices (*U.S.$*)(2)(3)	23,648	24,258	24,773	25,320	26,201

Notes:

(1) Certain figures in this table differ from previously published figures.

(2) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.

(3) Assuming a population of 1,504,365 in 2021, 1,557,182 in 2022, 1,583,934 in 2023 and 1,594,654 in 2024 and 2025.

Source: Information eGovernment Authority

Direct government consumption constituted approximately 14.2% of current GDP in 2024, which decreased from 14.6% of GDP in 2023. 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.$5,933.1 million in 2020, U.S.$6,211.1 million in 2021, U.S.$6,361.2 million in 2022, U.S.$6,750.4 million in 2023 and $6,714.3 million in 2024. 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.

	2020		2021		2022		2023		2024	
	(U.S.$ millions)(1)	*(%)*	*(U.S.$ millions)(1)*	*(%)*	*(U.S.$ millions)(1)*	*(%)*	*(U.S.$ millions)(1)*	*(%)*	*(U.S.$ millions)(1)*	*(%)*
Private consumption	14,586.3	40.7	15,498.0	38.0	17,160.1	36.9	17,953.8	38.9	18,812.8	39.8
Government consumption	5,933.1	16.6	6,211.1	15.2	6,361.2	13.7	6,750.4	14.6	6,714.3	14.2
Gross fixed capital formation	10,423.6	29.1	10,145.5	24.8	12,473.6	26.8	12,709.0	27.5	13,625.1	28.9
Change in stocks(2)	2,942.3	8.2	1,327.4	3.3	(1,049.5)	(2.3)	808.7	1.8	(201.1)	(0.4)
Net exports of goods and services	1,952.4	5.4	7,657.2	18.7	11,513.0	24.8	7,970.2	17.3	8,259.0	17.5
Exports of goods and services	*25,249.2*	*70.5*	*35,234.6*	*86.3*	*44,581.9*	*95.5*	*40,349.5*	*87.6*	*41,303.5*	*87.7*
Imports of goods and services	*23,296.8*	*65.0*	*25,577.4*	*67.5*	*33,068.9*	*70.8*	*32,379.3*	*70.3*	*33,044.4*	*70.1*
GDP(3)	**35,837.6**	**100**	**40,840.1**	**100**	**46,458.4**	**100**	**46,192.1**	**100**	**47,210.2**	**100**

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.

	2020		2021		2022		2023		2024	
	(U.S.$ millions)(1)	*(%)*	*(U.S.$ millions)(1)*	*(%)*	*(U.S.$ millions)(1)*	*(%)*	*(U.S.$ millions)(1)*	*(%)*	*(U.S.$ millions)(1)*	*(%)*
Private consumption	12,584.8	36.9	13,317.8	37.4	14,238.8	37.8	14,903.4	38.0	15,458.0	38.3
Government consumption	5,432.7	15.9	5,815.3	16.3	5,940.1	15.7	6,376.2	16.3	6,188.5	15.3
Gross fixed capital formation	9,516.5	27.9	9,198.9	25.9	10,919.2	28.9	11,150.6	28.4	11,864.2	29.4
Change in stocks(2)	1,452.7	4.3	(2,510.6)	(7.1)	(3,280.3)	(8.7)	1,055.8	2.7	913.3	2.3
Net exports of goods and services	5,105.6	15.0	9,753.9	27.4	9,956.5	26.4	5,751.4	14.7	5,952.3	14.7
Exports of goods and services	*27,105.7*	*79.5*	*35,094.7*	*98.6*	*38,310.0*	*101.4*	*34,839.1*	*88.8*	*35,499.2*	*87.9*
Imports of goods and services	*22,000.1*	*64.5*	*25,340.8*	*71.2*	*28,353.5*	*75.1*	*29,087.6*	*74.1*	*29,547.1*	*73.2*
GDP(3)	**34,092.4**	**100**	**35,575.3**	**100.0**	**37,774.2**	**100**	**39,237.5**	**100**	**40,376.1**	**100**

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.

	2021		2022		2023		2024		2025	
	(U.S.$ millions)[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*
Accommodation and Food Services	563	1.4	670	1.4	716	1.6	777	1.6	855	1.7
Professional, Scientific and Technical Activities	753	1.8	879	1.9	936	2.0	961	2.0	1,034	2.1
Construction	2,879	7.0	3,017	6.5	3,063	6.6	3,153	6.7	3,392	6.9
Education	1,720	4.2	1,750	3.8	1,802	3.9	1,836	3.9	1,944	4.0
Extraction of Crude Petroleum	6,118	15.0	8,068	17.4	6,995	15.1	6,660	14.1	6,282	12.8
Financial and Insurance	6,696	16.4	6,940	14.9	7,308	15.8	7,796	16.5	8,281	16.9
Human Health and Social Work	1,241	3.0	1,240	2.7	1,283	2.8	1,327	2.8	1,372	2.8
Information and Communication	1,267	3.1	1,432	3.1	1,530	3.3	1,745	3.7	1,872	3.8
Manufacturing	8,384	20.5	9,726	20.9	9,298	20.1	9,379	19.9	9,742	19.9
Other	3,364	8.2	4,426	9.5	4,628	10.0	4,673	9.9	4,883	10.0
Public Administration	3,232	7.9	3,413	7.3	3,593	7.8	3,770	8.0	3,900	8.0
Real Estate	1,421	3.5	1,484	3.2	1,570	3.4	1,604	3.4	1,665	3.4
Transportation and Storage	1,704	4.2	1,880	4.0	1,938	4.2	1,984	4.2	2,128	4.3
Wholesale and Retail Trade	1,501	3.7	1,534	3.3	1,531	3.3	1,546	3.3	1,616	3.3
GDP[(2)]	**40,840**	**100**	**46,458**	**100**	**46,192**	**100**	**47,210**	**100**	**48,966**	**100**

Notes:

(1) U.S. Dollar figures are presented 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.

	2021		2022		2023		2024		2025	
	(U.S.$ millions)[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*	*(U.S.$ millions)*[(1)]	*(%)*
Accommodation and Food Services	519	1.5	591	1.6	638	1.6	676	1.7	719	1.7
Professional, Scientific and Technical Activities	639	1.8	736	1.9	792	2.0	867	2.1	922	2.2
Construction	2,512	7.1	2,547	6.7	2,566	6.5	2,652	6.6	2,786	6.7
Education	1,524	4.3	1,548	4.1	1,560	4.0	1,602	4.0	1,666	4.0
Extraction of Crude Petroleum	6,359	17.9	6,264	16.6	6,140	15.6	5,937	14.7	5,920	14.2
Financial and Insurance	6,021	16.9	6,178	16.4	6,621	16.9	6,949	17.2	7,337	17.6
Human Health and Social Work	1,174	3.3	1,167	3.1	1,194	3.0	1,208	3.0	1,231	2.9
Information and Communication	1,142	3.2	1,290	3.4	1,384	3.5	1,567	3.9	1,621	3.9
Manufacturing	5,399	15.2	5,709	15.1	5,821	14.8	6,084	15.1	6,310	15.1
Other	3,025	8.5	3,904	10.3	4,094	10.4	4,132	10.2	4,259	10.2
Public Administration	2,873	8.1	3,098	8.2	3,354	8.5	3,436	8.5	3,512	8.4
Real Estate	1,397	3.9	1,474	3.9	1,618	4.1	1,635	4.0	1,705	4.1
Transportation and Storage	1,613	4.5	1,814	4.8	1,900	4.8	2,030	5.0	2,126	5.1
Wholesale and Retail Trade	1,378	3.9	1,454	3.8	1,556	4.0	1,600	4.0	1,668	4.0
GDP[(2)]	**35,575**	**100**	**37,774**	**100**	**39,239**	**100**	**40,376**	**100**	**41,781**	**100**

Notes:

(1) U.S. Dollar figures are presented 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

Mining

Oil Production

Bahrain has one of the smallest oil reserves of the GCC countries and daily average crude oil production was 42,669 bpd in 2021, 39,536 bpd in 2022, 38,929 bpd in 2023, 38,378 bpd in 2024 and 37,007 bpd in 2025 from its only onshore oilfield, the Awali field.

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 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 210 wells (including exploration wells) in 2021, 83 in 2022, 111 in 2023, 113 in 2024 and 100 in 2025.

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 300 wells. Pursuant to this strategy, 75 wells were drilled in 2021, 26 wells were drilled in 2022 and 28 wells were drilled in 2023. A trial of drilling horizontal wells in Mauddud was executed with six wells in 2024 and was expanded into a full programme of 30 wells in 2025. 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.

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. 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 2023,135,814 bpd in 2024 and 138,953 bpd in 2025.

The table below provides details of Bahrain's oil refining industry for the periods indicated.

	2021	2022	2023	2024	2025
			(bpd)		
Refined oil production	235,910	258,894	264,342	281,188	322,176
Local sales of refined products	28,471	30,965	32,634	33,342	34,152
Exports(1)	214,237	224,663	226,867	241,401	274,497

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. Crude oil prices declined in 2025 compared to 2024. The average price of Brent crude oil in 2025 was U.S.$69.10 per barrel, as compared to U.S.$80.76 per barrel in 2024, a decrease of U.S.$11.66 per barrel or 14.4, reflecting a combination of supply-side and demand-side factors. OPEC+ progressively unwound approximately 2.2 million barrels per day of prior production cuts, with total crude production reaching 43.1 million barrels per day in November 2025. At the same time, crude oil production in the United States remained at record levels, while subdued global economic growth weighed on demand expectations. Geopolitical developments provided limited and intermittent support to prices, with tensions and supply risks associated with Venezuela, Ukraine and Iran periodically contributing to short-term price movements.

See "*Risk Factors—Risk factors relating to the Kingdom—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.

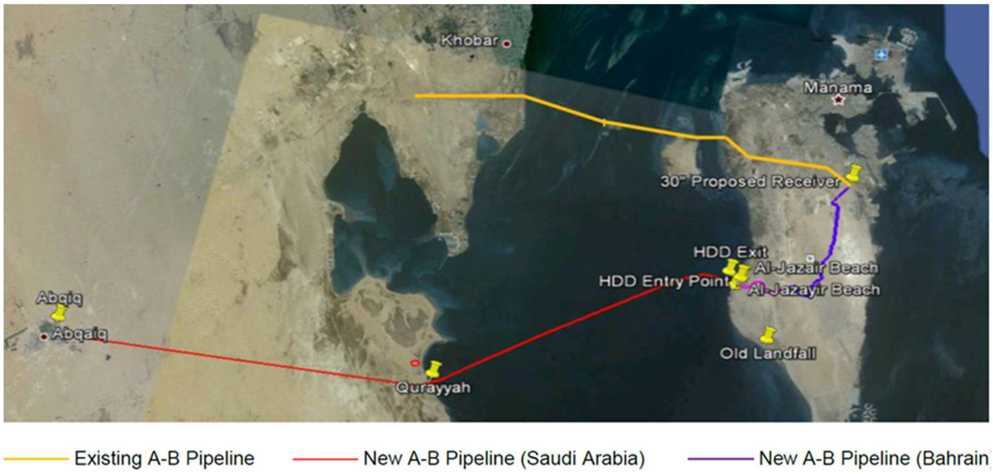
The total budget for the project is U.S.$7.3 billion. In February 2018, Bapco (now, Bapco Refining) signed a U.S.$4.1 billion EPC contract with a consortium led by French-U.S. petroleum services group Technip Energies and including Técnicas Reunidas from Spain and Samsung Engineering from South Korea. 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 at 30 April 2026, the EPC elements of the Bapco Modernisation Programme were approximately 99.5% complete (according to the EPC contractor). Construction, commissioning and start-up of the project is complete with the current focus on achieving the final milestone (obtaining a provisional acceptance certificate). Although the expected completion date represents a delay to the originally scheduled progress of the project the delay is not expected to have a material impact on the overall cost of the project or the ability to make loan/financing repayments/payments as planned. The company has successfully repaid the financing interest and principal payments due in 2023, 2024, 2025 and April 2026.

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, 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. 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, 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.

	2021	2022	2023	2024	2025
			(billion cubic feet)		
NAG production	587.6	587.7	586.4	590.2	552.4(1)
Associated gas production	294.1	291.3	301.1	307.6	305.1
Total gas production	**881.7**	**879.0**	**887.5**	**897.8**	**857.5**

Note:
(1) NAG production in 2025 includes PU production of 27.8 BCF.

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 39%, 38%, 36%, 36%, 37% and 34% of total gas utilisation in 2021, 2022, 2023, 2024,2025 and for the four months ended 30 April 2026 respectively), followed by Alba (which accounted for 33%, 34%, 34%, 35%, 32% and 31% of total gas utilisation in 2021, 2022, 2023, 2024, 2025 and April 2026 respectively), Bapco Refining (which accounted for 9%, 9%, 9%, 10%, 13% and 15% of total gas utilisation in 2021, 2022, 2023, 2024, 2025 and for the four months ended 30 April 2026respectively), and Gulf Petrochemical Industries Company ("**GPIC**") (which accounted for 8%, 8%, 8%, 8%, 8% and 7% of total gas utilisation in each of 2021, 2022, 2023, 2024, 2025 and for the four months ended 30 April 2026).

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.)

	2021	2022	2023	2024	2025	Four months ended 30 April 2026
		(percentage of total quantity sold)				
Electricity Directorate	39	38	36	36	37	34
ALBA	33	34	34	35	32	31
Bapco	9	9	9	10	13	15
GPIC	8	8	8	8	8	7
Others	11	11	13	11	10	13

Source: Bapco Upstream

Since August 2025, Bapco Upstream's joint venture partner, EOG, has been appraising the Jubah Gas Reservoir for its potential to supply gas to the Kingdom.

The other principal use of the natural gas produced from the Khuff Gas Reservoir is oil field injection, which accounted for 29%, 33%, 39%, 35%, 24% and 36% of oil field injection in 2021, 2022, 2023, 2024, 2025 and the four months ended 30 April 2026, 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.

Bapco Upstream has concluded the appraisal phase of its tight gas reserves in the pre-Unayzah formations within the Bahrain Field. The appraisal campaign included the drilling and evaluation of 20 wells in order to build an understanding of extent of resources, well productivity and commercial viability of both the Jubah and Jauf reservoirs. A development roadmap has been finalised for the Jauf reservoir, which includes drilling five development wells (currently in production and under evaluation 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 (four wells have been drilled as part of this partnership).

There are 14 wells currently in production from the Pre-Unayzah resources (ten in the Jauf reservoir and four in the Jubah reservoir) have been completed and are contributing to gas production. Out of the ten Jauf producers, there are seven wells that are connected to the network through rental production facilities. These wells are currently shut-in as an effort to minimise operating costs.

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 again in 2025, 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.

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, 16.9%, 16.4%, 17.0%, and 17.2 of real GDP in 2021, 2022, 2023 and 2024. In 2025, financial services accounted for approximately 17.6% of real GDP. Since 2023, the financial services sector has been the largest contributing sector to 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, 14.8% of real GDP in 2023 and 15.1% of real GDP in 2024 and 2025. 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 and 29.0% of non-oil exports in 2025.

In 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. During 2025, LME prices averaged U.S.$2,627 per tonne, with prices fluctuating between a low of U.S.$2,285 per tonne and a high of U.S.$2,995 per tonne. Prices initially dipped in April 2025 following the announcement of reciprocal tariffs by the United States but increased in the second quarter. In June 2025, the United States increased tariffs on aluminium imports from 25% to 50%, with exemptions applicable only to the United Kingdom, which led to an increase in the U.S. Midwest premium. LME prices have increased during the first quarter of 2026, driven by the ongoing regional conflict impacting the output of regional smelters, with prices averaging U.S.$3,194 per tonne.

Alba announced on 2 March 2026 that it had entered into an exclusive agreement with American Industrial Partners to acquire up to 100% of Aluminium Dunkerque, an aluminium smelter based in France. Aluminium Dunkerque is the largest primary aluminium smelter in the European Union, with an annual production capacity of 300,000 tonnes. The proposed transaction would bring Alba and Aluminium Dunkerque together to form a geographically diversified industrial group with an operational footprint across regions, expanding both companies' global customer base. Aluminium Dunkerque's strategic European location, advanced industrial capabilities, and attractive energy profile complements Alba's scale and global reach. Together, the companies' combined footprint across Europe and the GCC is expected to strengthen supply chain resilience and position the group to meet growing global demand driven by electrification, sustainable construction and the global energy transition.

The ongoing regional conflict has created operational uncertainty with respect to the import of raw materials and the export of finished products, leading Alba to declare *force majeure* in early March 2026. The closure of the Strait of Hormuz has disrupted Alba's maritime routes, preventing the import of alumina and other critical raw materials. This disruption has also significantly impaired Alba's ability to export finished aluminium to customers, creating delivery risks that affect contractual commitments. To extend existing alumina inventories, Alba implemented a controlled shutdown of reduction lines 1 to 3, commencing on 15 March 2026. Furthermore, Alba's facilities were attacked on 28 March 2026. The extent of damage is being evaluated. See "*—The 2026 Iran War*".

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 for locally produced gas, 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 continues to pay down its debt in line with the amortisation schedules, with debt levels of approximately U.S.$1.0 billion as at 31 December 2025.

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 m2 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 m2 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. In March 2026, a new shipping link was launched between KBSP and King Abdulaziz Port in Dammam, which has a capacity of up to 3,000 TEUs and is intended to enhance cargo movement between Bahrain and Saudi Arabia.

The KBSP development has enhanced Bahrain's competitiveness in the global logistics landscape. The KBSP is among the top 20 port improvers in the Container Port Performance Index between 2020-2024 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.

Information and Communication

Information and Communication activity represented approximately 3.2% of real GDP in 2021, 3.4% of real GDP in 2022, 3.5% of real GDP in 2023, 3.9% of real GDP in both 2024 and 2025. 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 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% and as at 31 December 2025, there were approximately 2.4 million broadband subscriptions, with a broadband penetration rate of 153.3%.

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 2025 Development Index of the International Telecommunication Union placed Bahrain at ninth out of 164 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.

<u>Housing Units Delivery Programme</u>

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 Eskan 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:

- Exhibition World Bahrain, located in Sakhir, is the largest exhibition and convention centre in the region. Officially opened in November 2022, it spans a 309,000 m² site with a 149,000 m² main building, featuring ten halls offering 95,000 m² of exhibition space, retail outlets, conference rooms, and a 4,000-seat grand hall. The project was completed at a cost of approximately U.S.$222 million.

- 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.

- The first phase of the United States Trade Zone was officially launched in February 2022, holding a foundation-stone laying ceremony in February 2022, to create a specialized regional hub for American companies. Located in Salman Industrial City, this first of its kind initiative in the GCC is designed for manufacturing, logistics, and distribution to boost bilateral trade.

- The foundation stone for the Aluminium Downstream Industries Zone was laid in Askar, marking a key step in strengthening Bahrain's industrial sector. Spanning 472,000 sqm and expected to be completed by late 2026, the project aims to boost aluminium-related industries, attract investment, and support innovation.

- 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 m². The total cost of construction is estimated to have been approximately U.S.$580 million.

- The second phase of The Avenues mall Bahrain, officially inaugurated in 2025, involves a major expansion adding approximately 40,000–42,000 m² of leasable space, with new retail, dining, and entertainment offerings. The project is valued at around U.S.$ 160 million.

- The Bapco Modernization Programme, located in Sitra, is the largest industrial project in the history of the Kingdom of Bahrain. Marking a major milestone in 2024, the expansion spans an area of around 5 million m² and upgrades the existing refinery to increase capacity to approximately 400,000 barrels per day. The project has been implemented at an estimated cost of around U.S.$7 billion, enhancing refining efficiency, product quality, and environmental performance.

Projects currently in progress:

- 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.

- Bahrain Marina is a mixed-use waterfront development in Manama covering approximately 147,000 m². Phase I includes a residential tower, marina and yacht club, an indoor retail area with around 128 F&B and retail units, and underground parking facilities. Construction began in 2023 following the main contract award to Nass Contracting, with completion of Phase I expected in August 2026.

- The Bilaj Al Jazayer development, spanning around 1.3 million sqm with a 3 km beachfront, valued at approximately BHD 40 million (U.S.$106 million) for key components. The mixed-use project, featuring resorts, residential units, retail, and entertainment, is currently under development, with works having commenced in 2026 as part of a broader plan to boost tourism and investment. Phase 1 of the development, which focused on public beach infrastructure, landscaping, and essential utilities, was completed in 2021.

Trade

The wholesale and retail trade sector accounted for 3.9% of real GDP in 2021, 3.8% of real GDP in 2022 and 4.0% of real GDP in 2023, 4.0% of real GDP in 2024 and 4.0% of GDP in 2025. Bahrain has signed several significant international trade agreements. 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 45.7% of total non-oil exports in 2025, and Saudi Arabia accounted for 23.1% of total non-oil exports and 50.5% of non-oil exports to GCC countries. As for non-oil imports, 16.6% of total non-oil imports in 2025 were from other GCC countries, and Saudi Arabia accounted for 5.5% of total non-oil imports and 33.1% 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					For the three months ended 31 March
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
	(U.S.$ millions, except percentages)					
GCC Total	**2,253.8**	**2,544.8**	**2,023.9**	**2,520.7**	**2,736.6**	**300.0**
Saudi Arabia	966.4	888.0	1,087.6	1,000.8	905.2	93.1
Kuwait	138.3	195.9	117.7	140.7	157.6	18.7
Oman	102.2	173.3	141.7	137.8	173.9	17.9
UAE	1,046.9	1,285.7	650.7	1,184.8	1,429.8	164.5
Qatar	0.0	1.9	26.2	56.6	70.1	5.9
Total non-oil imports	**14,137.8**	**15,537.2**	**14,141.4**	**15,617.3**	**16,450.7**	**1,272.0**
GCC of total non-oil imports	*15.9%*	*16.4%*	*18.2%*	*16.1%*	*16.6%*	*23.6%*

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					For the three months ended 31 March
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
	(U.S.$ millions, except percentages)					
GCC Total	**4,957.8**	**5,649.0**	**5,382.6**	**5,417.3**	**5,991.9**	**593.4**
Saudi Arabia	2,460.7	3,048.1	2,892.7	2,861.7	3,027.1	322.4
Kuwait	284.0	285.9	313.0	271.4	283.6	20.9
Oman	569.7	639.4	355.8	235.7	295.1	17.6
UAE	1,623.4	1642.3	376.8	1,707.5	1,901.1	193.6
Qatar	20.1	33.3	69.7	341.0	485.0	38.9
Total non-oil exports	**12,428.3**	**15,125.0**	**11,180.5**	**12,453.1**	**13,112.4**	**1,077.2**
GCC share of total non-oil exports	*39.9%*	*37.3%*	*44.2%*	*43.5%*	*45.7%*	*55.1%*

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, 1.6% of real GDP in 2022, 1.6% of real GDP in 2023, 1.7% of real GDP in 2024 and 1.7% of real GDP in 2025.

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				
	2021	**2022**	**2023**	**2024**	**2025**
International arrivals (*millions*)	4.2	11.4	14.1	15.7	16.0
Inbound tourism flows (*millions*)	3.6	9.9	12.4	14.9	15.1
Total tourist nights (*millions*)	8.0	13.0	19.0	19.2	20.2
Total inbound tourism expenditure (*BD billions*)	0.7	1.5	1.9	1.9	2.0

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 2025, 13.3 million visitors entered Bahrain, as compared to 19.1 million visitors in 2024 and 17.2 million visitors in 2023. In Q1 2026, 3.4 million visitors entered Bahrain.

The table below sets out arrivals through the ports of Bahrain for the periods indicated.

	2021	2022	2023	2024	2025	Q1 2026
			(number of arrivals)			
Saudi Causeway	3,874,750	11,864,861	14,856,640	16,307,168	16,651,346	2,875,853
Airport	1,035,067	1,952,535	2,312,683	2,615,219	2,789,972	471,096
Sea Port	9,504	35,384	75,076	210,964	2111,486	74,590
Total	**4,919,321**	**13,852,780**	**17,244,399**	**19,133,351**	**13,325,619**	**3,421,539**

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. The largest shopping mall in Bahrain, Marassi Galleria, opened in 2024. Phase two of the Avenues officially inaugurated in 2025, involves a major expansion adding approximately 40,000–42,000 m² of leasable space, with new retail, dining, and entertainment offerings. The project is valued at approximately U.S.$160 million.

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 (74% in 2021, 76% in 2022, 75% in 2023, 75% in 2024, and 75% in 2025). As at 31 December 2025, the total registered number of workers in Bahrain's workforce was 636,303. 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 5.9% in 2021, 5.4% in 2022, 6.3% in 2023, 6.6% in 2024 and 5.6% in 2025. 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 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 and 2024, 42.2% of employed jobseekers were women, whereas women accounted for 40.8% of employed jobseekers in 2025 (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 semi-Government entity established in 2006 and tasked with supporting Bahrain's private sector become a key driver of economic growth and development and helping Bahrainis become the employees of choice in the private sector. Tamkeen is a cornerstone of Bahrain's economic reform initiatives and Vision 2030, playing a key role in advancing national priorities.

Tamkeen's main objectives is empowering enterprises to support a productive and sustainable economy, fuelled by skilled and competitive Bahraini talent. To achieve this, Tamkeen focuses its efforts on areas of greatest impact for the economy and Bahrainis by providing targeted and effective support that meets the needs of enterprises and individuals throughout their development journey, maximizing its impact on both and driving sustainable economic growth. To date, Tamkeen has invested more than BD 2.6 billion in direct and indirect funding to drive impact for the national economy and supported more than 300,000 opportunities for Bahrainis and 92,000 opportunities for enterprises.

Tamkeen's strategy for 2026 - 2030 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 skills. The strategic priorities for 2026 focus on areas with the highest contribution on the economy and local talent. It also reflects Tamkeen's role in shaping career pathways through programs that connect skills with opportunities in the labour market, adopting innovative approaches to stimulate private sector growth and financing and implementing programs that enhance the Fund's efficiency and effectiveness. This strategy is built on robust assessments based on best practices, including deep stakeholder engagement across beneficiaries, and comprehensive labour supply-demand modelling. The strategy sets a powerful foundation to generate sustainable impact for Bahrainis and the national economy.

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. In 2025, over 12,900 new Bahraini employment opportunities were created under the National Employment Programme.

In response to the ongoing regional conflict and its economic impact, in May 2026, Tamkeen announced a dedicated support programme for small, medium, and micro enterprises, which includes grants, operating expense support and financing facilities.

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.

	2021	2022	2023	2024	2025
			(U.S.$)[(1)]		
Average Bahraini Wage[(2)]	2,109	2,149	2,285	2,375	2,431
Public sector	2,306	2,311	2,529	2,593	2,574
Private sector	2,013	2,074	2,168	2,269	2,361

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 2025 was U.S.$2,431, as compared to U.S.$2,375 in 2024, reflecting a 2.4% increase. The average public sector monthly wage was U.S.$2,574 in 2025, as compared to U.S.$2,593 in 2024, reflecting a 0.7% increase. The average private sector monthly wage was U.S.$2,361 in 2025, as compared to U.S.$2,269 in 2024, reflecting a 4.1% 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				
	2021	2022	2023	2024	2025
	(U.S.$ millions)[(2)(3)(4)]				
1. Current account (*a+b+c+d*)	**2,602.4**	**6,838.6**	**2,699.5**	**2,281.9**	**2,822.1**
a. Goods	**4,905.1**	**8,244.7**	**4,502.7**	**3,608.0**	**3,083.6**
General Merchandise					
Exports (fob)	22,369.4	30,193.9	24,813.6	24,278.5	24,712.0
Imports (fob)	(17,464.4)	(21,949.4)	(20,310.9)	(20,670.5)	(21,628.3)
b. Services (net)	**2,752.1**	**3,268.4**	**3,467.6**	**4,651.1**	**5,723.4**
Maintenance	418.4	466.0	247.3	218.9	300.3
Transportation	(1,964.4)	(2,288.8)	(2,218.9)	(1,725.0)	(1,510.4)
Travel	2,166.5	3,082.4	3,486.2	4,081.1	4,744.7
Construction	11.2	11.2	7.2	11.2	13.0
Insurance/*Takaful*	905.6	757.2	725.5	723.1	732.4
Financial services	107.7	160.1	253.2	272.9	304.5
Communication services	897.9	876.9	767.3	846.8	885.4
Other business services	209.3	203.5	199.7	222.1	253.5
c. Income (net)	**(2,527.9)**	**(1,962.8)**	**(2,607.5)**	**(3,317.6)**	**(3,439.4)**
Investment income	(2,527.9)	(1,962.8)	(2,607.5)	(3,317.6)	(3,439.4)
Direct investment income	(844.4)	(1,094.9)	(1,291.8)	(1,515.7)	(1,620.2)
Portfolio income	(1,620.2)	(576.9)	(519.2)	(681.6)	(696.0)
Other investment income	(63.3)	(291.0)	(796.6)	(1,120.2)	(1,123.1)
d. Current transfers (net)	**(2,526.9)**	**(2,711.7)**	**(2,663.3)**	**(2,659.6)**	**(2,545.3)**
Workers' remittances	(2,526.9)	(2,711.7)	(2,663.3)	(2,659.6)	(2,545.3)
2. Capital and financial account (net)(*A+B*)	**(1,109.6)**	**(4,250.3)**	**(435.6)**	**(253.5)**	**(1,954.2)**
A. Capital account (net)	**564.1**	**472.9**	**350.0**	**231.9**	**206.1**
Capital transfers	564.1	472.9	472.9	231.9	206.1
B. Financial account (*I+II+III+IV*)[(5)]	**(1,673.7)**	**(4,723.1)**	**(785.6)**	**21.6**	**(2,160.4)**
I. Direct investment	**1,714.9**	**3.5**	**5,726.6**	**2,330.5**	**271.0**
Abroad	(64.4)	(1,947.9)	(1,113.0)	(538.8)	(550.0)
In Bahrain	1,779.3	1,951.3	6,839.6	2,869.3	821.0
II. Portfolio investment (net)	**(1,130.3)**	**501.1**	**796.8**	**(1,179.5)**	**3,931.4**
Assets	(3,501.1)	(909.3)	(5,322.6)	(4,589.9)	(1,494.3)
Liabilities	2,370.7	1,410.4	6,119.4	3,410.4	5.425.7
III. Other investment (net)	**258.5**	**(5,458.0)**	**(7,008.5)**	**(1,375.4)**	**(5,678.7)**
Assets	(1,056.6)	(5,085.9)	(8,721.3)	(5,085.2)	(6,539.0)
Liabilities	1,315.2	(372.1)	1,712.8	3,709.6	860.3
IV. Reserve assets (net)	**(2,516.8)**	**230.3**	**(300.5)**	**246.0**	**(684.0)**
3. Errors and omissions	**(1,492.8)**	**(2,588.3)**	**(2,263.8)**	**(2,535.4)**	**(867.8)**

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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. 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. In 2025, the current account registered a surplus of U.S.$2,822.1 million. In 2022, 2023 and 2024, the current account surplus as a percentage of GDP was 14.6%, 5.8%, and 4.8% respectively. In 2025, the current account surplus as a percentage of GDP was 5.8%. The surpluses in the current account in 2021-2025 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 44.9%, 49.5%, 47.0%, and 43.8% in each of 2021, 2022, 2023 and 2024 respectively. In 2025, the import/current GDP ratio was 44.2%. 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 2025. The principal source of revenue in the services sector is income from financial services (including insurance) and travel. 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. In 2025, travel services receipts were U.S.$4,744.7 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 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. In 2025, there was an outflow of U.S.$2,545.3 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.$1,714.9 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.$2,330.5 million. In 2025, total direct investment recorded a net inflow of U.S.$271.0 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.$6,839.6 million. In 2024, direct investment flows abroad were U.S.$(538.8) million while direct investment flows to Bahrain were U.S.$2,869.3 million. In 2025, direct investment flows abroad were U.S.$(550.0) million while direct investment flows to Bahrain were U.S.$821.0 million.

Portfolio investments (which principally comprises financial securities issued by banks) demonstrated 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.$1,179.5 million. In 2025, portfolio investments demonstrated a net inflow of U.S.$3,931.4 million.

Other investments (principally comprising bank loans/financings and cash deposits) demonstrated 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.$1,375.4 million. In 2025, other investments demonstrated a net outflow of U.S.$5,678.7 million.

Balance of Payments

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 deficit of U.S.$246.0 million. In 2025, Bahrain's balance of payments showed a surplus of U.S.$684 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				
	2021	**2022**	**2023**	**2024**	**2025**
Imports of oil (*U.S.$ millions*)[(1)]	4,740.4	7,965.4	6,480.6	6,689.1	6,822.9
As a percentage of total imports *(%)*	27.1	36.3	31.9	32.4	31.5

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. 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. In 2025, the IGA estimates that aluminium accounted for 41.4% of total non-oil exports and 25.1% 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.$13.0 billion debt owed to CBB by the Government.

	As at 31 December					As at 30 April	% Change
	2021	2022	2023	2024	2025	2026	2024– 2025
	(U.S.$ millions)[1]						(%)
Currency in circulation[2]	1,484.2	1,347.2	1,414.6	1,420.2	1,338.9	1,480.7	0.4
M1[3]	8,381.4	7,756.4	7,361.2	7,467.6	7,594.1	9,063.3	1.7
M2[4]	34,666.5	35,446.5	37,138.3	36,983.5	38,396.8	40,683.5	3.8
M3[5]	39,585.6	40,253.7	43,271.9	43,139.5	44,012.0	48,070.5	2.0

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 30 April	
	2021		2022		2023		2024		2025		2026	
	(U.S.$ millions)[1]	(%)[6]	(U.S.$ millions)[1]	(%)[6]	(U.S.$ millions)[1]	(%)[6]	(U.S.$ millions)[1]	(%)[6]	(U.S.$ millions)[1]	(%)[6]	(U.S.$ millions)[1]	(%)[6]
Currency in circulation[1]	1,484.2		1,347.2		1,414.6		1,420.2		1,338.9		1,480.7	
M1	**8,381.4**	**12.0**	**7,756.4**	**(7.5)**	**7,361.2**	**(5.1)**	**7,467.6**	**1.4**	**7,594.1**	**1.7**	**9,063.3**	**15.0**
Total private sector deposits[3]	33,182.5	**5.4**	34,099.5	**2.8**	35,723.7	**4.8**	35,563.3	**(0.4)**	37,057.9	4.2	39,203.0	8.8
M2	**34,666.5**	**4.9**	**35,446.5**	**2.3**	**37,138.3**	**4.8**	**36,983.5**	**(0.4)**	**38,396.8**	**3.8**	**40,683.5**	**8.2**
Time and savings deposits	23,313.6	0.2	25,870.4	11.0	28,061.1	8.5	27,987.9	(0.3)	29,187.8	4.3	29,448.9	4.7
General government deposits[4]	4,919.1	7.1	4,807.1	(2.3)	6,133.6	27.6	6,156.0	0.4	5,615.2	(8.8)	7,397.0	11.2
M3	**39,585.6**	**5.2**	**40,253.7**	**1.7**	**43,271.9**	**7.5**	**43,139.5**	**(0.3)**	**44,012.0**	**2.0**	**48,070.5**	**8.7**
Net foreign assets[5]	(60.8)	—	(3,179.3)	—	(4,218.6)	—	(7,436.7)	—	(11,161.2)	—	(10,648.7)	—
Domestic assets	39,646.6	1.1	43,433.0	9.6	46,682.3	7.5	50,576.2	8.4	55,173.3	9.1	58,719.3	12.8

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 2025, M3 increased by 2.0%, from U.S.$43,139.6 million as at 31 December 2024 to U.S.$44,012.0 million. General government deposits (with both the CBB and retail banks) declined by U.S.$540.8 million, or 8.8%, from U.S.$6,156.0 million in 2024 to U.S.$5,615.2 million in 2025. As at 30 April 2026, M3 increased to U.S.$48,070.5 million, or 8.7%, as compared to 30 April 2025.

Government deposits accounted for 15.4% of M3 as at 30 April 2026. 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.$10,648.7 million as at 30 April 2025, as compared to net foreign liabilities of U.S.$11,161.2 million as at 31 December 2025.

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. In 2023, the annual inflation rate was 0.1% and 0.9% in 2024. In 2025, the deflation of 0.1% was recorded. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—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.

	2021	2022	2023	2024	2025
CPI (April 2019 =100)	97.0	100.5	100.6	101.5	101.6
Inflation Rate	(0.6%)	3.6%	0.1%	0.9%	(0.1%)

Source: Information eGovernment Authority

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. 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 31 December 2025, the CPI increased to 101.6, primarily due to decreases in prices of housing, water, electricity, gas and other fuels group (0.4%) and food and non-alcoholic beverages group (0.2%).

Inflation data is collected and calculated monthly by the IGA.

The table below sets forth statistics regarding the inflation rate for each of the months indicated.

	Mar. 2025	Apr. 2025	May. 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sep. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026	Feb. 2026	Mar. 2026
CPI (April 2019=100)	101.3	101.0	100.5	101.4	101.0	101.2	101.7	101.7	102.3	101.6	102.5	102.0	102.4
Year on year change (%)	0.1	-0.5	-1.0	-0.4	-0.9	-0.8	0.0	0.1	1.1	0.5	1.3	0.5	1.1

Source: Information eGovernment Authority

The inflation rate in the twelve months ended 31 March 2026 was 1.1%.

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.

	2021	2022	2023	2024	2025(1)
			(U.S.$ millions)		
Direct Investment (net)	(14,478)	(15,290)	(21,403)	(23,733)	(24,005)
Outward FDI Stock	19,006.6	20,954.5	22,067.6	22,606.4	23,156.4
Inward FDI Stock	33,484.3	36,244.7	43,470.5	46,339.9	47,161.0

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.$43.5 billion of inward foreign direct investment in 2023 and U.S.$46.3 billion of inward foreign direct investment in 2024. In 2025, Bahrain attracted U.S.$47.1 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.

In 2025, the third edition of the Gateway Gulf forum took place, resulting in U.S.$17 billion in announcements, partnerships and deals and the grant of four new golden licences.

Foreign Reserves

The table below shows the foreign reserves held by the CBB as at the dates indicated.

	As at 31 December					As at 30 April
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
			(U.S.$ millions)			
Foreign exchange[(1)]	3,905.9	3,727.7	4,023.1	3,789.9	3,805.3	3,473.4
SDRs	639.9	600.0	604.8	596.0	616.8	624.7
Reserve position in the IMF	195.5	183.2	183.5	179.5	184.8	187.0
Total gross foreign reserves	**4,741.2**	**4,510.9**	**4,811.4**	**4,565.4**	**4,606.9**	**4,285.1**
Gold	6.6	6.6	6.6	6.6	649.2	695.0
Total gross foreign reserves (including gold)	**4,747.9**	**4,517.6**	**4,818.1**	**4,572.1**	**5,256.1**	**4,980.1**

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.

As at 31 December 2021, 2022, 2023, 2024 and 2025, Bahrain's gross foreign reserves (including gold) were U.S.$4,747.9 million, U.S.$4,517.6 million, U.S.$4,818.1 million, U.S.$4,572.1 million and U.S.$5,256.1 million, respectively, and as at 31 December 2021, 2022, 2023, 2024 and 2025, were estimated by the CBB to be sufficient to finance 1.9, 3.2, 2.5, 2.7 and 3.0 months of obligations in respect of imports of goods, respectively. As at 30 April 2026, Bahrain's gross foreign reserves (including gold) were U.S.$4,980.1 million and were estimated by the CBB to represent 2.8 months of import coverage and 4.0 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.$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, U.S.$247.8 billion as at 31 December 2024 and U.S.$254.5 billion as at 31 December 2025 (of which wholesale banks' assets were U.S.$134.8 billion and retail banks' assets were U.S.$119.7 billion as at 31 December 2025). The total assets of the banking system were U.S.$254.0 billion as at 30 April 2026 (of which wholesale banks' assets were U.S.$128.7 billion and retail banks' assets were U.S.$125.4 billion as at 30 April 2026).

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 30 April 2026
	2021	2022	2023	2024	2025[1]	
			(U.S.$ millions)[2]			
Wholesale Banks						
Assets	118,102.7	122,372.8	131,451.8	136,883.2	134,770.9	128,677.5
Domestic	*17,232.3*	*17,918.9*	*20,602.1*	*18,454.8*	*20,964.2*	*22,390.2*
Foreign	*100,870.4*	*104,453.9*	*110,849.7*	*118,428.4*	*113,806.7*	*106,287.3*
Liabilities	118,102.7	122,372.8	131,451.8	136,883.2	134,770.9	128,677.5
Domestic	*13,487.8*	*15,729.6*	*13,852.0*	*12,832.3*	*13,622.0*	*14,985.1*
Foreign	*104,614.9*	*106,643.2*	*117,599.8*	*124,050.9*	*121,148.9*	*113,692.4*
Retail Banks						
Assets	99,399.0	101,721.9	107,076.3	110,907.7	119,683.7	125,364.2
Domestic	*58,846.3*	*63,517.1*	*68,224.3*	*71,470.5*	*77,630.8*	*80,371.1*
Foreign	*40,552.7*	*38,204.8*	*38,852.0*	*39,437.2*	*42,053.0*	*44,993.2*
Liabilities	99,399.0	101,721.9	107,076.3	110,907.7	119,683.9	125,364.2
Domestic	*54,872.9*	*56,603.6*	*59,975.7*	*60,222.8*	*62,015.1*	*65,554.0*
Foreign	*44,526.0*	*45,118.3*	*47,100.4*	*50,684.9*	*57,668.7*	*59,810.2*
Total banking sector assets	**217,501.6**	**224,094.6**	**238,528.1**	**247,827.6**	**254,454.7**	**254,041.6**

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 30 April 2026
	2021	2022	2023	2024	2025	
Number of retail banks[1]	30	30	30	29	29	29
of which: Islamic retail banks	*6*	*6*	*7*	*6*	*7*	*7*
Aggregate balance sheet of retail banks (*U.S.$ millions*)[2]	99,399.0	101,721.9	107,076.3	110,929.6	119,683.7	125,364.2
Combined foreign and local deposits of retail banks (*U.S.$ millions*)[2]	49,745.2	50,541.8	53,735.6	54,708.3	58,059.3	60,708.2
Business loans/financings made by retail banks (*% of total loans/financings*)	49.0	43.8	42.6	42.3	40.7	40.8
Loans/financings to Government made by retail banks (*% of total loans/financings*)	4.2	5.6	7.9	9.4	11.6	12.5
Personal loans/financings made by retail banks (*% of total loans/financings*)	46.9	50.6	50.1	48.3	47.7	46.6

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 Bahrain-incorporated banks and branches of foreign commercial and investment banks, which use Bahrain as a base. Bahrain-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 2021, 2022, 2023, 2024 and 2025 there were 59, 56, 54, 53 and 54 wholesale banks in Bahrain, respectively, of which 12, ten, eight, 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 30 April	
	2021		2022		2023		2024		2025		2026	
	Assets	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
Domestic (*U.S.$ billions*)..................	17.2	13.5	17.9	15.7	20.6	13.9	18.4	12.8	21.0	13.6	22.4	15.0
Foreign (*U.S.$ billions*)..................	100.9	104.6	104.5	106.6	110.8	117.6	118.4	124.0	113.8	121.1	106.3	113.7
Share of GCC countries (*%*)[(1)].......	32.0	35.7	27.3	38.7	24.7	41.3	24.7	39.9	26.7	42.1	27.8	41.9
Share of Western Europe (*%*)...........	28.3	23.8	31.0	23.4	31.1	25.7	29.0	29.3	26.3	26.7	28.7	25.9
Share of Americas (*%*)	11.1	3.0	12.2	3.8	15.1	2.4	18.9	2.0	17.2	1.5	10.8	1.6
Share of Asian countries (*%*)	7.3	11.5	6.9	7.6	6.4	6.8	6.9	7.5	7.4	7.8	7.1	8.4
Denominated in U.S. Dollars (*%*)	70.8	79.2	72.3	77.9	74.1	75.6	78.1	76.1	75.6	74.5	72.8	72.6
Denominated in Euros (*%*).....................	11.7	8.3	13.0	8.6	13.1	9.1	9.7	8.3	9.9	9.5	10.3	9.7
Denominated in GCC currencies (*%*)[(1)(2)]...	10.4	8.0	7.9	9.5	6.3	11.1	5.5	9.9	6.7	11.0	8.2	12.3

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 2025, 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 2021, increasing from U.S.$34,554.8 million as at 31 December 2021 to U.S.$36,065.1 million, with restricted investment accounts (which are off balance sheet items) of U.S.$543.6 million, as at 31 December 2022. 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 31 December 2025, the aggregate total assets of Islamic banks comprised of unrestricted investments stood at U.S.$67,060.9 million. As at 31 March 2026, the aggregate total assets of Islamic banks comprised of unrestricted investments stood at U.S.$69,254.1 million and restricted investment accounts (which are off balance sheet items) amounted to U.S.$5,572.0 million.

As at 31 December 2021, 2022, 2023, 2024 and 2025, Islamic banks' assets accounted for 15.9%, 16.1%, 16.0%, 25.6% and 26.4% of total banking sector assets, respectively. As at 30 April 2026, Islamic banks' assets accounted for 27.8% of total banking sector assets.

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 30 April 2026
	2021	2022	2023	2024	2025(1)	
			(U.S.$ millions)			
Business Sector	**14,205.2**	**13,168.8**	**13,162.6**	**13,861.0**	**14,032.3**	**14,578.9**
Manufacturing	3,436.9	3,248.1	3,614.8	3,514.6	3,168.3	3,584.7
Mining and Quarrying	198.6	385.8	365.3	224.5	201.8	203.3
Agriculture Fishing and Dairy	35.1	44.2	48.5	46.5	89.8	90.1
Construction and Real Estate	5,344.7	4,392.9	4,089.0	3,890.4	3,743.3	3,869.1
Trade	2,404.1	2,164.9	2,039.5	—	—	—
Non-Bank Financial	450.9	449.9	477.5	—	—	—
Other Sectors, of which:	2,335.2	2,483.0	2,527.9	—	—	—
Transportation and Communication	*392.3*	*385.0*	*422.8*	—	—	—
Hotels and Restaurants	*521.7*	*429.1*	*439.1*	—	—	—
General Government	**1,208.6**	**1,675.1**	**2,460.9**	**3,085.2**	**4,009.7**	**4,472.7**
Personal Sector	**13,592.3**	**15,204.2**	**15,704.1**	**15,824.7**	**16,463.5**	**16,653.5**
Secured by Mortgage	6,014.7	7,342.6	7,799.1	8,059.4	8,494.8	8,615.6
Secured by Vehicle Title	290.3	283.6	245.4	258.6	249.4	242.7
Secured by Deposit	355.5	344.0	646.6	557.6	498.3	528.1
Secured By Salary Assignment	5,141.0	5,093.1	4,278.0	4,722.6	4,717.8	4,667.8
Credit Card Receivables	264.6	223.9	314.9	356.0	332.3	306.6
Other	1,526.0	1,916.9	2,420.0	1,870.4	2,171.0	2,292.7
Total	**29,006.1**	**30,048.1**	**31,327.7**	**32,771.0**	**34,505.5**	**35,705.2**

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.

Source: CBB

The total amount of credit given by the retail banking sector was U.S.$35,705.2 million as at 30 April 2026. The total amount of credit given by the retail banking sector as at 31 December 2025 was U.S.$34,505.5 million, an increase of 5.3% compared to as at 31 December 2024. The continued credit growth was primarily a result of an increase in mortgage financing.

Total business sector credit was U.S.$14,578.9 million as at 30 April 2026. Total business sector credit as at 31 December 2025 was U.S.$14,032.3 million, reflecting a 1.2% increase, as compared to U.S.$13,861.0 million as at 31 December 2024. Principal contributors to business lending were the construction and real estate, and manufacturing sectors, which accounted for 26.5% and 24.6% of total business sector credit, respectively.

Total personal sector credit was U.S.$16,653.5 million as at 30 April 2026. Total personal sector credit was U.S.$16,463.5 million as at 31 December 2025. Personal sector loans were primarily loans/financings secured by mortgages and salary assignments, which accounted for 51.7% and 28.0% of total personal sector credit, respectively. As at 31 December 2025, the largest increase in personal credit was credit secured by Mortgages which was U.S.$8,494.8 million (reflecting a 5.4% increase, as compared to as at 31 December 2024).

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.

	Dec. 2020	June 2021	Dec. 2021	June 2022	Dec. 2022	June 2023	Dec. 2023	June 2024	Dec. 2024	June 2025	Dec. 2025	Mar. 2026(1)
					(%)							
Conventional Retail Banks .	4.7	4.3	3.9	3.8	3.3	3.6	3.4	4.0	3.3	2.9	2.8	2.7
Conventional Wholesale Banks............	4.1	3.6	2.8	2.5	2.3	2.1	2.2	2.2	2.0	1.8	2.0	2.0
Islamic Retail Banks............	6.5	5.5	5.0	4.4	4.8	5.0	4.9	4.7	4.3	4.5	4.0	4.3
Islamic Wholesale Banks............	1.6	1.8	0.7	6.3	4.8	5.3	1.0	0.8	1.1	0.9	1.0	0.8
Total Banking Sector...........	**4.3**	**3.8**	**3.2**	**3.3**	**3.0**	**3.1**	**2.9**	**3.0**	**2.8**	**2.6**	**2.6**	**2.6**

Note:
(1) Preliminary Data.

Source: CBB

Between December 2025 and March 2026, NPLs of conventional retail banks decreased slightly by 0.1%, from 2.8% to 2.7%; NPLs of conventional wholesale banks remained the same at 2.0%; NPLs of Islamic retail banks increased to 4.3%; and NPLs of Islamic wholesale banks decreased by 0.1%, from 1.0% to 0.8%. Taken as a whole, between December 2025 and March 2026, NPLs for the total banking sector remained unchanged at 2.6%.

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.

	June 2021	Dec. 2021	June 2022	Dec. 2022	June 2023	Dec. 2023	June 2024	Dec. 2024	June 2025	Dec. 2025	Mar. 2026[(1)]
						(%)					
Conventional Retail Banks........................	69.6	71.9	73.2	74.3	66.7	71.0	60.6	57.3	56.5	56.2	55.5
Conventional Wholesale Banks	73.9	72.8	69.6	67.0	61.1	60.7	63.7	60.3	56.3	65.7	65.2
Islamic Retail Banks.	51.8	56.4	59.0	54.8	49.6	40.5	51.5	42.8	47.0	50.7	48.0
Islamic Wholesale Banks........................	78.6	92.0	86.7	94.9	81.5	87.5	52.7	43.9	45.4	110.6	117.7
Total Banking Sector	**68.9**	**70.1**	**69.9**	**68.5**	**61.8**	**59.8**	**59.1**	**53.3**	**54.8**	**58.5**	**56.9**

Note:
(1) Preliminary Data.

As at 31 March 2026, provisions for NPLs of the entire banking sector were 56.9%. Provisions for NPLs of conventional retail banks, conventional wholesale banks and Islamic retail banks collectively decreased slightly to 55.5%, 65.2%, and 48.0% as at 31 March 2026, 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					As at 31 March
	2021	2022	2023	2024	2025[(1)]	2026
			(%)			
Conventional Retail Banks..........................	20.6	21.5	21.9	32.0	27.5	25.2
Conventional Wholesale Banks..................	17.1	17.5	18.0	16.9	17.2	17.4
Islamic Retail Banks...................................	21.7	21.2	20.0	24.6	27.7	25.7
Islamic Wholesale Banks............................	15.8	16.9	17.4	19.6	19.7	17.3
Total Banking Sector................................	**18.7**	**19.5**	**19.7**	**21.2**	**21.8**	**20.8**

Note:
(1) Preliminary Data.

Source: CBB

The CAR for the entire banking sector decreased by 1.0%, from 21.8% as at 31 December 2025 to 20.8% as at 31 March 2026. The CAR of conventional retail banks decreased by 2.3%, from 27.5% as at 31 December 2025 to 25.2% as at 31 March 2026, while the CAR of conventional wholesale banks increased by 0.2%, from 17.2% to 17.4% over the same period. The CAR of Islamic retail banks and Islamic wholesale banks also decreased during the same period to 25.7% and 17.3%, respectively.

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 of 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 Bahrain-incorporated or branches of foreign banks, to comply with International Financial Reporting Standards. Bahrain-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 licencees 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
	2020	2021	2022	2023	2024	30 Sep 2025
Insurance companies/*Takaful* operators and organisations registered in Bahrain(1)	144	141	138	141	137	137
Gross premiums/contributions of the insurance/*Takaful* market *(U.S.$ millions)*(2)................	736.4	733.9	743.2	777.3	845.6	636.5
Gross premiums/contributions of the insurance/*Takaful* market *(% change year on year)*......	(3.6)	(0.3)	1.3	4.6	8.8	(0.2)

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 30 April 2026, a total of 41 companies were listed on the Bahrain Bourse with a total market capitalisation of U.S.$20.3 billion. Bonds/Sukuk (both corporate and government) and mutual funds are also listed on the exchange. The Bahrain All Share Index stood, as at 30 April 2026, at 1,972.1

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 and for the four months ended 30 April 2026**
	2021	**2022**	**2023**	**2024**	**2025**	
Companies listed on the Bahrain Bourse	44	43	42	41	41	41
Total market capitalisation (*U.S.$ billion*)[1]	28.8	30.3	20.6	20.5	21.4	20.3
Growth rate (*%*)	16.6	5.2	(32.0)	(1.0)	4.4	3.3
Bahrain All Share Index close	1,797.3	1,895.3	1,971.5	1,985.9	2,066.5	1,972.1
Volume of shares traded (*millions of shares*)	1,018.3	536.9	780.0	1,483.9	1,420.4	61.7
Value of shares traded (*U.S.$ million*)[1]	520.4	451.6	559.1	850.5	1,646.5	48.9
Bahrain All Share index (*points*)	1,797.3	1,895.3	1,971.5	1,985.9	2,066.5	1,972.1
Number of listed Bahraini companies[2]	42	41	41	40	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 depositary 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 remains in place and continues to guide fiscal policy. The FBP 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.

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 2025/2026 budget law includes an oil price estimate of U.S.$60 per barrel and provides for a budgeted overall deficit of U.S.$3,926 million in 2025 and a budgeted overall deficit of U.S.$2,866 million in 2026.

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[(2]	2024 Budget	2024 Actual	2024 FBP[(2)]	2025 Budget	2025 Actual[(3)]	2026 Budget
								(U.S.$ millions)							
Revenue	**7,836**	**5,538**	**6,399**	**6,956**	**6,535**	**9,425**	**8,254**	**8,500**	**8,418**	**9,227**	**8,048**	**9,168**	**7,778**	**7,567**	**9,200**
Oil	5,575	3,279	4,036	4,743	4,073	6,440	5,096	5,411	**5,056**	**5,710**	**4,840**	**5,708**	**3,969**	**3,778**	**4,336**
Non-Oil	2,261	2,260	2,363	2,213	2,462	2,986	3,158	3,088	**3,363**	**3,517**	**3,208**	**3,460**	**3,809**	**3,790**	**4,864**
Expenditure[(1)]	**9,985**	**9,981**	**9,745**	**9,489**	**9,685**	**9,919**	**9,922**	**10,558**	**9,028**	**9,802**	**10,777**	**9,149**	**11,704**	**11,928**	**12,066**
Primary Surplus/(Deficit)	**(353)**	**(2,674)**	**(1,464)**	**(677)**	**(1,137)**	**1,465**	**369**	**162**	**1,387**	**1,521**	**(215)**	**2,013**	**(1,184)**	**(1,561)**	**206**
Surplus/(Deficit)	**(2,148)**	**(4,443)**	**(3,347)**	**(2,533)**	**(3,150)**	**(494)**	**(1,668)**	**(2,058)**	**(610)**	**(575)**	**(2,729)**	**18**	**(3,926)**	**(4,361)**	**(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 data before the final closing.

Recent developments

In April 2026, the Government implemented a range of fiscal and policy measures in response to the ongoing regional conflict, including assuming responsibility, through the Unemployment Insurance Fund, of private sector salary payments during April 2026, introducing a BD 7 billion six-month liquidity support programme for retail banks, implementing a three-month deferral programme for loan and credit card payment for individuals and corporates; sustaining critical infrastructure, and deferring or reprioritising certain capital projects. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Risk factors relating to the Issuer —The 2026 Iran War*".

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 the Notes—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.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget[(1)]	2025 Actual[(3)]	2026 Budget[(1)]
			(U.S.$ millions, except percentages)				
Revenues	**6,956**	**9,425**	**8,500**	**8,048**	**7,778**	**7,567**	**9,200**
Oil and gas	4,743	6,440	5,411	4,840	3,969	3,778	4,336
Non-oil and gas	2,213	2,986	3,088	3,208	3,809	3,790	4,864
Expenditures	**9,489**	**9,919**	**10,558**	**10,777**	**11,704**	**11,928**	**12,066**
Recurrent expenditure[(2)]	8,661	9,126	9,821	10,003	10,917	11,141	11,335
Emergency expenditure	296	172	—	—	—	—	—
Projects expenditure	532	621	737	774	787	787	731
Surplus/(deficit)	**(2,533)**	**(494)**	**(2,058)**	**(2,729)**	**(3,926)**	**(4,361)**	**(2,866)**
Primary surplus/(deficit)	**(677)**	**1,465**	**162**	**(215)**	**(1,184)**	**(1,561)**	**206**
Overall Budget Deficit to GDP Ratio *(%)*	(6)	(1)	(4)	(6)	(8)	(9)	(6)
Primary Budget Surplus/(Deficit) to GDP Ratio (*%*)	(2)	3	0.4	(0.5)	(2)	(3)	0.4

Notes:

(1) See "*—2025/2026 Budget*" for further details.

(2) Includes debt service and part of the Economic Stimulus Package related to the payment of the electricity and water bills.

(3) Preliminary data before the final closing.

Source: Ministry of Finance and National Economy

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, revised FBP targets were announced for the period 2022-2024 and included additional measures 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.$9,802 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.

In 2024 an actual deficit of U.S.$2,729 million was recorded, with total revenues amounting to U.S.$8,048 million and total expenditures amounting to U.S.$10,777 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.

According to preliminary data, in 2025, an actual deficit of U.S.$4,361 million was recorded, compared to a budgeted deficit of U.S.$3,926 million in the 2025 adjusted budget, reflecting an increase in the deficit of approximately 59.8% compared to the actual deficit of U.S.$2,729 million in 2024. In 2025, total revenues amounted to U.S.$7,567 million and total expenditures amounted to U.S.$11,928 million, compared to budgeted total revenues of U.S.$7,778 million and budgeted total expenditures of U.S.$11,704 million in the 2025 adjusted budget. Total revenues in 2025 declined by approximately 6.0% compared to actual revenues in 2024, while total expenditures in 2025 increased by approximately 10.7% compared to actual expenditures in 2024.

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 the Notes—Risk factors relating to the Kingdom—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.

	Saudi Arabia	**Kuwait**	**UAE**	**Total**
		(U.S.$ millions)		
Housing	460	996	910	2,366
Roads and Sewerage	785	470	201	1,455
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	—	16	70
Total	**2,500**	**2,500**	**2,500**	**7,500**

Source: Ministry of Finance and National Economy

In 2025, 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.$16 million in the UAE tranche.

As at 31 December 2025, an amount of U.S.$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.$6.0 billion had been certified as paid from the GCC Development Fund. Contracts in an amount of U.S.$ 6.6 billion had been awarded in respect of 48 projects, of which 23 projects had been completed and 25 projects are ongoing.

Fiscal Policy

Building on the progress of the FBP and in line with Bahrain's Economic Vision 2030 through supporting expenditure discipline, diversifying revenues and strengthening long-term fiscal sustainability, the Government introduced a major fiscal reform package in December 2025, which is expected to have a gradual fiscal impact extending through 2029. These initiatives include: (i) increasing electricity and water tariffs, with effect from 1 January 2026; (ii) introducing a law on corporate income tax for local companies during 2026 with implementation by 1 January 2027, (iii) increasing fuel prices and introducing a monthly pricing mechanism, with effect from 30 December 2025; (iv) increasing natural gas prices for businesses gradually over a period of four years, with effect from 1 January 2026; (v) increasing labour and health care fees on foreign workers gradually over a period of four years, with effect from 1 January 2026; (vi) increasing sewerage fees (with exemptions for citizens' first homes), with effect from 1 January 2026; (vii) introducing legislative amendments to impose higher excise taxes on carbonated drinks in 2026; (viii) increasing municipal fees on undeveloped investment land, with effect from 1 January 2027; (ix) cutting administrative Government expenditure by 20%, with effect from 1 January 2026; (x) increasing dividends from state owned companies, with effect from 1 January 2026; and (xi) simplifying Government procedures to incentivise FDI and projects, with effect from 1 January 2026.

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 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 historically, 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, 0.9% recorded in 2024 and deflation of 0.1% was recorded in 2025. 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 2021, 2022, 2023, 2024 and 2025, as well as budgeted revenues for 2025 and 2026, are set forth below.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget[(1)]	2025 Actual[(3)]	2026 Budget[(1)]
				(U.S.$ millions)			
Oil and gas	**4,743**	**6,440**	**5,411**	**4,840**	**3,969**	**3,778**	**4,336**
Non-oil and gas[(2)]	**2,213**	**2,986**	**3,088**	**3,208**	**3,809**	**3,790**	**4,864**
Of which:							
Taxation and fees	1,434	2,322	2,449	2,508	2,781	2,881	3,069
Government goods and services	164	191	204	194	197	180	196
Government investment and properties	499	365	349	442	480	657	521
Grants	—	—	—	—	—	—	—
Sale of capital assets	1	3	2	2	2	2	2
Fines, penalties and misc.	115	105	85	62	349	70	1,077
Total	**6,956**	**9,425**	**8,500**	**8,048**	**7,778**	**7,567**	**9,200**

Notes:

(1) See "*—2025/2026 Budget*" for further details.

(2) Includes grants.

(3) Preliminary data before the final closing.

Source: Ministry of Finance and National Economy

The principal source of revenue since 2021 has been the oil and gas industry, which is highly dependent on global market oil prices. In 2021, 2022, 2023, 2024 and 2025 revenues from the oil and gas industry represented 68.2%, 68.3%, 63.7%, 60.1%, and 49.9% 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, 2024 and 2025, non-oil revenues demonstrated year-on-year growth, of 34.9%, 3.4%, 3.9%, 18.1% respectively. The share of non-oil and gas revenues to total revenues has generally been increasing over the five years. In 2021, 2022, 2023, 2024 and 2025, non-oil revenues represented 31.8%, 31.7%, 36.3%, 39.9% and 50.1% respectively, of total revenues.

In 2021, 2022, 2023, 2024 and 2025 taxation and fees revenue represented 20.6%, 24.6%, 28.8%, 31.2% and 38.2%, 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 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 2025, 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 seven publicly listed companies in Bahrain Bourse (Alba, Bahrain Flour Mills, Beyon, Delmon Poultry Company, Gulf Hotels Group, NBB and Silah Gulf).

The following companies were the key subsidiaries of Mumtalakat as at 31 December 2025.

	Equity holding
	(%)
Aluminium Bahrain B.S.C. (Alba)	69.4
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) [(1)]	100.0
Bahrain Real Estate Investment Company (Edamah) B.S.C (c)	100.0
Gulf Air Group Holding B.S.C. (c)[(2)]	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	60.0
H Al Dhaen Boats W.L.L.	99.9
Radio Bahrain Company W.L.L	100.0
Array Innovation W.L.L	90.0
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 [(3)].	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.

(3) Bahrain Food Holding Company W.L.L owns 65.7% of Bahrain Flour Mills Company B.S.C and owns 100% of Bahrain Agriculture Development Company W.L.L. and General Poultry Company B.S.C. (c).

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 2025, McLaren Group Limited acquired all remaining shares in McLaren Racing Limited from minority shareholders. The transaction enabled Mumtalakat and CYVN to assume full ownership of the British motor racing business. As a result, Mumtalakat continues as majority shareholder, with CYVN owning a non-controlling stake.

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. Mumtalakat paid BD 40.0 million (U.S.$106.4 million) dividend in 2025 as per the approved budget.

In 2024, Mumtalakat reported a consolidated net profit of BD 362.9 million, as compared to a consolidated net loss of BD 496.7 million in 2023. This increase was primarily due to continued profitability of Alba, which reported net profit of BD 184.5 million in 2024 compared to BD 118 million for 2023, impacted by higher average LME prices of aluminium during the year, as compared to 2023, and increased fair value gains on investments. The improvement also reflects stronger results from McLaren and continued positive contributions from the group's broader portfolio. Mumtalakat's revenue increased by 5% from BD 2,136 million in 2023 to BD 2,234 million in 2024. The increase in revenue was primarily driven by a BD 78 million increase in Alba's revenues, which was in turn, due to an increase in LME prices. Mumtalakat's key associates, NBB and Beyon, continued to report positive results. In 2024 NBB and Beyon reported profits of BD 83 million and BD 85 million, respectively, as compared to BD 81 million and BD 82 million, respectively, in 2023.

For the six months ended 30 June 2025, Mumtalakat reported a consolidated net profit of BD 97.8 million, as compared to a consolidated net profit of BD 20.9 million in the corresponding period of 2024. This increase was mainly attributable to a gain recorded on the divestment of certain assets, as well as the improved performance of the Gulf Air Group, with continued positive financial results from NBB and Beyon, which recorded net profits of BD 50 million and BD 41 million, respectively, compared to BD 47 million and BD 44 million in the corresponding period in 2024. For the six months ended 30 June 2025, the group's revenue increased by 11% to BD 1,154.1 million from BD 1,039.6 million for the six months ended 30 June 2024. This increase was primarily driven by an increase in Alba's revenues of BD 101 million due to higher average LME prices and an increase in the volume of sales during the period despite tariff uncertainties and escalations.

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 2025, Ma'aden announced that it had completed its purchase of SABIC's 20.62% equity shareholding in Alba. The acquisition was ratified and approved by SABIC's shareholders on 10 April 2025

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 and 29.0% of non-oil exports in 2025.

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. Alba continues to pay down its debt in line with the amortisation schedules, with debt levels of approximately U.S.$1.0 billion as at 31 December 2025. 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 74%, 72%, and 68% of Alba's product mix for the years ended 31 December 2025, 31 December 2024 and 31 December 2023. 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.

Alba announced on 2 March 2026 that it had entered into an exclusive agreement with American Industrial Partners to acquire up to 100% of Aluminium Dunkerque, an aluminium smelter based in France. Following receipt of relevant approvals, the share purchase agreement was signed on 6 May 2026 and remains subject to regulatory approvals and customary closing conditions. Aluminium Dunkerque is the largest primary aluminium smelter in the European Union, with an annual production capacity of 300,000 tonnes. The proposed transaction would bring Alba and Aluminium Dunkerque together to form a geographically diversified industrial group with an operational footprint across regions, expanding both companies' global customer base. Aluminium Dunkerque's strategic European location, advanced industrial capabilities, and attractive energy profile complements Alba's scale and global reach. Together, the companies' combined footprint across Europe and the GCC region strengthen supply chain resilience and position the group to meet growing global demand driven by electrification, sustainable construction and the global energy transition.

The ongoing regional conflict has created operational uncertainty with respect to the import of raw materials and the export of finished products, leading Alba to declare *force majeure* in early March 2026. The closure of the Strait of Hormuz has disrupted Alba's maritime routes, preventing the import of alumina and other critical raw materials. This disruption has also significantly impaired Alba's ability to export finished aluminium to customers, creating delivery risks that affect contractual commitments. To extend existing alumina inventories, Alba implemented a controlled shutdown of reduction lines 1 to 3, commencing on 15 March 2026. Furthermore, Alba's facilities were subject to direct attacks on 28 March 2026. The extent of damage is being evaluated. See "*Risk Factors— Factors that may affect the Issuer's ability* *to fulfil its obligations under the Notes—Risk factors relating to the Kingdom—The prices of aluminium are cyclical, and sustained low prices may impact the economy*".

Gulf Air

Since the commencement of a restructuring programme at Gulf Air in 2012, the amount of funding from the Government and Gulf Air Group to Gulf Air totalled U.S.$2.2 billion as at 31 December 2025. In 2024, Gulf Air recorded a net loss of BD 119.6 million (U.S.$318.1 million), as compared to BD 91.0 million (U.S.$242.0 million) in 2023. In the six months ended 30 June 2025, Gulf Air recorded a net loss of BD 22.7 million (U.S.$60.3 million) as compared to a net loss of BD 59.1 million (U.S.$157.2 million) in the corresponding period in 2024.

Gulf Air carried 6.65 million passengers in 2025, representing a 5% increase from 2024. The airline operated 52,099 flights, achieved an average load factor of 82% (up from 77% in 2024), and transported 77.7 million kilograms of cargo during the year. For the six months ended 30 June 2025, Gulf Air recorded a net loss of BD 22.7 million, compared to a net loss of BD 59.1 million in the corresponding period in 2024.

Building on this momentum, the airline advanced its connectivity strategy by relaunching nonstop Bahrain–New York (JFK) services and introducing new routes, including Nice, Geneva and Nairobi, supporting network expansion and Bahrain's position as a regional aviation hub. It also progressed fleet modernisation through an agreement to acquire up to 18 additional Boeing 787-9 Dreamliners, alongside the announced rollout of Starlink high-speed internet across its fleet to enhance onboard connectivity and the passenger experience.

In August 2024, a new Board of Directors was appointed for Gulf Air Group, which oversees Gulf Air, chaired by Khalid Hussain Taqi and comprising representatives from both the public and private sectors. The new Board is overseeing the next phase of the strategic development for both the Gulf Air Group and Gulf Air.

Gulf Air also strengthened its management leadership team to accelerate execution and performance, appointing Martin Gauss as Chief Executive Officer to enhance operations, optimize the network, elevate customer experience, and drive sustainable profitability, together with the appointments of other key executive officers within the Group collectively bringing extensive experience to support Gulf Air's strategic and operational ambitions.

In July 2025, Gulf Air signed an agreement with Boeing to purchase up to 18 additional 787-9 Dreamliners powered by GE engines, with deliveries planned across the next decade, marking a major milestone in its long-term fleet modernisation strategy. As at 31 December 2025, Gulf Air operated a fleet of 44 aircraft, comprising 10 Boeing 787-9 Dreamliners and 34 Airbus A320/A321s.

In 2026, Gulf Air's operations faced significant disruption following the closure of Bahrain's airspace due to the regional conflict, resulting in the full suspension of flights to and from Bahrain. In response, Gulf Air proactively commenced temporary operations from Dammam in Saudi Arabia, connecting to 18 destinations, including London, Mumbai and Athens. With the reopening of Bahrain's airspace on 8 April 2026, Gulf Air began a partial resumption of operations from Bahrain International Airport, while maintaining selected routes from Dammam to support continuity and network stability. The situation continues to be closely monitored, with business continuity measures in place as operations progressively normalise, and a return to full operations is envisaged in due course.

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 Jehad 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. In 2023, Bapco Energies declared a U.S.$150.0 million dividend to the Government in respect of 2022, which was set off against a receivable from the Government. In 2025, Bapco Energies declared a dividend of U.S.$176.0 million in respect of 2023, of which U.S.$112 million was settled in cash and the remaining was set off against an outstanding receivable 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.

In March 2026, Bapco Energies declared *force majeure* on certain of its operations in connection with the ongoing regional conflict, including as a result of a drone attack on its refinery complex.

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 2021, 2022, 2023, 2024 and 2025.

	As at 31 December				
	2021	2022	2023	2024	2025
			(%)		
Company					
Bapco Refining	100	100	100	100	100
Bapco Gas [(5)]	75	75	75	100	100
Bapco Gas Expansion	100	100	100	100	100
Bapco Air Fuelling	60	60	60	60	60
GPIC	33	33	33	33	33
Bapco Lube Base Oil	55	72.5	72.5	100	100
Bapco Upstream	100	100	100	100	100
Bahrain LNG W.L.L.	30	30	30	30	30
BAC Jet Fuel Company	50	50	50	50	50
Bapco Gasoline Blending	85	85	85	100	100
Saudi Bahrain Pipeline Company [(6)]	100	100	100	99.9	99.9
Trident Logistics Bahrain CO. W.L.L.	49	49	49	49	49
Bapco Tazweed	100	100	100	100	100
Arab Shipbuilding and Repair Yard Co. B.S.C. (c) [(1)]	36.96	36.96	36.96	36.96	36.96
Bapco Upstream Holding Company W.L.L. [(2)]	—	—	100	100	100
Bapco Trading Holding Company W.L.L. [(2)]	—	—	100	100	100
Bapco Sustainable Solutions WL.L.[(2)]	—	—	100	100	100
Bapco Gas Distribution Holding Company W.L.L.[(2)]	—	—	100	100	100
Bapco Fuel Distribution Holding Company W.L.L.[(3)]	—	—	100	100	100
Aromatics Petchem W.L.L	—	—	—	100	100
Bapco Gas Distribution Company W.L.L	—	—	—	100	100
BE Tech Ventures Holding Company W.L.L.	—	—	—	100	100
Bapco Trading Company W.L.L	—	—	—	100	100
Awali Hospital Company W.L.L.	—	—	—	100	100
Bapco Properties W.L.L	—	—	—	100	100
Bapco Reinsurance Limited	—	—	—	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

(6) BLBOC and BGB has been amalgamated with Bapco Refining in 2025 as per the resolution passed on 29 January 2025

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 Almuhanna, 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 periods indicated.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget(1)	2025 Actual(3)	2026 Budget(1)
				(U.S.$ millions)			
Manpower	3,753	3,931	3,734	3,665	3,709	3,836	3,563
Services	591	646	632	665	641	676	610
Consumables	343	401	224	147	167	150	140
Assets	30	48	40	35	88	82	37
Maintenance	115	111	96	102	90	116	101
Transfers	1,042	1,011	1,652	1,667	2,083	1,963	2,471
Grants, subsidies and payment(2)	2,788	2,978	3,443	3,722	4,139	4,318	4,414
Emergency Expenditure	296	172	—	—	—	—	—
Total	**8,957**	**9,298**	**9,821**	**10,003**	**10,917**	**11,141**	**11,335**

Notes:

(1) See "—*2025/2026 Budget*" for further details.

(2) 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 66.6% of grants, subsidies and payments of interest/profit expenditure in 2021, 65.8% in 2022, 64.5% in 2023, 67.5% in 2024 and 64.9% in 2025.

(3) Preliminary data before the final closing.

Source: Ministry of Finance and National Economy

Recurrent expenditure on manpower (principally comprising wages and pension contributions) is the most significant part of Government recurrent expenditure. In 2021, 2022, 2023, 2024 and 2025, manpower expenditure comprised 41.9%, 42.3%, 38.0%, 36.6% and 34.4%, respectively, of total recurrent expenditure.

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 periods indicated.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget(1)	2025 Actual(2)	2026 Budget(1)
				(U.S.$ millions)			
Infrastructure	269.4	325.0	442.7	428.3	517.9	517.9	375.3
Social services	80.1	82.5	111.8	111.2	109	109	60.2
Economic services	16.6	16.8	20.0	20.2	40.8	40.8	46.4
Administrative services	92.7	72.5	72.3	76.6	119.5	119.5	249.5
Others	72.8	123.7	90.5	137.6	0	0	0
Total	**531.7**	**620.5**	**737.3**	**773.9**	**787.2**	**787.2**	**731.4**

Notes:

(1) See "—*2025/2026 Budget*" for further details.

(2) Preliminary data before the final closing.

Source: Ministry of Finance and National Economy

In 2025, according to preliminary data, actual project expenditure was U.S.$787.2 million, as compared to U.S.$773.9 million in 2024, 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.$2,929 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.$1,466 million in funds from the GCC Development Fund. These funds are expected to be allocated in the following proportions: 58% to infrastructure projects; 21% to social services projects; 17% to administrative services projects; and 4% to economic services 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 Madainat 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 2023, the Al Fateh Road development project was 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 2025, this project was estimated to be 98% completed.

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 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.$52,575.5 million was utilised, and U.S.$7,264.9 million remained available as at 31 March 2026. 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 2026, 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.$59,930.2 million, of which U.S.$16,675.5 million was denominated in Bahraini dinars and U.S.$43,254.6 million was denominated in foreign currencies.

During the past 20 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 March 2026[(2)]
	2021	**2022**	**2023**	**2024**	**2025**[(2)]	
	(U.S.$ millions, except where indicated)					
Outstanding external debt...	29,982.7	29,892.2	32,975.6	36,811.8	42,283.1	43,254.6
Outstanding gross domestic debt....................................	14,867.0	14,601.0	14,601.0	14,601.0	16,667.6	16,675.5
Total outstanding Government debt[(1)]...........	**44,849.7**	**44,493.2**	**47,576.6**	**51,412.8**	**58,950.7**	**59,930.2**
Outstanding external debt *(% of GDP)*[(1)]	73.4%	64.3%	71.4%	78.0%	86.4%	85.6%
Outstanding Government debt *(% of GDP)*[(1)].............	109.8%	95.8%	103.0%	108.9%	120.4%	118.6%

Notes:

(1) Outstanding and total debt figures exclude borrowings/financings from the CBB and includes instalments received from the GCC Development Fund.

(2) Preliminary figures.

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
	2021	2022	2023	2024	2025[3]	2026[3]
	(U.S.$ millions)					
GCC Development Funds[1]	6,507.7	7,067.2	7,150.5	7,236.9	7,358.1	7,354.6
The Kuwait Fund	*232.8*	*221.4*	*312.4*	*337.1*	*402.0*	*399.6*
Arab Fund for Economic and Social Development	*68.7*	*56.6*	*47.4*	*50.9*	*44.5*	*43.8*
The Saudi Fund	*3,031.0*	*3,325.6*	*3,325.6*	*3,400.3*	*3,400.3*	*3,400.3*
The Abu Dhabi Fund	*3,045.5*	*3,341.0*	*3,339.5*	*3,331.4*	*3,396.7*	*3,396.3*
Qatar Fund for Development	*70.0*	*70.0*	*70.0*	*70.0*	*70.0*	*70.0*
Islamic Development Bank	*59.7*	*52.6*	*55.6*	*47.1*	*44.6*	*44.6*
International bonds Issue № 2 (2012)	1,500.0	—	—	—	—	—
International bonds Issue № 3 (2013)	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)	—	—	—	—	—	—
International bonds Issue № 6 (2015)	800.0	800.0	800.0	800.0	800.0	—
International bonds Issue № 7 (2016)	—	—	—	—	—	—
International bonds Issue № 8 (2016)	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	—	—	—
International bonds Issue № 10 (2017)	600.0	600.0	600.0	600.0	600.0	600.0
International bonds Issue № 11 (2017)[2]	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	—	—
International Islamic Certificates Issue № 6 (2018)	1,000.0	1,000.0	1,000.0	1,000.0	—	—
International bonds Issue № 14 (2018)[2]	500.0	500.0	—	—	—	—
International Islamic Certificates Issue № 7 (2018)[2]	—	—	—	—	—	—
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	—	—	—
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	500.0
International bonds Issue № 19 (2021)	1,000.0	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	500.0
International Islamic Certificates Issue № 11 (2021)[2]	500.0	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	1,000.0
International bonds Issue № 21 (2021)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 22 (2022)[2]	—	500.0	500.0	500.0	500.0	—
International bonds Issue № 23 (2022)[2]	—	500.0	—	—	—	—
International Islamic Certificates Issue № 13 (2022)[2]	—	350.0	350.0	350.0	350.0	350.0
International bonds Issue № 24 (2023)	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 14 (2023)	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 25 (2023)[2]	—	—	500.0	500.0	500.0	500.0
International bonds Issue № 26 (2023)[2]	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 27 (2023)[2]	—	—	500.0	500.0	—	—
Syndicate Loan Facility (2023)	—	—	1,500.0	1,500.0	1,500.0	1,500.0
International bonds Issue № 28 (2024)	—	—	—	1,000.0	1,000.0	1,000.0

	As at 31 December					As at 31 March
	2021	2022	2023	2024	2025[3]	2026[3]
International Islamic Certificates Issue № 15 (2024)	—	—	—	1,000.0	1,000.0	1,000.0
Murabaha Loan Facility (2024)	—	—	—	1,500.0	1,500.0	1,500.0
International Islamic Certificates Issue № 16 (2024)	—	—	—	1,250.0	1,250.0	1,250.0
Syndicate Loan Facility (2024)	—	—	—	1,000.0	1,500.0	1,500.0
International Islamic Certificates Issue № 17 (2025)	—	—	—	—	1,750.0	1,750.0
International bonds Issue № 29 (2025)	—	—	—	—	750.0	750.0
Murabaha Loan Facility (2025)	—	—	—	—	1,700.0	1,700.0
International bonds Issue № 30 (2025)[2]	—	—	—	—	500.0	500.0
International Islamic Certificates Issue № 18 (2025)	—	—	—	—	1,500.0	1,500.0
International bonds Issue № 31 (2025)	—	—	—	—	1,000.0	1,000.0
International bonds Issue № 32 (2026)[2]	—	—	—	—	—	500.0
International Islamic Certificates Issue № 19 (2026)	—	—	—	—	—	800.0
International bonds Issue № 33 (2026)	—	—	—	—	—	1,300.0
Total outstanding external debt	**29,982.7**	**29,892.2**	**32,975.6**	**36,811.8**	**42,283.1**	**43,254.6**

Notes:

(1) "GCC Development Funds" is the total borrowing/financings from the six funds listed below it. U.S.$43,254.6 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 2026, 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.

(3) Preliminary figures.

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 2026.

	Amount of debt to be re-paid in each year	Total External Debt
	(U.S.$ millions)	
As at 31 March 2026	—	43,254.6
2026	1,144.8	42,109.8
2027	2,704.6	39,405.2
2028	2,691.1	36,714.0
2029	4,517.3	32,196.8
2030	3,798.4	28,398.3
2031	3,816.6	24,581.7
2032	4,271.3	20,310.4
2033	4,073.5	16,236.9
2034	3,623.5	12,613.4
2035	1,323.8	11,289.6
2036	1,324.1	9,965.5
2037	2,074.3	7,891.2
2038	1,622.2	6,269.0
2039	319.0	5,950.0
2040	318.2	5,631.8
2041	318.2	5,313.6
2042	318.2	4,995.4
2043	318.2	4,677.2
2044	1,568.2	3,109.0
2045	311.8	2,797.1
2046	304.1	2,493.0
2047	1,271.4	1,221.6
2048	271.5	950.1
2049	165.0	785.2
2050	109.1	676.1
2051	581.6	94.5
2052	58.9	35.6
2053	26.4	9.2
2054	7.2	2.0
2055	2.0	0.0

Source: Ministry of Finance and National Economy

The total outstanding external debt as at 31 March 2026 was U.S.$43,254.6 million. The majority of the Government's external debt as at 31 March 2026 was denominated in GCC currencies and in U.S. Dollars. The average maturity of the external debt as at 31 March 2026 was approximately 11.6 years.

Domestic Government Debt

The table below shows a breakdown of Bahrain's domestic debt as at the dates indicated.

	As at 31 December					As at 31 March
	2021	2022	2023	2024	2025(1)	2026(1)
	(U.S.$ millions)					
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	2,925.5	3,191.5	3,191.5	3,191.5	3,191.5
Al Salam Islamic securities (three month)	343.1	343.1	343.1	343.1	398.9	398.9
Islamic certificates	1,944.1	1,944.1	1,944.1	1,944.1	2,279.3	2,646.3
Development bonds	6,968.1	6,968.1	6,702.1	6,702.1	8,377.7	8,018.6
Gross domestic debt	**14,867.0**	**14,601.0**	**14,601.0**	**14,601.0**	**16,667.6**	**16,675.5**
Held by SIO and pension funds	215.4	463.0	509.0	379.3	938.0	790.0
Net domestic debt	**14,651.6**	**14,138.0**	**14,092.0**	**14,221.7**	**15,729.6**	**15,885.5**

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), U.S.$14,601.0 million as at 31 December 2024 (30.9% of Bahrain's estimated 2024 GDP at current prices), U.S.$16,667.6 million as at 31 December 2025 (34.0% of Bahrain's estimated 2025 GDP at current prices) and Bahrain's gross domestic debt amounted to U.S.$16,675.5 million as at 31 March 2026 (33.0% of Bahrain's 2026 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	2026
			(%)		
Short-Term Domestic Debt					
Treasury bills (three months)	5.2	6.2	6.0	5.2	4.9
Treasury bills (six months)	5.0	6.2	5.9	5.3	5.0
Treasury bills (12 months)	4.4	6.3	5.8	5.1	4.8
Al Salam Islamic securities (three months)	5.1	6.1	6.0	5.2	4.9
Islamic certificates (six months)	4.6	6.2	6.0	5.3	4.9
Islamic certificates (12 months)	—	—	—	4.9	4.8
Overall Short-Term Domestic Debt Average Interest Rate	**4.9**	**6.2**	**6.0**	**5.2**	**4.9%**
Long-Term Domestic Debt					
Development bonds	4.5	4.9	5.2	5.5	5.5
Islamic certificates	5.0	5.1	5.1	5.6	5.6
Overall Long-Term Domestic Debt Average Interest Rate	**4.8**	**5.0**	**5.2**	**5.5**	**5.5**

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 as at 31 December 2023, U.S.$14,601.0 million as at 31 December 2024, U.S.$16,667.6 million as at 31 December 2025 and U.S.$16,675.5 million as at 31 March 2026.

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 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.$52,575.5 million was utilised, and U.S.$7,264.9 million remained available as at 31 March 2026.

PRICING SUPPLEMENT

*The terms and conditions of the Notes will consist of the terms and conditions set out in the section of the base offering circular dated 29 April 2025 (the "**Base Offering Circular**") entitled "Terms and Conditions of the Notes" (the "**Conditions**") incorporated by reference herein from the Base Offering Circular, as completed by the terms substantially in the form set out below.*

Pricing Supplement dated 8 June 2026

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of the 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA"**) ("**UK MiFIR**"); 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 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 manufacturers' target market assessment) and determining appropriate distribution channels.

SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are 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).

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

Legal entity identifier (LEI): 549300RODM1WN85LFQ95

Issue of U.S.$1,000,000,000 7.125% Notes due 2036
under the
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

The terms and conditions of the Notes will consist of the terms and conditions set out in the section of the Base Offering Circular dated 29 April 2025 (the "**Base Offering Circular**") entitled "*Terms and Conditions of the Notes*" (the "**Conditions**"), as completed by the terms set out below. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions.

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Circular dated 8 June 2026 (the "**Offering Circular**") in order to obtain all the relevant information. The offer of the Notes in the UK is made pursuant to an exception to the prohibition on public offers under the Public Offers and Admissions to Trading Regulations 2024. The Financial Conduct Authority has neither approved nor reviewed the information contained herein.

The Offering Circular is available for viewing on the website of the London Stock 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:	14
	(b) Tranche Number:	1

	(c) Date on which the Notes will be consolidated and form a single Series:		Not Applicable
3.	Specified Currency or Currencies:		U.S. Dollars ("**U.S.$**")
4.	Aggregate Nominal Amount:		U.S.$1,000,000,000
	(a)	Series:	U.S.$1,000,000,000
	(b)	Tranche:	U.S.$1,000,000,000
5.	Issue Price:		100% of the Aggregate Nominal Amount
6.	(a)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(b)	Calculation Amount (in relation to calculation of interest in relation to Notes in global form or Registered definitive form (see Conditions)):	U.S.$1,000
7.	(a)	Issue Date:	10 June 2026
	(b)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		10 June 2036
9.	Interest Basis:		7.125% Fixed Rate (see paragraph 14 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:		Not Applicable
13.	(a)	Status of the Notes:	Senior
	(b)	Date(s) approval(s) for issuance of Notes obtained:	28 March 2025

Provisions Relating to Interest (If Any) Payable

14.	Fixed Rate Note Provisions		Applicable
	(a)	Rate(s) of Interest:	7.125% per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	10 June and 10 December in each year, commencing on 10 December 2026 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):	U.S.$35.625 per Calculation Amount
	(d)	Broken Amount(s) (and in relation to Notes in global form or Registered definitive form see Conditions):	Not Applicable

(e)	Day Count Fraction:	30/360
(f)	Determination Date(s):	Not Applicable
15.	Floating Rate Note Provisions:	Not Applicable
16.	Zero Coupon Note Provisions:	Not Applicable

Provisions Relating to Redemption

17.	Issuer Call:	Not Applicable
18.	Investor Put:	Not Applicable
19.	Final Redemption Amount:	U.S.$1,000 per Calculation Amount
20.	Early Redemption Amount:	U.S.$1,000 per Calculation Amount

General Provisions Applicable to the Notes

21.	Form of Notes:	Registered Notes: Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg Rule 144A Global Note registered in the name of a nominee for DTC
22.	Additional Financial Centre(s):	Not Applicable
23.	Talons for future Coupons to be attached to Definitive Notes:	No

Third Party Information

Not Applicable

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 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 on or around 10 June 2026.
(b)	Estimate of total expenses related to admission to trading:	£6,700

2. **Ratings**

Ratings:	The Notes to be issued are expected to be rated: Fitch: B Standard & Poor's: B Fitch is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Fitch is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (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 European Union and is registered under the CRA Regulation. Standard & Poor's is established in the European Union and is 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 the UK CRA Regulation.

3. **Interests of Natural and Legal Persons Involved in the Issue**

Save for any fees payable to the Managers, 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 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:		7.125% per annum 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 Offering Circular
(b)	Estimated amount of net proceeds:	U.S.$999,100,000

6. **Operational Information**

(a)	ISIN:	XS3381699902 for the Regulation S Global Note US05675M2R49 for the Rule 144A Global Note
(b)	Common Code:	338169990 for the Regulation S Global Note 338596715 for the Rule 144A Global Note
(c)	CUSIP:	05675M2R4 for the Rule 144A Global Note
(d)	CINS:	Not Applicable
(e)	CFI:	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
(f)	FISN:	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
(g)	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
(h)	Delivery:	Delivery free of payment
(i)	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

7. **Distribution**

(a)	Method of distribution:	Syndicated
(b)	If syndicated, names of Managers:	Arab Banking Corporation (B.S.C.) Citigroup Global Markets Limited First Abu Dhabi Bank PJSC J.P. Morgan Securities plc National Bank of Bahrain B.S.C. Standard Chartered Bank
(c)	Date of Subscription Agreement:	8 June 2026
(d)	Stabilisation Manager(s) (if any):	J.P. Morgan Securities plc
(e)	If non-syndicated, name of relevant Dealer:	Not Applicable
(f)	U.S. Selling Restrictions:	Reg. S Compliance Category 1; Rule 144A; TEFRA not applicable

SUBSCRIPTION AND SALE AND SELLING AND TRANSFER RESTRICTIONS

The selling restriction set out in the section of the Base Offering Circular entitled "*Subscription and Sale and Selling and Transfer Restrictions*" headed "*United Kingdom—Public Offer Selling Restriction under the UK Prospectus Regulation*" shall be deleted in its entirety, shall not be incorporated by reference herein and shall be replaced with the following:

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager and Joint Bookrunner has represented and agreed that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is not a professional client as defined in point (8) of Article 2(1) of Regulation (EU) № 600/2014 as it forms part of domestic law by virtue of the EUWA.

The selling restriction set out in the section of the Base Offering Circular entitled "*Subscription and Sale and Selling and Transfer Restrictions*" headed "*Abu Dhabi Global Market*" shall be deleted in its entirety, shall not be incorporated by reference herein and shall be replaced with the following:

Abu Dhabi Global Market

Each Joint Lead Manager and Joint Bookrunner has represented and agreed that it has not offered and will not offer the Notes 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**");

(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 rulebook; and

(c) made only in circumstances in which the "Financial Promotion Restriction" set out in section 18(1) of the Financial Services and Markets Regulations 2015 does not apply.

The selling restriction set out in the section of the Base Offering Circular entitled "*Subscription and Sale and Selling and Transfer Restrictions*" headed "*Kingdom of Saudi Arabia*" shall be deleted in its entirety, shall not be incorporated by reference herein and shall be replaced with the following:

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 and restated from time to time (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 Joint Lead Manager and Joint Bookrunner has represented and agreed 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.

GENERAL INFORMATION

Authorisation

The issue of the Notes 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 has been made to the London Stock Exchange for the Notes to be admitted to the Official List and to trading on the main market of the London Stock Exchange with effect from on or around 10 June 2026.

Documents Available

From the date of this Offering Circular and for so long as the Notes remain outstanding, copies of the following documents will 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:

- the Agency Agreement;
- the Deed of Covenant;
- the Base Offering Circular;
- this Offering Circular; and
- the Pricing Supplement.

For the period of 12 months following the date of this Offering Circular, the following documents will be available by electronic means on the internet site: www.mofne.gov.bh (i) the consolidated final accounts of the Government for the years ended 31 December 2021, 2022, 2023, 2024 and 2025, and (ii) the latest budget for the current fiscal year. The internet site www.mofne.gov.bh does not form part of this Offering Circular.

Clearing Systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC, which are the entities in charge of keeping the records.

The Unrestricted Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code 338169990, and ISIN XS3381699902. The Restricted Global Certificate has been accepted for clearance through DTC and the CUSIP number is 05675M2R4, ISIN is US05675M2R49 and the applicable Common Code is 338596715.

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, NY 10041, USA.

Conditions for Determining Price

The price and amount of the Notes has been determined by the Issuer and the Joint Lead Managers and Bookrunners in accordance with prevailing market conditions.

Significant Change

Except as disclosed under "*Risk Factors*", "*Monetary and Financial System*", and "*Indebtedness*", 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 2025.

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) during the 12 months preceding the date of this Offering Circular which may have, or have had in such period, a significant effect on the financial position of the Issuer or which are material in the context of the issue of the Notes.

Joint Lead Managers and Bookrunners transacting with the Issuer

The Joint Lead Managers and Bookrunners and their respective 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.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and Bookrunners and their respective 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 Joint Lead Managers and Bookrunners or their respective 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, the Joint Lead Managers and Bookrunners and their respective 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. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and Bookrunners and their respective 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.

Redemption Basis

Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the relevant maturity date at 100% of their nominal amount.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 549300RODM1WN85LFQ95.

Websites

No websites referred to in this Offering Circular and no websites of the Issuer or its ministries nor any information on such websites form part of, or are incorporated by reference into, this Offering Circular.

ISSUER

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acting through the Ministry of Finance and National Economy
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Kingdom of Bahrain

JOINT LEAD MANAGERS AND BOOKRUNNERS

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Diplomatic Area
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Manama
Kingdom of Bahrain

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Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

First Abu Dhabi Bank PJSC
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