



OG/79/2026
10th February 2026

Chief Executive Officer
All Banks
All Financing Companies
Manama - Kingdom of Bahrain

Dear Sir/ Madam,

Consultation: Proposed revision to initial capital requirements

The Central Bank of Bahrain (CBB) continues to pursue its strategic objectives of enhancing the attractiveness of the Kingdom as a regional financial centre, fostering competition, and promoting innovation while maintaining financial stability and robust prudential standards.

In line with this, the CBB is proposing revisions to the initial (minimum paid-up) capital requirements applicable to newly licensed locally incorporated banks and financing companies. These changes are intended to lower entry barriers for suitable new entrants without compromising the overall safety and soundness of the financial system.

Proposed Revised Minimum Initial Capital Requirements

The CBB proposes the following reductions in minimum paid-up capital / shareholders' equity:

1. Retail Banks (Conventional and Islamic): Reduced from BD 100 million to BD 2 million (or equivalent).
2. Wholesale Banks (Conventional and Islamic): Reduced from US\$ 100 million to BD 2 million (or equivalent).
3. Financing Companies: Reduced from BD 5 million to BD 250 thousand.

These new initial capital levels will apply to all new license applicants. Existing licensees will require the CBB's approval for changes to their capital structure.

Rationale for the Proposed Changes

The CBB believes that the current initial capital requirements are relatively high compared to several regional and international jurisdictions. Lowering the entry barriers is expected to achieve the following key objectives:



1. **Attract increased investment:** Reducing the upfront capital needed will make Bahrain more attractive for both domestic and foreign investors looking to establish banks and financing companies in the Kingdom.
2. **Encourage innovation and niche services:** Lower entry capital will support the entry of specialized and innovative players, such as digital banks, fintech-focused banks, green financing companies, SME-focused lenders, and other niche service providers.
3. **Risk-based capital framework remains the primary safeguard:** While initial capital requirements are being lowered, all banks will continue to be subject to risk-based capital adequacy requirements (Basel III framework). This means:
 - Larger and higher-risk institutions will be required to hold significantly higher capital.
 - Capital requirements will continue to reflect the size, complexity, and risk profile of each institution.

The combination of a reasonable minimum entry capital complemented by risk-based capital requirements provides a balanced and proportionate approach.

The proposed amendments shall be available on the CBB website (www.cbb.gov.bh) under the “Open Consultations” Section.

The CBB requests you to provide your response to the consultation on the proposed amendments, including “nil comments” in an editable format to consultation@cbb.gov.bh by 10th March 2026.

Yours faithfully,

Khalid Humaidan
Governor

cc: All Law Firms
All External Audit Firms
Bahrain Association of Banks