FINANCIAL STABILITY REPORT

MAR. 2026

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مصرف البحرين المركزي

Central Bank of Bahrain

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The Financial Stability Report (FSR) is a semi-annual report prepared by the Central Bank of Bahrain's (CBB) Macro-Prudential & Economic Research Directorate (MPER). The FSR is available online in PDF format under the Publications and Data section on CBB's website at http://www.cbb.gov.bh.

Contents

FINANCIAL STABILITY REPORT COVERAGE 5
EXECUTIVE SUMMARY 7
1. DEVELOPMENTS IN THE FINANCIAL AND NON-FINANCIAL SECTORS 10
1.1 Overview 10
1.2 Financial Sector Developments 11
1.2.1 The Retail Banking Sector 11
1.2.2 The Wholesale Banking Sector 12
1.2.3 The Islamic Banking Sector 12
1.2.4 Islamic Windows 13
1.3 Credit Developments 13
1.3.1 The Households/Personal Sector 14
1.3.2 The Bahraini Corporate/Business Sector 15
1.3.3 SMEs 16
1.4 Monetary Indicators 16
1.5 Inflation 17
2. PERFORMANCE OF THE BANKING SECTOR 19
2.1 Overview 19
2.2 Overall Banking Sector Performance 20
2.2.1 Capital Adequacy 20
2.2.2 Asset Quality 20
2.2.3 Profitability 23
2.2.4 Liquidity 23
2.3 Developments in Regulation and Initiatives 24
3. PERFORMANCE OF CAPITAL MARKETS 25
3.1 Overview 25
3.2 Bahrain Bourse 26
3.2.1 All Share Index and Islamic Index Overview 26
3.2.2 Bahrain Bourse Trading Statistics 27
3.3 Capital Market Activities 31
3.3.1 Offering of Securities 31
3.4 Developments in Regulation and Initiatives 32
3.4.1 Policy and Regulatory Developments 32
3.4.2 Investor Protection Initiatives 32
4. PERFORMANCE OF THE INSURANCE SECTOR 33
4.1 Overview 33
4.2 Financial Position and Profitability of Insurance Sectors 34
4.2.1 Conventional Insurance Firms 34
4.2.2 Takaful Insurance Firms 34
4.3 Insurance Premiums and Claims Analysis 35
4.3.1 Conventional Insurance Firms 36
4.3.2 Takaful Insurance Firms 38
4.3.3 Retention Ratio and Loss Ratio (By Class) 39
4.4 Regulatory Changes, Market trends and Risks 39
5. PAYMENT AND SETTELEMENT SYSTEMS, POINT OF SALE AND DIGITAL PAYMENTS 40
5.1 Real Time Gross Settlement System (RTGS) 41
5.2 Scripless Securities Settlement System (SSSS) 41
5.3 ATM Clearing System (ATM) 42
5.4 Bahrain Cheque Truncation System (BCTS) 43
5.5 EFTS including EBPP System 44
5.6 Point of Sale (POS) and E-Commerce 46
5.7 Prepaid Cards and E-Wallets 49
6. FINTECH, INNOVATION AND FINANCIAL INCLUSION 51
6.1 Regulatory Sandbox 51
6.2 Financial Inclusion 52

FINANCIAL STABILITY REPORT COVERAGE

A key objective of CBB is to maintain monetary and financial stability in the Kingdom of Bahrain. As the single regulator for the financial system, CBB attaches utmost importance to fostering the soundness and stability of financial institutions and markets. CBB recognizes that financial stability is critical to contribute to growth, employment, and development in Bahrain.

In pursuit of its objective of promoting financial stability, CBB conducts regular financial sector surveillance, keeping a close watch on developments in individual institutions as well as the system as a whole. The Macro-prudential and Economic Research Directorate (MPERD) conducts regular surveillance of the financial system to identify areas of concern and undertakes research and analysis on issues relating to financial stability.

The Financial Stability Report (FSR) is one of the key components of CBB's financial sector surveillance framework. The principal purpose of this report is macro-prudential surveillance, assessing the safety and soundness of the financial system (intermediaries, markets, and payments/settlement systems), identifying potential risks to financial stability and mitigate them before they develop into systemic financial turbulence.

This FSR primarily examines the performance of the key components of the Bahraini financial system up to end of December 2025. The Banking sector analysis covers the sector on a consolidated basis (including subsidiaries and branches abroad).

This edition of the FSR contains 6 chapters divided into four parts as follows:

- Chapter 1: Developments in the Financial and Non-financial Sectors.
- Chapter 2: Performance of the Banking Sector.
- Chapter 3: Performance of Capital Markets.
- Chapter 4: Performance of the Insurance Sector.
- Chapter 5: Performance of Payment and Settlement Systems, Point of Sale, and Digital Wallets.
- Chapter 6: FinTech developments and Financial Inclusion.

FINANCIAL STABILITY

A situation where the financial system is able to function prudently, efficiently and uninterrupted, though providing financial services continuously even in the face of adverse shocks.

EXECUTIVE SUMMARY

Financial Sector Overview

The size of the assets of the banking sector in Bahrain was USD 254.4 billion as of December 2025. Retail banking total assets continued growing to reach USD 119.7 billion in December 2025, wholesale banking sector showed a slight decrease to USD 134.8 billion, and Islamic banking sector assets (which represent 26.4% of the total banking sector assets) increased to USD 67.1 billion.

The total amount of credit to the private sector (business and personal) by retail banks increased to BD 11.5 billion. The deposit base also witnessed growth to BD 21.8 billion in December 2025 with 73.5% being domestic deposits that had a 2.3% YoY increase.

Banking Sector

The Bahraini banking system remained resilient during H2 2025, supported by strong macroeconomic conditions and adequate capital and liquidity positions. The capital adequacy ratio (CAR) for the banking sector stood at 21.8% in December 2025. The NPL ratio continued decreasing to 2.6% with a stable level of provisioning at 58.5%.

Return-on-assets (ROA) stood at 1.1% and return-on-equity (ROE) stood at 10.3%, showing firm profitability. Liquidity positions remained strong as liquid assets as a proportion of total assets stood at 26.0% and the Loan Deposit Ratio (LDR) at 62.0%.

Capital markets

As of December 2025, Bahrain Bourse recorded a total listing of 40 Companies, 3 Mutual funds and 21 Bonds and Sukuk. Bahrain All Share Index decreased by 4.1% YoY reaching 2,066.5 points. The Bahrain Islamic Index increased by 31.7% reaching 1,026.9 points. As of end-December 2025, market capitalization of the Bahrain Bourse stood at BD 8.0 billion.

Most of the value shares traded in H2 2025 were in the materials sector representing 64.3%. As for the volume of shares traded, the majority came from the financial sector (65.0%). Most of the number of transactions in 2025 were attained by the financial sector representing 50.0% of total transactions.

Insurance Sector

Overall, the insurance sector in Bahrain remained sound and experienced sustained business growth. The insurance sector in Bahrain holds promise for growth, as demonstrated by the industry's performance for the period ended September 2025.

The Insurance sector in Bahrain is made up of two main segments: conventional and takaful. As of September 2025, total assets of the Insurance sector reached BD 2,433.8 million with an increase of 9.6% YoY. Total assets of conventional insurance firms were BD 1,956.1 million, increasing by 0.4%. Takaful firms' assets increased by 28.0% YoY to reach BD 286.0 million.

Total gross premiums registered BD 239.3 million as of September 2025 with medical records having the highest concentration in Gross Premiums (34.5%) and Gross Claims (36.9%).

Payments and Settlement Systems and Point of Sale and E-Commerce

The CBB's payment system remained robust during H2 2025 as CBB continues to further enhance its steps towards digital transformation. The demand for online transactions continues its upward trend based on the performance of the Electronic

Fund Transfer System (EFTS) that enables electronic fund transfers within Bahrain with three services: Fawri+ Fawri, and Fawateer.

Daily average volume of Fawri+ transactions increased by 9.6% in H2 2025 YoY. The daily average value of Fawri+ transfers increased by 18.5% YoY. The daily average volume and value of ATM transactions for H2 2025 continued to decrease by 15.1% and 10.0% respectively YoY indicating a continued trend of declining cash withdrawals.

Point of Sale (POS) and E-commerce transactions volume and value increased in H2 2025 by 18.3% and 16.8% YoY respectively. Contactless POS payments continue to show an increasing trend, reaching 78.1% and 51.8% of the volume and value of transactions respectively.

FinTech, Innovation, and Financial Inclusion

CBB continues its Fintech initiatives as part of its digital transformation strategy to further facilitate a more efficient provision of banking services to customers. As of end of December 2025, CBB's Regulatory Sandbox has 11 active participants.

HIGHLIGHTS

DEVELOPMENTS IN FINANCIAL SECTOR

As at December 2025

Financial Sector % of GDP	Number of Licenses	Banking Sector Assets
17.8%	377	USD 254.4 bn ▲ 2.7% YoY

M2	Personal Credit	Business Credit
BD 14.4 bn ▲ 3.8% YoY	BD 6.2 bn ▲ 4.0% YoY	BD 5.3 bn ▲ 1.2% YoY

PERFORMANCE OF BANKING SECTOR

As at December 2025

CAR	NPL	Assets-to-Capital
21.8% ▲0.6% YoY	2.6% ▼ 0.2% YoY	9.1 ▼ 0.2 YoY

CAPITAL SECTOR

As at December 2025

All Share Index	Islamic Index	Market Capitalization
2,066.5 ▼ 4.0% YoY	1,026.9 ▲31.7% YoY	BD 8.0 bn ▲ 4.4% YoY

INSURANCE SECTOR

As at Q3 2024

Insurance Licensees	Total Capital	Net Profit
141	BD 389.4 mn	BD 40.7 mn

PAYMENT AND SETTLEMENT SYSTEMS

As at December 2025

ATM Daily Average		Fawri + Daily Average		POS Annual Average	
Volume	Value	Volume	Value	Volume	Value
23,588	BD 2.7 mn	1.3 mn	BD 27.8 mn	135.6 mn	BD 2.6 bn
▼ 15.1% YoY	▼ 10.0% YoY	▲ 9.6 % YoY	▲ 18.5% YoY	▲ 18.3% YoY	▲ 16.8% YoY

1 DEVELOPMENTS IN THE FINANCIAL AND NON-FINANCIAL SECTORS

HIGHLIGHTS

As at Dec 2025

Financial Sector % of GDP	Number of Licenses	Banking Sector Assets
17.8%	377	USD 254.4 bn ▲ 2.7% YoY

Retail Banking Assets	Wholesale Banking Assets	Islamic Banking Assets
USD 119.7 bn ▲ 7.9% YoY	USD 134.8 bn ▼ 1.6% YoY	USD 67.1 bn ▲ 5.8% YoY

M2	Personal Credit	Business Credit
BD 14.4 bn ▲ 3.8% YoY	BD 6.2 bn ▲ 4.0% YoY	BD 5.3 bn ▲ 1.2% YoY

- The size of the assets of the banking sector in Bahrain continued to grow reaching USD 254.4 billion as of Dec 2025.
- The retail banking sector assets increased to USD 119.7 billion and wholesale banking sector assets increased to USD 134.8 billion representing 47.1% and 53.0% respectively.
- The volume of credit increased by 5.3% YoY to BD 12.9 billion in Dec 2025.
- Household debt and business debt ratios witness an increase.
- As of Dec 2025, outstanding Loans to SMEs represented 10.2% of total business lending and 4.1% of total lending.

1.1 Overview

This chapter assesses the recent developments of the Bahraini financial and non-financial sectors. The financial condition and performance of financial institutions depend on their customers (households and business enterprises) and their vulnerabilities to changes in the economic environment. Not only are they sources of deposits, they represent major sources of demand for financial sector products and services.

1.2 Financial Sector Developments

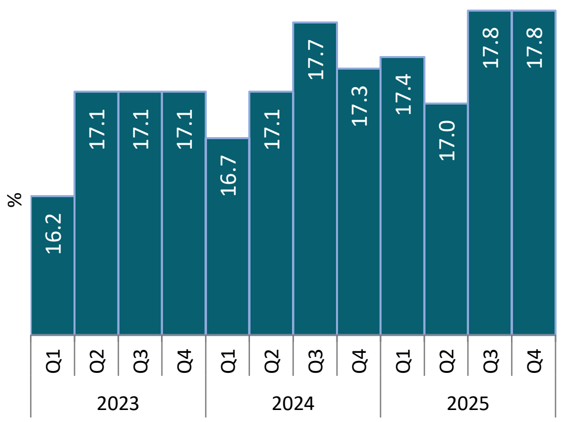
Bahrain's position as a regional financial center is essential to the development of its economy where the financial sector plays a significant role in economic activity and employment creation. The financial sector is the largest non-oil contributor to GDP representing 17.8% of real GDP in Q4 2025 (compared to 17.3% in Q4 2024 and 17.1% in Q3 2023). As of Dec 2025, there were 377 licenses issued by CBB (bank and non-bank financial institutions). The banking sector in Bahrain was made up of 83 banks, categorized as follows:

- Retail banks: 29 retail banks that include 22 conventional (6 locally incorporated and 16 branches) and 7 Islamic retail banks.
- Wholesale banks: 54 wholesale banks that include 46 conventional (13 locally incorporated and 33 branches) and 8 Islamic wholesale banks.

The 288 non-banking financial institutions operating in Bahrain include investment business firms, insurance companies (including Takaful and Re-Takaful firms), representative offices and specialized licenses.

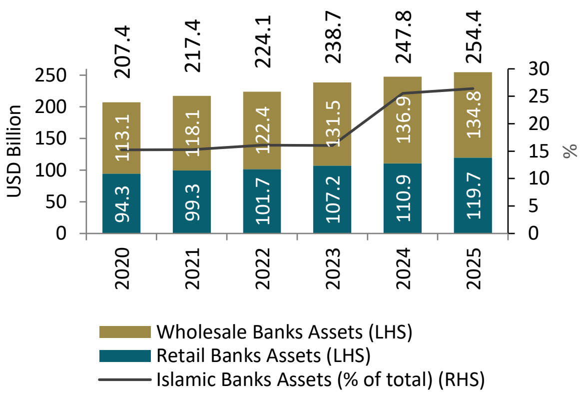
The size of the assets of the banking sector in Bahrain was USD 254.4 billion as of December 2025 (2.7% YoY increase). Growth in Retail Banking continued in 2025 with YoY growth of 7.9%, while Wholesale Banking decreased YoY by 1.6% respectively. As for the Islamic banking sector, it continued to grow with a 5.8% YoY growth and represented 26.4% of the size of the banking sector.

Chart 1.1: Size of the Financial Sector to Real GDP



sSource: Information and e-Government Authority (IGA).

Chart 1.2: Banking Sector Asset Composition

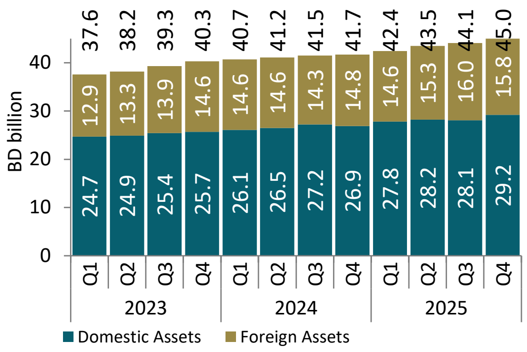


Source: CBB Monthly Statistical Bulletin.

1.2.1 The Retail Banking Sector

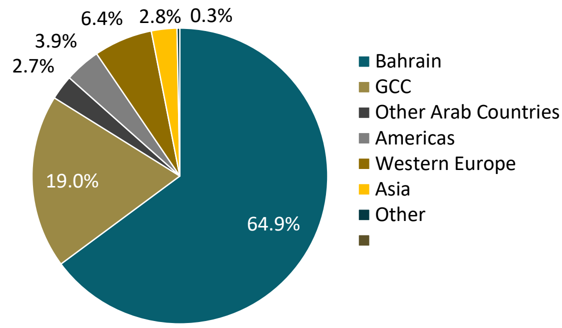
Retail banking assets continued to grow reaching BD 45.0 billion (USD 119.7 billion) in December 2025 with a 7.9% year-on-year (YoY) increase (see Chart 1.3). As of December 2025, domestic assets comprised 64.9% of total assets with a YoY growth of 8.7% while foreign assets comprised 35.1% of total assets with a YoY increase of 6.5%.

Chart 1.3: Retail Banks' Assets



Source: CBB Monthly Statistical Bulletin.

Chart 1.4: Retail Banks' Assets (%) by Geographical Classification (Dec. 2025) *



** For conventional and Islamic retail banks.*
Source: CBB Monthly Statistical Bulletin.

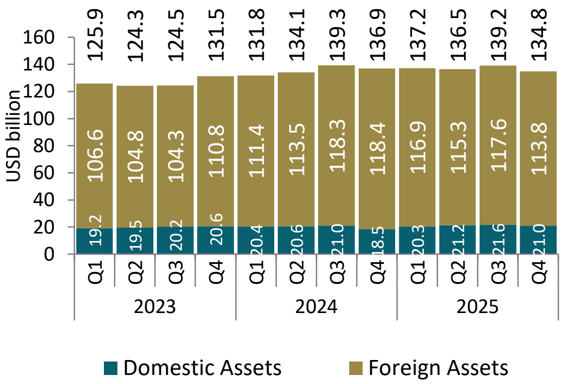
According to the geographical classification of the retail banking sector in Bahrain, the sector is highly diversified to regional foreign assets from GCC countries and Western Europe and U.S, as the share of GCC assets of total retail banking assets was 19.0% and European and the Americas contribution was 10.3%.

1.2.2 The Wholesale Banking Sector

The size of the wholesale banking sector decreased to USD 134.8 billion in December 2025 with a YoY growth of -1.6%. As of December 2025, domestic assets represented 15.6% of total assets and witnessed a YoY increase of 13.6% while foreign assets made 84.4% of total assets with a 3.9% YoY decrease in assets. (See Charts 1.5).

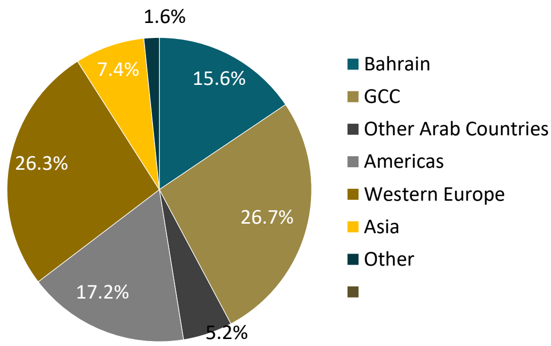
According to the geographical classification of wholesale banks' assets, wholesale banks are diversified from Western Europe and GCC countries. The share of GCC assets increased to 26.7% in December 2025. The share of Western Europe's total assets decreased to 26.3%, remaining the second largest portion of wholesale bank assets. The share of America's total assets increased to 17.2% and Asian assets remained at 7.4% as of December 2025.

Chart 1.6: Wholesale Banks' Assets



Source: CBB Monthly Statistical Bulletin.

Chart 1.5: Wholesale Banks' Assets by Geographical Classification (Dec. 2025) *



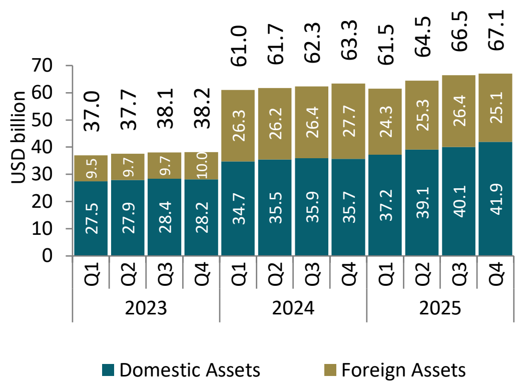
** For conventional and Islamic wholesale banks.*
Source: CBB Monthly Statistical Bulletin.

1.2.3 The Islamic Banking Sector

The size of the Islamic banking sector significantly increased to USD 67.1 billion as of December 2025 indicating a 5.9% YoY increase. Domestic assets represented 62.5% of total Islamic banking assets in the sector (17.5% YoY increase) while foreign assets represented 37.5% of total Islamic banking assets

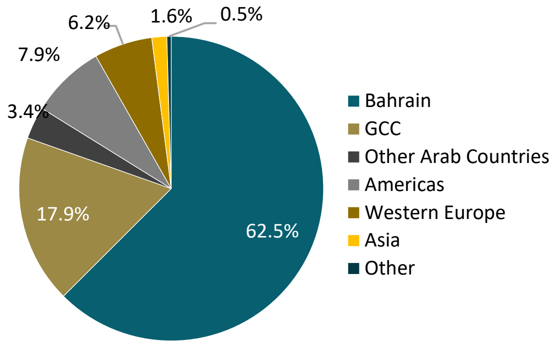
(9.2% YoY decrease). Islamic banks continue to be focused on domestic assets as the share of Bahrain's total assets increased to 62.5% in December 2025 followed by the GCC (17.9%).

Chart 1.7: Islamic Banks' Assets



Source: CBB Monthly Statistical Bulletin.

Chart 1.8: Islamic Banks' Assets by Geographical Classification (Dec. 2025)



Source: CBB Monthly Statistical Bulletin.

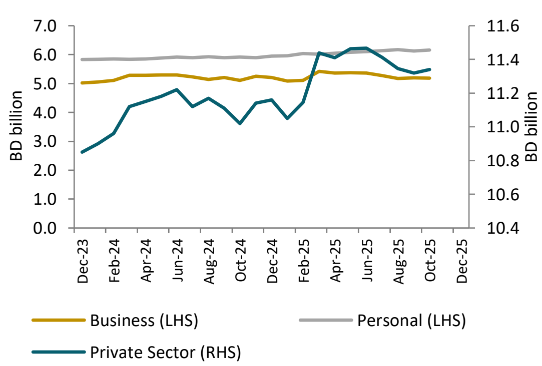
1.2.4 Islamic Windows

There are a number of conventional retail banks in Bahrain that maintain Islamic windows offering Islamic banking services/products to clients who are interested in Sharia-compliant banking. As of December 2025, there were 6 Islamic windows operating by conventional retail licenses in Bahrain with total assets of BHD 0.7 billion (1.6% of retail banking assets). As of end of 2025, 96.1% of total assets were domestic (0.9% YoY decrease) while 3.9% were foreign.

1.3 Credit Developments

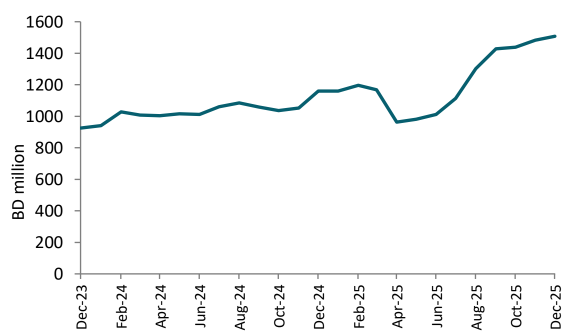
Domestic credit by retail banks increased from BD 12.3 billion in December 2024 to BD 12.9 billion in December 2025 with a 5.3% YoY increase. Credit given to the private sector (business and personal) witnessed a YoY increase of 2.7% moving from BD 11.2 billion in December 2024 to BD 11.5 billion in December 2025 (Chart 1.9). Business lending contributed 40.7% of total lending and personal lending contributed 47.7%. The personal sector was the main driver of the growth in credit financing from December 2024 to December 2025 led mainly by mortgage lending. Regarding retail banks' lending to the general government, there was an increase of BD 348 million (30.0% YoY increase) in December 2025 reaching BD 1.5 billion (Chart 1.10).

Chart 1.9: Loans to the Private Sector*



Source: CBB Monthly Statistical Bulletin.
Excluding securities.

Chart 1.10: Loans to General Government*

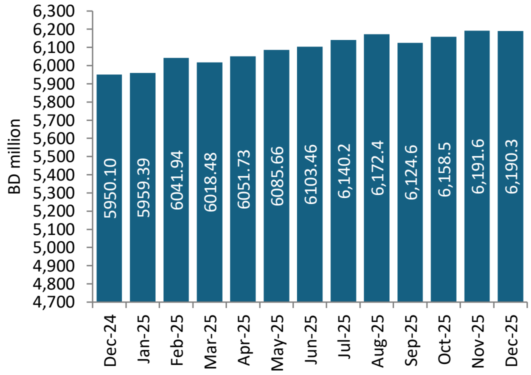


Source: CBB Monthly Statistical Bulletin.
Excluding securities.

1.3.1 The Households/Personal Sector

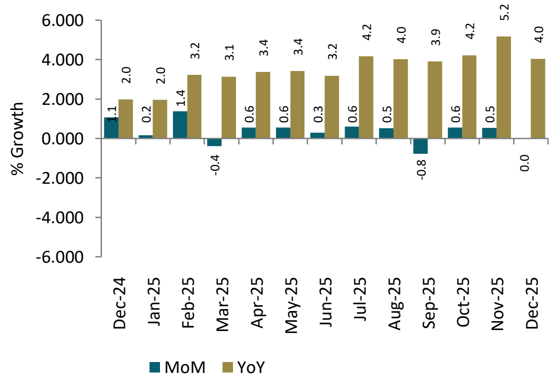
The household/personal sector in Bahrain plays an important role in financial stability and the overall economy. Outstanding personal loans, used as a proxy for household borrowing, shows a YoY increase of 4.0% reaching BD 6.2 billion in December 2025 (Chart 1.11). Personal loans as a percentage of GDP increased to 33.6% as of end of 2025.

Chart 1.11: Personal Loans



Using 2025 forecasted GDP.

Chart 1.12: Growth Rates of Total Personal Loans and Advances (%)



Source: CBB Monthly Statistical Bulletin

The monthly growth rate in total personal loans and advances fluctuated between December 2024 and December 2025. Initially 1.1% in December 2024, it increased to reach its highest level for the year 1.4% in February 2025. The highest YoY growth was November 2025 (5.2%).

The two main contributors to personal loans remain to be personal loans secured by property mortgages which made up 51.6% of the total personal loans followed by personal loans secured with salary assignments at 28.7% of total personal loans.

Table 1.1: Personal Loans Breakdown

BD million	2021	2022	2023	2024	2025	% YoY
Total	**5,110.7**	**5,716.8**	**5,834.6**	**5,950.1**	**6,190.3**	**4.0**
Secured by Property Mortgage	2,261.5	2,760.8	2,880.3	3,030.3	3,194.0	5.4
Secured by Vehicle Title	109.2	106.6	97.1	97.2	93.8	-3.6
Secured by Deposits	133.7	129.4	236.9	209.7	187.4	-10.6
With Salary Assignment	1,933.0	1,915.0	1,778.5	1,775.7	1,773.9	-0.1
Credit Card Receivables	99.5	84.2	119.9	133.9	124.9	-6.7
Other	573.8	720.8	721.9	703.3	816.3	16.1

Source: CBB Monthly Statistical Bulletin.

Chart 1.13: Personal Loans Breakdown (Dec. 2025)

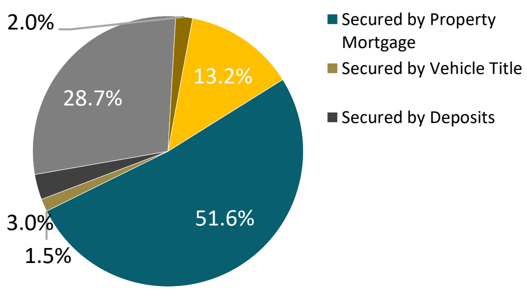
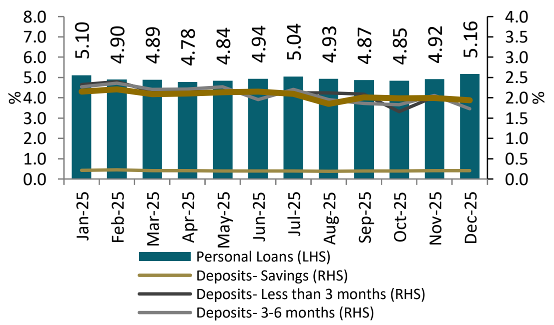


Chart 1.14: Retail Banks- Average Interest Rates on Personal Loans and Deposits (%)



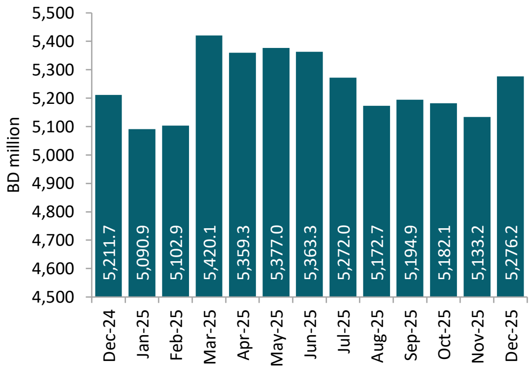
Source: CBB Monthly Statistical Bulletin

Interest rates on personal loans started off at 5.10% in January 2025 and remained the same at 5.16% at the end of 2025, with fluctuations throughout the year (Chart 1.14). The chart also shows the retail deposit rate for: Saving deposits, time deposits less than 3 months, time deposits 3 months to 6 months, and time deposits 6 months to 12 months over the same period.

1.3.2 The Bahraini Corporate/Business Sector

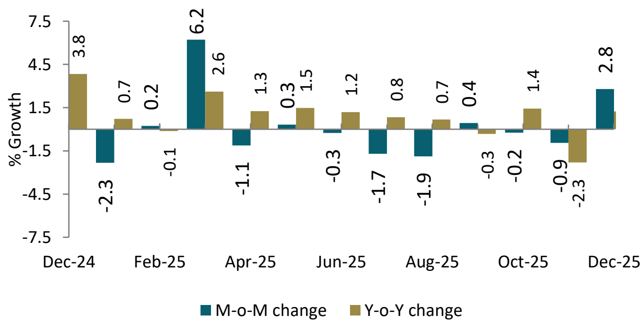
Business loans and advances grew by 1.2% between December 2024 and December 2025 from BD million 5,211.7 in December 2024 to BD million 5,276.2 in December 2025 (Chart 1.15). Outstanding business loans as a percentage of GDP increased to 28.7% as of end of 2025.

Chart 1.15: Business Loans



Source: CBB Monthly Statistical Bulletin.

Chart 1.16: Growth Rates of Total Business Loans and Advances (%)



Source: CBB Monthly Statistical Bulletin.

The biggest contributors to business loans in December 2025 were the construction and real estate sector (26.7%) followed by manufacturing (22.6%), and then trade (11.6%) (Chart 1.17).

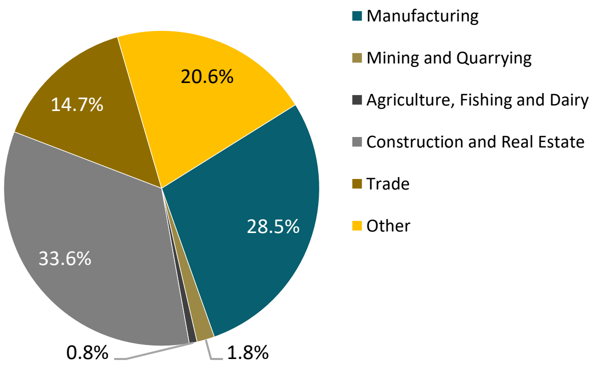
Table 1.2: Business Loans by Sector

BD million	2021	2022	2023	2024	2025	% YoY
Total	**5,341.2**	**4,951.5**	**5,019.3**	**5,211.7**	**5,276.2**	**1.2**
Manufacturing	1,292.3	1,221.3	1,359.2	1,321.5	1,191.3	-9.8
Mining and Quarrying	74.7	145.1	137.4	84.4	75.9	-10.1
Agriculture, Fishing and Dairy	13.2	16.6	18.3	17.5	33.8	93.1
Construction and Real Estate	2,009.6	1,651.7	1,537.5	1,463.8	1,407.5	-3.8
Trade	903.9	814.0	766.8	642.6	613.4	-4.5
Other Sectors	534.4	627.5	950.5	686.1	863.3	25.8

Source: CBB Monthly Statistical Bulletin.

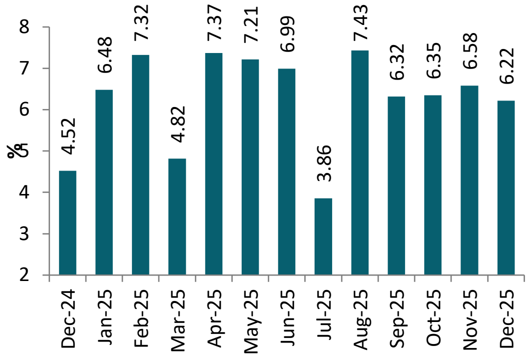
Average interest rates on business loans fluctuated from December 2024 to December 2025, but had an overall decreasing trend. It was at its peak in August 2025 at 7.43% and reached 6.22% as of end of 2025 (Chart 1.18).

Chart 1.17: Business Loans by Sector (Dec. 2025)



Source: CBB Monthly Statistical Bulletin.

Chart 1.18: Retail Banks' Average Interest Rates on Business Loans

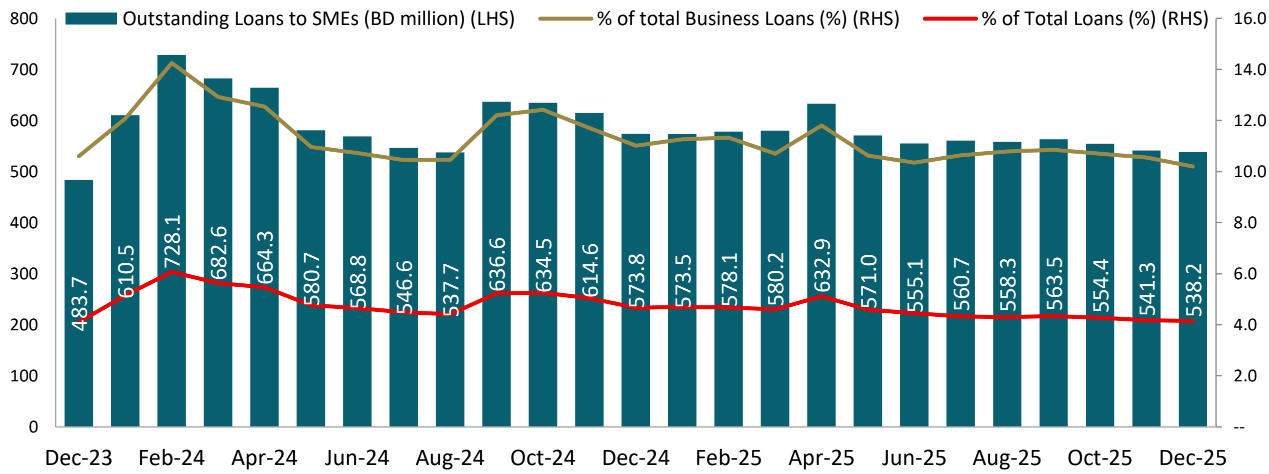


Source: CBB Monthly Statistical Bulletin.

1.3.3 SMEs

As of December 2025, outstanding Loans to SMEs were BD 538.2 million representing 10.2% of total business lending and 4.2% of total lending.

Chart 1.19: SME Loans



Source: CBB Monthly Statistical Bulletin.

1.4 Monetary Indictors

Money supply stood at BD 14,437.2 million in December 2025, 3.8% higher than its value of December 2024. M3 was at BD 16,545.5 million in December 2025, 2.0% higher than in December 2024 (Table 1.3). Table 1.3 sets out an analysis of Bahrain's M1, M2 and M3 money supply as at the dates indicated.

Table 1.3: Money Supply Composition

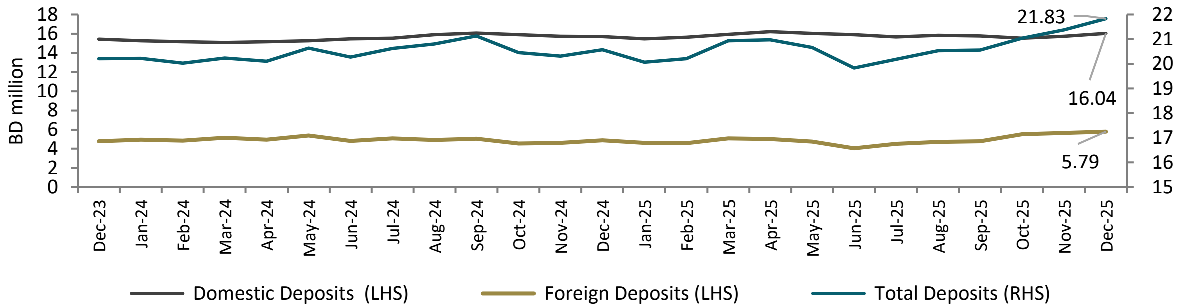
BD million	2021	2022	2023	2024	2025	% YoY
Currency Outside Banks	558.0	506.5	531.9	534.0	503.4	-5.7
Demand Deposits	3,710.7	3,094.1	2,881.1	2,848.3	2,959.2	3.9
M1	**3151.4**	**2916.4**	**2,767.8**	**2,807.8**	**2,855.4**	**1.7**
Time & savings deposits	8,765.9	9,727.3	10,551.0	10,523.5	10,974.6	4.3
M2	**13,034.6**	**13,327.9**	**13,964.0**	**13,905.8**	**14,437.2**	**3.8**
General Government Deposits	1,849.6	1,807.5	2,306.2	2,314.6	2,111.3	-8.8
M3	**14,884.2**	**15,135.4**	**16,270.2**	**16,220.5**	**16,548.5**	**2.0**

Source: CBB Monthly Statistical Bulletin.

As of December 2025, general government deposits decreased by 8.8% from BD 2,314.6 million in December 2024 to BD 2,111.3 million in December 2025, while time & savings deposits increased by 4.3% compared to December 2024.

Total deposits reached BD 21.8 billion in December 2025 with a 6.1% YoY increase (where domestic deposits represent 73.5% of total deposits and had a YoY increase of 2.3%. Deposits continued a gradual upwards trajectory in line with the growth of the economy.

Chart 1.20: Total Deposits (BD billion)



Source: CBB Monthly Statistical Bulletin.

1.5 Inflation

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. Bahrain's inflation is measured by its Consumer Price Index (CPI) and includes 12 broad categories of consumer goods that are representative of consumption patterns in the economy.[1]

As of December 2025, the Consumer Price Index (CPI) increased to 101.6 points. The annual average rate of inflation in December 2025 was 0.5%, remained unchanged compared to December 2024. The largest year-on-year price increase was recorded in November 2025 when prices increased by 1.1%.

Chart 1.21: Monthly Inflation Rate

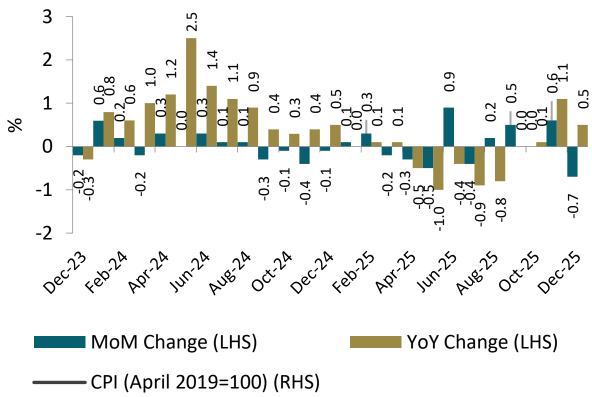
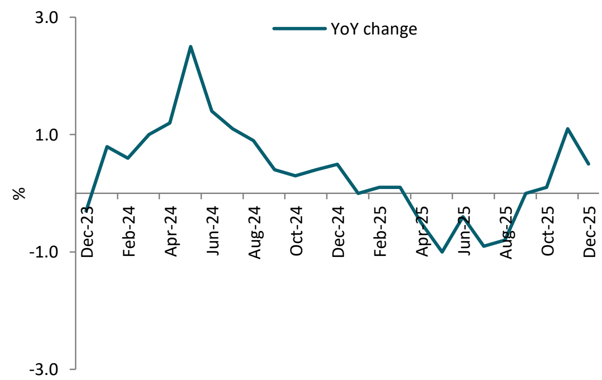


Chart 1.22: CPI Change



Source: IGA

[1] The index has been rebased to April 2019=100, with effect from May 2019, which resulted in certain methodological changes which include updating the expenditure weight, revising the sample of goods and services and improving the methods of price collection. Components are: food and non-alcoholic beverages; alcoholic beverages, tobacco and narcotics; clothing and footwear; housing, water, electricity, gas and other fuels; furnishing, household equipment and routine household maintenance; health; transport; communication; recreation and culture; education; restaurants and hotels; and miscellaneous goods and services.

The divisions which made the largest upward contribution to the CPI in the year 2025 were transport and miscellaneous goods and services group. The divisions which made the largest downward contribution to the CPI in the year 2025 were the ‘housing, water, electricity, gas and other fuels group and food and non-alcoholic beverages group.

2 PERFORMANCE OF THE BANKING SECTOR

HIGHLIGHTS

Q4 2025

CAR	Tier 1 CAR	Assets-to-Capital
21.8%	20.5%	9.1
▲ 0.6% YoY	▲ 0.7% YoY	▼ 0.2 YoY

NPL Ratio	Specific Provisions Ratio	ROA
2.6%	58.5%	1.1%
▼ 0.2% YoY	▲ 5.2% YoY	▼ 0.2% YoY

ROE	Liquid Asset Ratio	Loan/Deposit Ratio
10.3%	26.0%	62.0%
▼ 0.9% YoY	▼ 0.8% YoY	▼ 0.2% YoY

- Increase in capital positions. Capital positions remain strong.
- Improvement in asset quality with continued decreasing trend in NPL ratio.
- Loan portfolios remain concentrated in some sectors with no significant change from the previous quarter.
- Stable positive earnings for banks.
- Liquidity position remains resilient.

2.1 Overview

This chapter offers an assessment of the banking sector in Bahrain.[2] Macro-prudential analysis of the entire banking sector is performed based on a set of selected Financial Soundness Indicators (FSIs). The banking sector in Bahrain is divided into four segments: conventional retail (CR), conventional wholesale (CW), Islamic Retail (IR), and Islamic wholesale (IW). The performances of conventional and Islamic

[2] Chapters 3, 4, and 5 cover the period between Q4 2023 and Q4 2024, unless otherwise indicated.

banking segments are analyzed separately in Chapters 4 and 5. Annex 1 and Annex 2 presents selected FSIs for the different banking segments. [3]

FSIs continued to show ample levels of capital and liquidity, low levels of defaults and adequate levels of provisions coverage.

2.2 Overall Banking Sector Performance

2.2.1 Capital Adequacy

Strong capital position with an overall increasing trend

The capital adequacy ratio (CAR) for the banking sector stood at 21.8% in December 2025, increasing by 0.6% compared to December 2024. The core capital ratio (ratio of Tier 1 capital to risk-weighted assets) showed an increase from 18.8% December 2024 to 20.5% in December 2025. Whereas the leverage ratio (ratio of assets over capital) slightly decreased to 9.1 times during the same period.

Table 2.4: Capital Provision Ratios

Indicator*	Q4 2024	Q2 2025	Q4 2025	YoY Change
All Banking				
CAR (%)	21.2	20.2	21.8	0.6
Tier 1 CAR (%)	19.8	18.8	20.5	0.7
Assets/Capital (Times)	9.3	9.8	9.1	-0.2
All Retail				
CAR (%)	27.2	26.0	27.6	0.4
Tier 1 CAR (%)	25.8	24.4	26.1	0.3
Assets/Capital (Times)	8.5	9.0	7.9	-0.6
All Wholesale				
CAR (%)	17.2	16.7	17.5	0.3
Tier 1 CAR (%)	15.8	15.4	16.3	0.5
Assets/Capital (Times)	10.1	10.6	10.6	0.5

Source: CBB.

2.2.2 Asset Quality

Continued improvement in asset quality with decreasing NPL and strong provisions

The non-performing loans (NPLs) ratio continued to decrease reaching 2.6% in December 2025 from 2.8% in December 2024. The specific provisions as a proportion of NPLs increased to 58.5% in December 2025 from 53.3% in December 2024. During the pandemic, banks were required to assess credit exposures and be more prudent in determining any additional provision during the pandemic resulting in an increase in provisioning. Banks have gradually reduced their provisions to pre-pandemic levels as the economic outlook and business activity improved.

Table 2.5: NPL Ratios

Indicator	Q4 2024	Q2 2025	Q4 2025	YoY Change
All Banking				
NPLs (% Total Loans)	2.8	2.6	2.6	-0.2
Specific provisions (% of NPLs)*	53.3	54.9	58.5	5.2
All Retail				
NPLs (% Total Loans)	3.8	3.7	3.4	-0.4

[3] Chapters 3, 4, and 5 do not contain sections on stress testing. Stress testing exercises are performed separately in an internal report.

Specific provisions (% of NPLs)*	49.3	50.5	53.0	3.7
All Wholesale				
NPLs (% Total Loans)	2.0	1.8	1.9	-0.1
Specific provisions (% of NPLs)*	60.0	62.1	66.5	6.5

Source: CBB.

Data on NPLs by time segment (up to 1 year, 1 year to 3 years, and over 3 years) show that the majority of NPLs in the banking sector are for a period of 1 year (44.0% of total NPLs). NPLs for over 3 years represented 23.8% of total gross loans. Specific provisioning for NPLs increases as they are non-performing for longer periods of time. As seen in Table 2.6, NPLs for a period of more than 3 years are provisioned by 73.0%.

Table 2.6: NPL Ratios and Specific Provisions by Time Period (Q4 2025)

Indicator	Up to 1 year	1 up to 3 years	Over 3 years	Total
All Banking				
NPLs (% Total Loans)	1.1	0.8	0.6	2.6
Specific Provisions (% of NPLs)	43.5	68.2	73.0	58.5
All Retail				
NPLs (% Total Loans)	1.7	1.1	0.6	3.4
Specific Provisions (% of NPLs)	37.1	65.3	78.7	50.3
All Wholesale				
NPLs (% Total Loans)	0.6	0.6	0.7	1.9
Specific Provisions (% of NPLs)	58.1	72.5	69.1	66.5

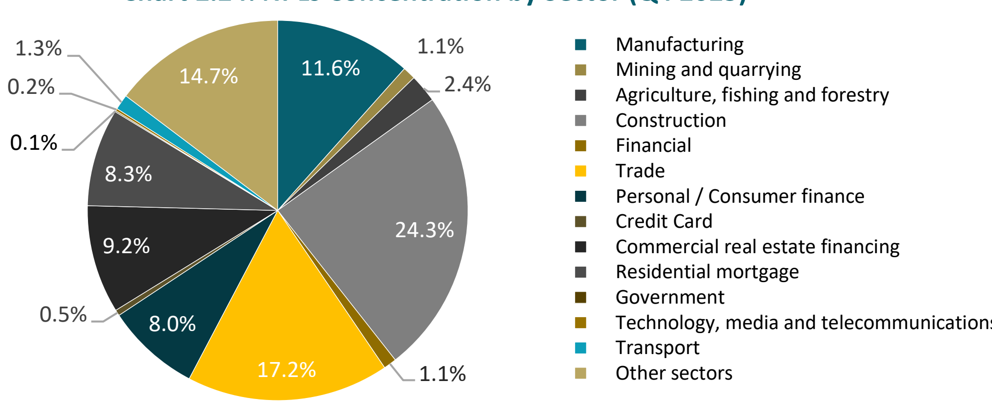
Source: CBB.

Chart 2.23: NPLs by Time Period (%)

Source: CBB.

The NPLs were concentrated in construction (24.3%), trade (17.2%) and manufacturing (11.6%) as indicated in chart 2.24.

Chart 2.24: NPLs Concentration by Sector (Q4 2025)



Source: CBB.

Data on the sectoral breakdown of NPLs ratios (NPLs per sector as a percentage of gross loans in each sector) shows an increase in impairment in some sectors, while some experience a decrease, and others remain unchanged (Table 2.7). The highest increase was in mining and quarrying, 2.0%. The highest decrease was in transport, which was 1.8%.

Table 2.7: NPL Ratios by Sector (%)

Sector	Q4 2024	Q2 2025	Q4 2025	YoY Change
Manufacturing	2.1	2.2	2.3	0.2
Mining and quarrying	1.3	4.2	3.3	2.0
Agriculture, fishing and forestry	4.2	4.0	3.7	-0.5
Construction	8.8	7.5	8.3	-0.5
Financial	0.2	0.2	0.1	-0.1
Trade	7.3	7.3	7.8	0.5
Personal / Consumer finance	3.0	2.9	2.7	-0.3
Credit Card	3.8	2.0	2.3	-1.5
Commercial real estate financing	3.4	4.1	3.1	-0.3
Residential mortgage	2.9	3.1	3.3	0.4
Government	1.0	0.7	0.0	-1.0
Technology, media and telecommunications	0.3	0.3	0.4	0.1
Transport	3.0	1.1	1.2	-1.8
Other sectors	2.1	2.0	2.9	0.8

Source: CBB.

Loan portfolios face slight fluctuations and remain concentrated in some sectors.

The loan portfolio of the banking system remains concentrated in some sectors. Financial represented the highest exposure with 22.1% of total loans in December 2025. Manufacturing followed with 13.3% and government stood at 8.5% of total loans.

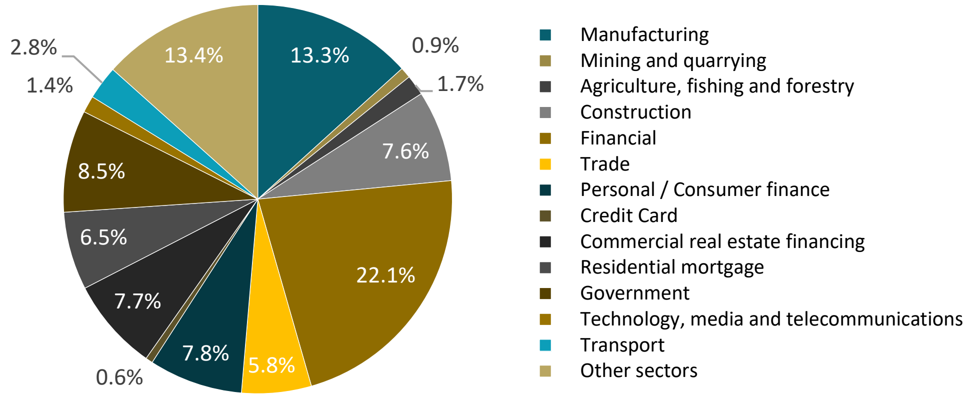
Table 2.8: Lending Distribution (% Total Loans)

Sector	Q4 2024	Q2 2025	Q4 2025	YoY Change
Manufacturing	13.8	13.5	13.3	-0.5
Mining and quarrying	2.0	0.8	0.9	-1.1
Agriculture, fishing and forestry	1.4	1.4	1.7	0.3
Construction	8.2	8.4	7.6	-0.6
Financial	20.5	22.1	22.1	1.6
Trade	6.2	6.1	5.8	-0.4
Personal / Consumer finance	7.7	7.6	7.8	0.1
Credit Card	0.5	0.5	0.6	0.1
Commercial real estate financing	6.7	6.8	7.7	1
Residential mortgage	6.6	6.4	6.5	-0.1
Government***	8.0	7.6	8.5	0.5
Technology, media and telecommunications	1.5	1.4	1.4	-0.1
Transport	3.0	3.0	2.8	-0.2
Other sectors	13.8	14.3	13.4	-0.4
Top Two Sectors (%)	34.3	36.4	35.5	1.2
Real Estate/ Construction Exposure (%) **	21.6	21.6	21.8	0.2

**Some Figures may not add to a hundred due to rounding.*
*** Real Estate/Construction exposure is calculated as the share of the construction, commercial real estate financing, and residential mortgages sectors of total lending.*
**** This includes government loans originating from other jurisdictions.*
Source: CBB.

The top two recipient sectors, financial and manufacturing, jointly represented 35.4% of loans in December 2025, a slight increase from 34.3% in December 2024. Exposure to real estate/construction was 21.8% of total lending in December 2025, the same as December 2024.

Chart 2.25: Lending Distribution (% Total Loans)



Source: CBB.

2.2.3 Profitability

Profitability remains positive.

The overall banking sector's profitability indicators have been stable between December 2024 to December 2025 and remain robust. Return-on-assets (ROA) decreased to 1.1% in December 2025 from 1.3% in December 2024. As of December 2025, return-on-equity (ROE) decreased to 10.3% from 11.2% in December 2024. Net interest income (as a % of total income) stood at 63.7% in December 2025. In addition, operating expenses as a proportion of total income was 49.7% in December 2025, an increase from the 48.3% registered in December 2024.

Table 2.9: Profitability

Indicator	Q4 2024	Q2 2025	Q4 2025	YoY Change
All Banking				
ROA (%) *	1.3	0.6	1.1	-0.2
ROE (%) **	11.2	5.8	10.3	-0.9
Net Interest Income (% Total Income) ***	67.3	59.8	63.7	-3.6
Operating Expenses (% Total Income)	48.3	47.6	49.7	1.4
All Retail				
ROA (%) *	1.7	0.7	1.5	-0.2
ROE (%) **	14.2	7.5	12.6	-1.6
Net Interest Income (% Total Income) ***	80.6	76.3	75.3	-5.3
Operating Expenses (% Total Income)	45.7	46.0	47.7	2.0
All Wholesale				
ROA (%) *	1.0	0.5	0.9	-0.1
ROE (%) **	8.0	4.2	7.5	-0.5
Net Interest Income (% Total Income) ***	59.4	49.6	56.8	-2.6
Operating Expenses (% Total Income)	50.9	51.8	52.1	1.2

** ROA = ratio of net income to assets.*
*** ROE = ratio of net profit to tier 1 capital (for Locally Incorporated Banks only).*
**** For Conventional Banks.*
Source: CBB.

2.2.4 Liquidity

Liquidity positions remain comfortable.

Between December 2024 and December 2025, the overall loan-deposit ratio decreased from 62.0% to 62.2%. Liquid assets as a proportion of total assets decreased by 0.8% to 26.0% over the same period.

Table 2.10: Liquidity

Indicator	Q4 2024	Q2 2025	Q4 2025	YoY Change
All Banking				
Liquid Asset Ratio (%)	26.8	26.1	26.0	-0.8
Loan-Deposit Ratio (%)	62.2	62.3	62.0	-0.2
All Retail				
Liquid Asset Ratio (%)	32.9	32.1	30.9	-2.0
Loan-Deposit Ratio (%)	60.9	60.7	61.7	0.8
All Wholesale				
Liquid Asset Ratio (%)	22.2	21.8	22.5	0.3
Loan-Deposit Ratio (%)	63.2	63.6	61.7	-1.5

Source: CBB.

2.3 Developments in Regulation and Initiatives

The following section sheds light on the regulatory and policy initiatives that took place in 2025 for the banking and financial sector:

Table 2.11: Key Banking Sector Regulatory and Policy Developments 2025

Item	Description
Stablecoin Issuance and Offering Module	In July 2025, the CBB issued the Stablecoin Issuance and Offering Module under Volume 6 of the CBB Rulebook. This Module applies to stablecoin issuers undertaking regulated stablecoin offering services in or from the Kingdom of Bahrain.
Cyber Security Requirements	In July 2025, the CBB issued a circular to all licensees requiring full implementation of the cybersecurity measures issued by the National Cybersecurity Center (NCSC). These measures include ensuring that all public-facing systems are regularly updated, enabling multi-factor authentication (MFA) protocols for critical systems, performing periodic backups of critical systems, and immediately reporting any suspected cybersecurity incidents.
Amendments to the Capital Adequacy Module – Credit Risk Management	In September 2025, the CBB issued a revised Capital Adequacy Module of the CBB Rulebook Volume 1 – Credit Risk Management (Part 2). The revisions are consistent with the Basel III framework issued by the Basel Committee on Banking Supervision, which aims to enhance and improve the measures for capital allocation based on the risk sensitivity of a Bank's portfolio of credit risk exposures in the banking book.
Proposed Sustainable and Sustainability-Linked Debt Securities Regulatory Framework	In September 2025, the CBB issued a consultation paper on the requirements for the issuance and offering of Sustainable and Sustainability-Linked Debt Securities to be added to the Offering of Securities Module under Volume 6 of the CBB Rulebook.
Proposed Client Money Requirements	In October 2025, the CBB issued a consultation paper on revised client money safeguarding requirements applicable to Payment Service Providers and Crowdfunding Platform Operators. These requirements include the definition of client money; segregation of client funds from the licensee's own assets; safeguarding mechanisms and other conditions and restrictions.

3 PERFORMANCE OF CAPITAL MARKETS

As at end Q4 2025

# of Companies	All Share Index	Islamic Index
40	2,066.54 ▲4.1% YoY	1,026.93 ▲31.7 % YoY

Market Capitalization	Value of Transactions	Volume of Transactions
BD 8.03 bn ▲4.4% YoY	BD 319.8 mn	1,483.9 mn

- Increase in both Bahrain All Share & Bahrain Islamic Index.
- Bahrain Bourse's market capitalization stood at BHD 8.0 billion in 2025 end, increasing by 4.4% year on year.
- The Materials Sector dominated the market trading activity as it had the highest value traded.
- Bahrainis represented 28% of the value of shares bought and 26% of value of shares sold during 2025.

3.1 Overview

This chapter provides an overview of the capital markets sector in the Kingdom of Bahrain and provide statistical insights of the performance of the mainboard market operated by Bahrain Bourse as a Self-Regulatory Organization (SRO) as well as relevant data on the issuance of securities and activities pertaining to takeovers, mergers and acquisitions in Bahrain.

As of end of 2025, Bahrain Bourse recorded a total listing of 40 Companies, 3 Mutual Funds, 21 Bonds and Sukuk and one REIT. During 2025, there were 24 companies that closed higher and 12 closed lower and 4 remained unchanged. Financials sector remains the dominant sector in Bahrain Bourse in terms of market capitalization making up 63% of the total market capitalization. Bahrain Bourse remains a highly concentrated market in terms of market capitalization as the largest 5 companies in terms of market capitalization are ALBH, NBB, BBK, GFH, and BEYON representing 67% of the total market.

3.2 Bahrain Bourse

3.2.1 All Share Index and Islamic Index Overview

Increase in market index

Bahrain All Share Index increased by 4.1% during 2025. The index recorded the lowest month-end close level in January 2025, and the highest month-end close was recorded in December 2025.

Table 3.122: Key Indicators of Bahrain Bourse

Indicator	2019	2020	2021	2022	2023	2024	2025
All Share Index	**1,610.2**	**1,489.8**	**1,797.3**	**1,895.3**	**1,971.5**	**1,985.9**	**2,066.5**
Highest (month-end close)	1,610.2	1,660.5	1,797.3	2,073.5	1,992.4	2,067.2	2,066.5
Lowest (month-end close)	1,391.4	1,269.6	1,458.0	1,809.8	1,886.6	1,957.5	1,879.5
Market Capitalization (BD million)	10,134.6	9,277.3	10,815.5	11,408.9	7,768.6	7,693.7	8,033.3
Total Value (BD million)	286.4	212.8	195.7	169.8	210.2	319.8	619.1
Total Volume (million)	1,157.3	1,209.3	1,018.3	536.9	780.7	1,483.9	1,420.3
No. of Transactions	20,712	19,309	21,001	17,474	17,730	17,014	21,776
No. of Companies Listed	44	43	41	42	41	40	40

Source: Bahrain Bourse.

Chart 3.26: Bahrain All-Share Index, Jan. 2023 – Dec. 2025

Source: Bahrain Bourse.

Bahrain Bourse introduced its new sector classification, adopting the Global Industry Classification Standard (GICS), effective on July 11, 2021, which replaced the previous sector classification system that had been in place since 1987.

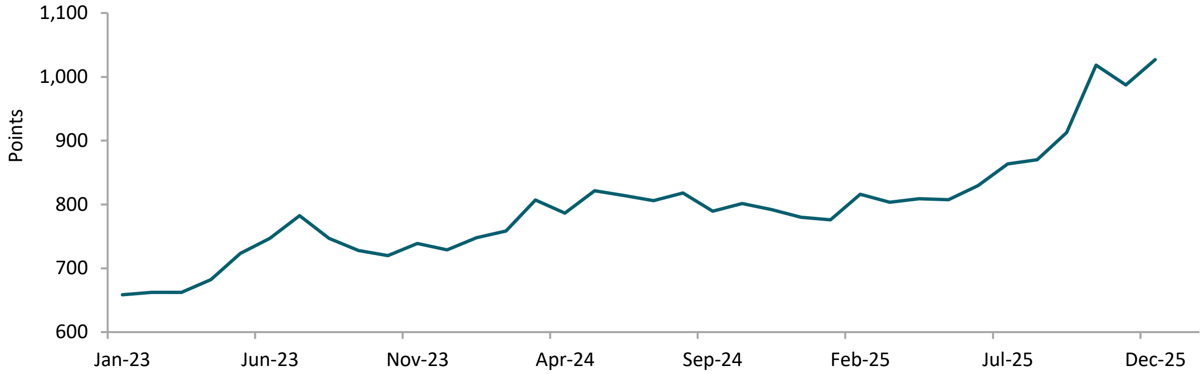
Table 3.13: Bahrain All Share Index by Sector

	2024	2025
Materials	5,972.44	5,076.57
Industrials	3,015.52	2,867.03
Consumer Discretionary	2,835.85	3,142.58
Consumer Staples	2,175.61	2,349.95
Financials	6,855.36	7,755.73
Communications Services	2,451.93	2,397.74
Real Estate	2,216.69	2,391.55

Source: Bahrain Bourse.

In September 2015, Bahrain Bourse launched the Bahrain Islamic Index. There were 13 Shariah compliant companies included within the index as of 2025. Bahrain Islamic Index increased by 31.68% in the during 2025 reaching 1,026.93 points.

Chart 3.277: Bahrain Islamic Index, Jan. 2023 – Dec. 2025



Source: Bahrain Bourse.

3.2.2 Bahrain Bourse Trading Statistics

Market Capitalization

As of 2025, market capitalization of the Bahrain Bourse stood at BD 8.0 billion 4.41% higher than 2024.

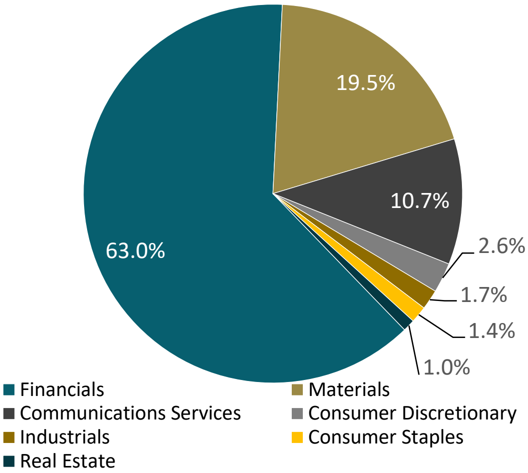
Table 3.14: Market Capitalization on the Bahrain Bourse

Sector (BD)	2024	2025	(% Change)
Materials	1,846,000,000	1,569,100,000	-15.00
Industrials	143,990,000	136,899,800	-4.92
Consumer Discretionary	163,421,153	205,294,952	25.62
Consumer Staples	105,927,622	114,415,899	8.01
Financials	4,475,650,499	5,062,280,994	13.11
Communications Services	881,771,421	862,283,631	-2.21
Real Estate	76,914,895	82,982,343	7.89
Total	**7,693,675,590**	**8,033,257,619**	**4.41**

Source: Bahrain Bourse.

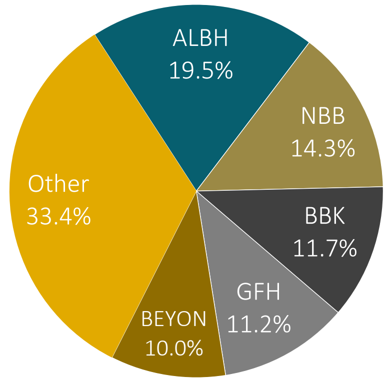
A breakdown of market capitalization by sector indicates that the Consumer Discretionary sector scored the highest percentage increase in market capitalization (25.62%) during 2025. The Materials sector recorded the highest percentage decrease in market capitalization with a 15.00% decrease during 2025.

Chart 3.288: Market Capitalization by Sector (2025)



Source: Bahrain Bourse.

Chart 3.29: Largest 5 companies by Market Capitalization (2025)



Source: Bahrain Bourse.

Aluminum Bahrain is the largest company in terms of Market Capitalization and contributes 19.53% of the total market capitalization as 2025. National Bank of Bahrain has the second largest share of Market Capitalization of 14.27% and it is followed by Bank of Bahrain & Kuwait with 11.65%, GFH Bank with 11.21% and Beyon with 9.96%.

Table 3.15: Largest 5 Companies by Market Capitalization (2025)

Company	Market Capitalization (BHD)	% from Total Market
Aluminum Bahrain (ALBH)	1,569,100,000	19.53
National Bank of Bahrain (NBB)	1,146,633,980	14.27
Bank of Bahrain and Kuwait (BBK)	935,544,010	11.65
GFH Bank (GFH)	900,165,147	11.21
Beyon (BEYON)	799,999,200	9.96
Total	**5,351,442,337**	**66.62**

Source: Bahrain Bourse.

Value of Shares Traded

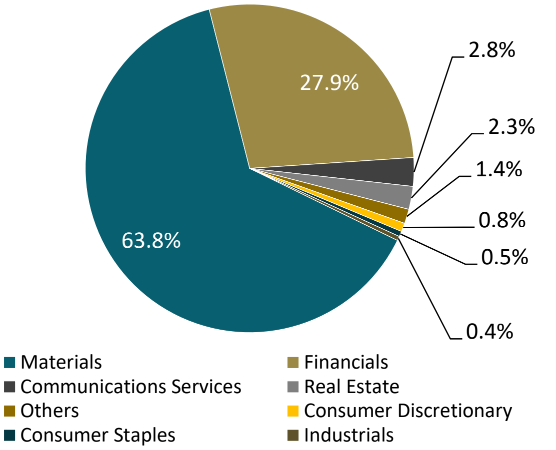
The Materials sector represents the largest level at 63.81% of the total value of shares traded in 2025. Investors' interest in the Industrials sector was the least during this period with traded shares by value representing only 0.42% of the total value of traded shares.

Table 3.16: Value of Shares Traded by Sector (% of Value of all shares traded)

Sector	Value (BHD)	% from Total Market
Materials	395,059,216	63.81
Industrials	2,576,400	0.42
Consumer Discretionary	5,220,164	0.84
Consumer Staples	3,270,567	0.53
Financials	172,760,941	27.91
Communications Services	17,425,440	2.81
Real Estate	13,987,488	2.26
Others	8,773,900	1.42

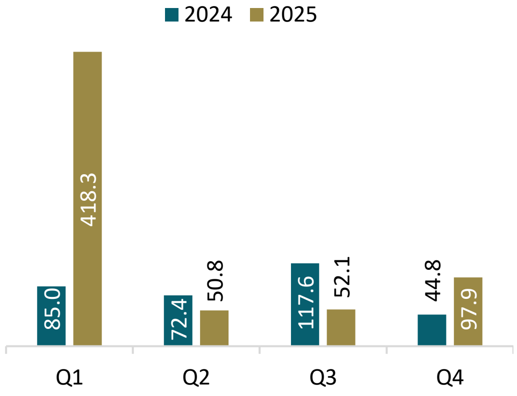
Source: Bahrain Bourse.

Chart 3.290: Value of Shares Traded by Sector (% of Value of all shares traded) (2025) *



** Other sector includes Closed companies, Non-Bahraini and IPOs.*
Source: Bahrain Bourse.

Chart 3.301: Value of Shares Traded Comparison



Source: Bahrain Bourse.

Volume of Shares Traded

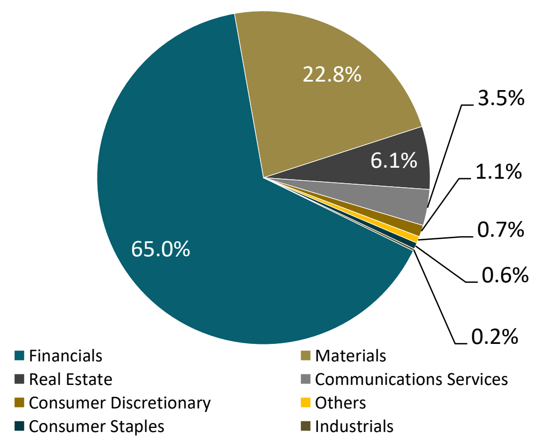
The bulk of the volume of shares traded in 2025 was in the Financial sector representing 64.98% of the total volume of shares traded, followed by the Materials sector at 22.82%. The lowest level was attained by the Industrials sector at 0.21%.

Table 3.17: Volume of Shares Traded by Sector (% of Volume of all shares traded)

Sector	2024	2025
Materials	3.4	22.8
Industrials	0.3	0.2
Consumer Discretionary	1.0	1.1
Consumer Staples	0.2	0.6
Financials	84.8	65.0
Communications Services	1.6	3.5
Real Estate	5.4	6.1
Others	3.4	0.7

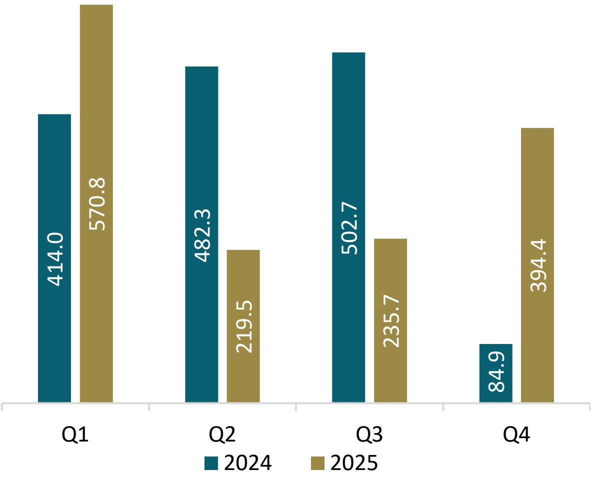
Source: Bahrain Bourse.

Chart 3.312: Volume of Shares traded by Sector (% of Volume of all shares traded) (2025) *



** Other sector includes Closed companies, Non-Bahraini and IPOs.*
Source: Bahrain Bourse.

Chart 3.323: Volume of Shares Traded Comparison



Source: Bahrain Bourse.

Number of Transactions

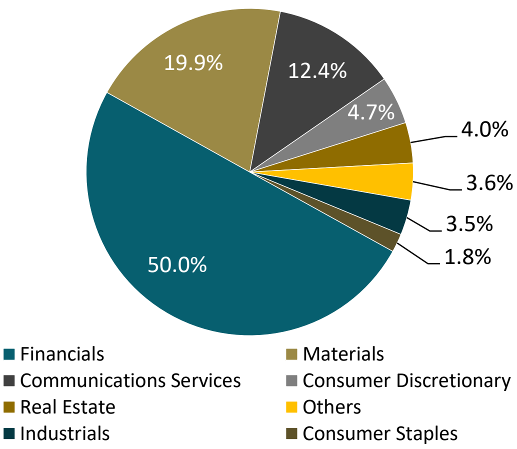
During 2025, the market executed 21,776 transactions 35% higher than 2024. Most of the transactions were executed by the Financials sector at 10,897 transactions (50% of all transactions), followed by the Materials at 4,335 transactions (20%), and the Communications Services sector at 2,692 transactions (12%).

Table 3.18: Number of Transactions by Sector

Sector	2024	2025
Materials	3,724	4,335
Industrials	579	755
Consumer Discretionary	399	1,034
Consumer Staples	266	398
Financials	8,486	10,897
Communications Services	1,790	2,692
Real Estate	885	871
Others	885	794
Total Market	**16,129**	**21,776**

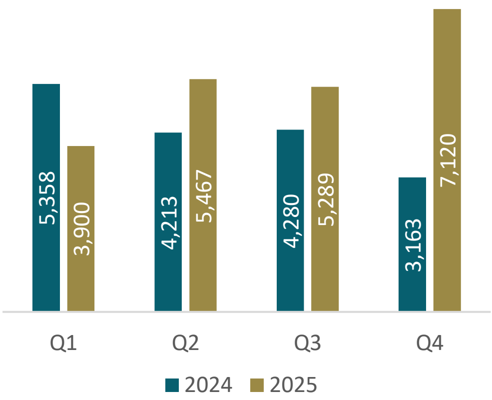
Source: Bahrain Bourse.

Chart 3.334: Number of Transactions (% of all transactions) (2025) *



**Other sector includes Closed companies and IPOs.*
Source: Bahrain Bourse.

Chart 3.345: Number of Transactions Comparison



Source: Bahrain Bourse.

Trading by nationality

As of 2025, non-Bahraini nationals contributed to BHD 447.9m of the value of shares bought while Bahraini nationals contributed BHD 171.1m of the value of shares bought. As for sell-side of the transactions, non-Bahraini nationals contributed to BHD 458.5m of the value of shares sold while Bahraini nationals contributed to BHD 160.6m of the remaining value of shares sold.

Table 3.19: Value of Transactions by Nationality (BD million)

	2024		2025	
	Bahraini	Non-Bahraini	Bahraini	Non-Bahraini
Buy	180.4	139.4	171.1	447.9
Sell	213.8	106.0	160.6	458.5

Source: Bahrain Bourse.

Chart 3.366: Share of Trading Value of Buy transactions by nationality (2025)

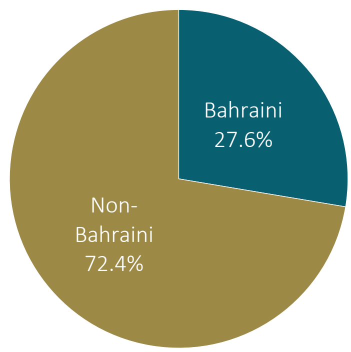
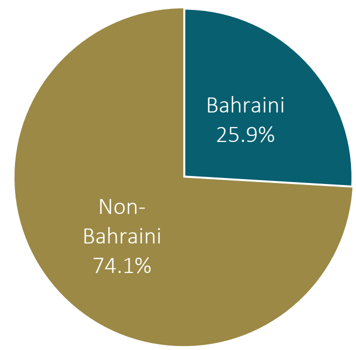


Chart 3.35: Share of Trading Value of Sell transactions by nationality (2025)

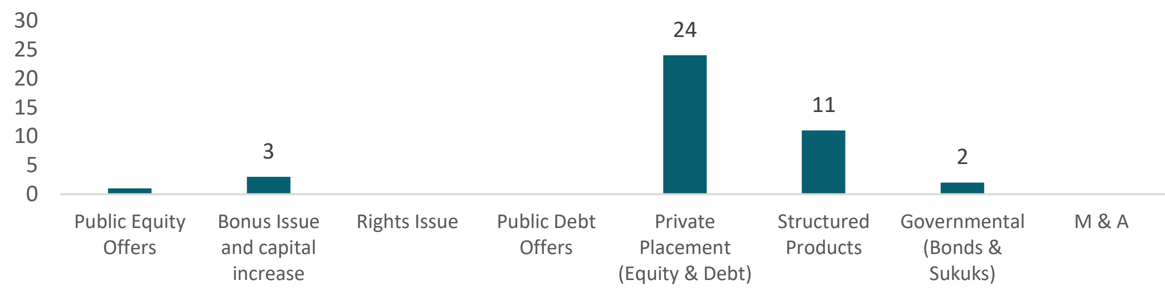


3.3 Capital Market Activities

3.3.1 Offering of Securities

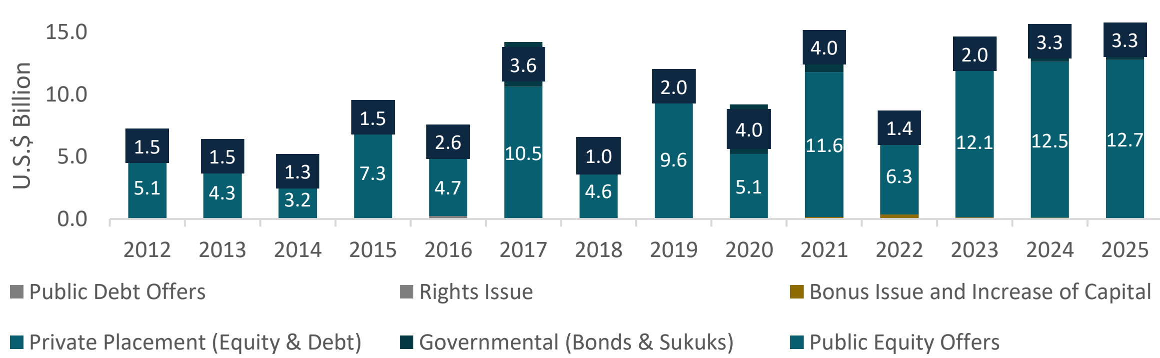
As at December 2025, CBB issued no objection to the issuance of 39 offering documents. The total value of issuances reached 8.552 USD billion. (Chart 3.39 & 3.40).

Chart 3.378: Number of Capital Market Activities



Source: CBB.

Chart 3.39: Total Issuance Value



Source: CBB.

3.4 Developments in Regulation and Initiatives

The CBB actively takes part in joint meetings of the GCC Council's Capital Market Authorities (or their equivalent) that aim to harmonize the rules, regulations and practices within the capital markets in the GCC. In addition, the CMSD, on behalf of the CBB, manages its international cooperation within the capital markets' field, while making use of the best international experiences, among others. Therefore, the CMSD actively participates in the International Organization of Securities Commissions' ("IOSCO") Multilateral Memorandum of Understanding ("MMoU") and GCC MMoU, which CBB is a signatory of, to facilitate any necessary information exchange.

During 2025, CBB endeavored to develop and complete capital markets regulatory and legal frameworks, including Volume 6 of CBB Rulebook as well as supporting our SROs in issuing their business rules, its main objectives being, to enhance transparency, develop the capital markets, and protect investors. The following section will shed light on the activities that took place in the areas of policy, regulation, and market infrastructure during 2025:

3.4.1 Policy and Regulatory Developments

- The CBB actively supported Bahrain Bourse and Bahrain Clear ("BHC"), to enhance their business rules and introduce new guidelines, in alignment with international best practices to promote market integrity and efficiency. More specifically, BHC has issued its newly developed business rules, "Bahrain Clear Rules", for industry consultation.

3.4.2 Investor Protection Initiatives

- The Capital Market Authorities in the GCC formed the investor awareness program 'Mulim', which was launched as long-term Gulf program to raise Capital Market awareness. The program is in its fifth year with the aim of raising awareness on the culture of financial transactions and investment in capital markets, through a number of awareness programs and events. One of the initiatives of the program is the GCC Smart Investor Award, which opens the door for participation to citizens and residents of the GCC countries in order to establish creative ideas related to the culture of financial and investment transactions.

4 PERFORMANCE OF THE INSURANCE SECTOR

Q3 2025

Insurance Licensees	Total Capital	Net Profit (Including Takaful Shareholders Fund Profit)
141	BD 389.4 mn	BD 40.7 mn
Assets of Conv. Insurance (Including Overseas)	**Assets of Takaful Insurance**	**Gross Premiums**
BD 1,956 mn	BD 286 mn	BD 239 mn

- Conventional local firms account for 50.9% of total insurance industry with BD 122 million in total gross premiums as of September 2025. General insurance (Conventional Local, Takaful and Overseas) contributes 90.6% of total gross premiums.
- Both Conventional local insurance firms' and Takaful firms' performance is concentrated on Motor and Medical business lines.
- Overseas insurance firms' performance is concentrated on Medical and Long-term (Life) business lines.

4.1 Overview

This chapter highlights the overall performance of the insurance industry in Bahrain by looking at two main insurance segments: conventional and takaful, their different business lines, and classes.[4] The conventional sector is further divided into local and overseas/branch firms.[5]

As of December 2025, there are a total of 141 insurance organizations licensed and registered in the Kingdom. There are 31 insurance and reinsurance companies: 12 Conventional local, 5 Takaful local, 2 Reinsurance Firms, 1 Retakaful Firm, 1 Captive, and 9 overseas/foreign branches and 1 Reinsurance Branch. These institutions offer all basic and modern insurance and reinsurance as applicable, such as medical and health insurance and long-term insurance (life and savings products). The remaining 110 other registered insurance licensees include Insurance Brokers, Insurance Managers, Insurance Consultants, Registered Actuaries, Registered Loss Adjusters, Insurance Pools and Syndicates, Insurance Ancillary Services, and Insurance Representative Offices.

[4] Takaful companies are companies conducting takaful business in line with Islamic principles. Overseas insurance companies are branches of foreign companies.

[5] Chapter 4 covers the period between Q3 2024 and Q3 2025, unless otherwise indicated.

4.2 Financial Position and Profitability of Insurance Sectors

As of September 2025, total assets of the Insurance sector reached BD 2,241.7 million with an increase of 3.2% compared to BD 2,171.6 million in September 2024. Total liabilities decreased by 1.5% over the same period reaching BD 1,537.9 million.

Total available capital[6] increased from BD 359.1 million in September 2024 to BD 389.4 million in September 2025. Profitability, on the other hand, increased between September 2024 and September 2025 reaching BD 40.7 million (including Takaful Firms profit).

Table 4.20: Total Assets, Liabilities, Capital, and Profitability of Insurance Sector by Segment

BD 000	Total Assets		Total Liabilities		Capital Available		Net Profit	
	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025
Conventional	**1,948,581**	**1,956,102**	**1,409,208**	**1,377,537**	**308,356**	**358,610**	**34,182**	**39,817**
Local	1,728,568	1,727,015	1,223,940	1,188,706	277,417	323,993	30,682	36,020
Overseas	220,013	229,087	185,268	188,831	30,939	34,617	3,500	3,798
Takaful*	**223,012**	**285,617**	**151,615**	**160,317**	**50,759**	**30,782**	**-**	**-**
Total	**2,171,592**	**2,241,719**	**1,560,822**	**1,537,855**	**359,115**	**389,392**	**34,182**	**39,817**

**Takaful only includes Shareholder figures.*
Source: CBB.

4.2.1 Conventional Insurance Firms

As of September 2025, total assets of the conventional insurance sector stood at BD 1,956.1 million, increasing by 0.39% compared to BD 1,948.6 million registered in September 2024. Assets of local insurance firms were BD 1,727 million (77% of total assets) with a negative growth rate of 0.09% since September 2024. Total assets of overseas foreign branches were BD 229.1 million (10.2% of total assets), recording an increase of 4% from September 2024.

The liabilities of the conventional insurance sector registered at BD 1,377.5 million with a 2.2% decrease from BD 1,409.2 million in September 2024. Liabilities for local insurance firms registered at BD 1,188.7 million, decreasing by 3%. Liabilities of overseas foreign branches were BD 188.8 million in September 2025 with an increase of 2%.

Total capital as of September 2025 was at BD 389.4 million increasing by 8.4% from BD 359.1 million in the equivalent period of the previous year. Total available capital for local insurance firms was BD 323.9 million with a YoY increase of 17%. Total available capital for overseas foreign branches increased by 12% from BD 30.9 million in September 2024 to BD 34.6 million in September 2025.

Net profit increased for conventional insurance firms from BD 34.2 million in September 2024 to a profit of BD 39.8 million in September 2025. Net profit for local insurance was BD 36 million with a YoY increase of 17.4%. Net profit for overseas insurance reached BD 3.8 million with a YoY increase of 9%.

4.2.2 Takaful Insurance Firms

Total assets in Takaful firms in September 2025 increased by 28% to BD 286 million. The liabilities increased by 5.7% from BD 151.6 million in September 2024 to BD 160.3 million in September 2025. Total regulatory capital experienced an annual decrease of 39% from BD 50.8 million in September 2024 to BD 30.8 million in September 2025.

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[6] As per CBB Rulebook, equity is a regulatory equity, which means encompasses Tier 1 Capital, Tier 2 Capital and deduction.

4.3 Insurance Premiums and Claims Analysis

The Insurance products and services in the Kingdom are delivered via two main insurance classes: Life and non-life insurance.[7]

Gross Premiums for the insurance sector stood at BD 239.3 million, decreasing by 0.2% YoY. Conventional insurance represented 67% of total gross premiums (local and overseas represented 50.9% and 16% respectively) while takaful accounted for 33% of gross premiums. As of September 2025, life insurance represented 9% of gross premiums while non-life/general insurance was 91% covering various classes.

Looking at the performance by class of business, the Long-term (Life) category experienced an annual increase of 2.5%. Engineering decreased by 69% and Medical increased by 0.65%. The top 3 business lines sectors represented are Medical, Motor and Fire insurance 79% of total gross premiums.

As of September 2025, Net Premiums Written increased by 5% compared to the previous period registering a value of BD 149.9 million. Engineering showed the biggest increase of 55% over the period, increasing from BD 539 thousand in September 2024 to BD 836 thousand in September 2025. On the other hand, the biggest decline was derived from Miscellaneous Financial Loss, decreasing by 28% from BD 1,209 million in September 2024 to BD 865 thousand in September 2025.

Gross Claims for the insurance industry recorded a YoY decrease of (3%) from BD 158.8 million in September 2024 to BD 154.1 million in September 2025. Business lines that saw an increase were in the motor class increasing by 20% from BD 46.4 million in September 2024 to BD 55.7 million in September 2025 and Others by 15% from BD 8.7 million to BD 10 million.

Net Claims for the insurance industry show an increase of 1.7%, which was derived from an annual increase in motor by 23% and Others by 6%.

Table 4.21: Premiums and Claims for all Insurance Firms by Class– Bahrain Operations

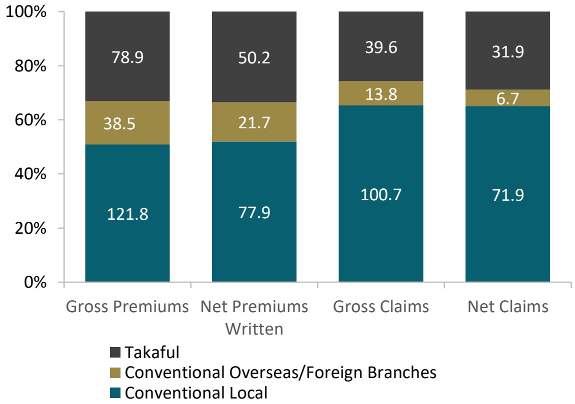
BD 000	Gross Premiums		Net Premiums Written		Gross Claims		Net Claims	
	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025
Long-term (Life)	21,797	22,345	18,280	17,883	33,231	27,509	31,335	26,271
Fire, Property & Liability	33,785	37,775	3,283	3,763	12,713	8,284	701	509
Miscellaneous Financial Loss	6,297	5,540	1,209	865	915	422	39	(11)
Marine & Aviation	4,665	4,621	971	1,214	1,965	101	70	36
Motor	63,053	68,670	61,111	66,328	46,434	55,682	36,354	44,700
Engineering	13,903	4,295	539	836	1,465	(263)	85	(594)
Medical	82,004	82,540	53,635	55,362	53,332	52,290	38,587	38,038
Others	14,270	13,526	3,736	3,670	8,737	10,034	1,546	1,632
Total	**239,774**	**239,312**	**142,765**	**149,922**	**158,792**	**154,059**	**108,717**	**110,581**

Source: CBB.

The concentrations of premiums and claims by class are viewed in Graph 4.42:

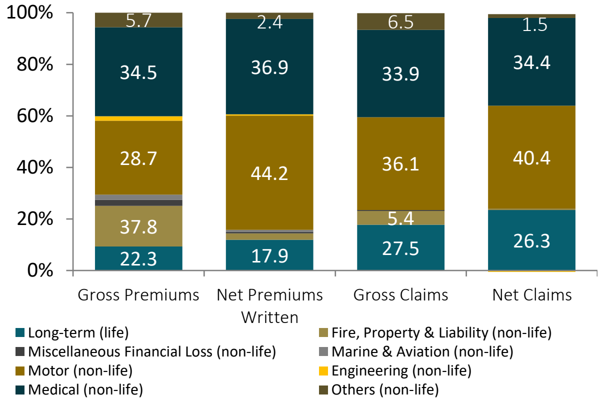
[7] Non-life or general insurance includes Fire, Property & Liability, Miscellaneous Financial Loss, Marine & Aviation, Motor, Engineering, Medical and Others.

Chart 4.38: Premiums and Claims of Insurance Sector by Segment (%) (Q3 2025)



Source: CBB.

Chart 4.39: Concentrations of Premiums and Claims for Insurance Firms by Class (Q3 2025)



Source: CBB.

4.3.1 Conventional Insurance Firms

Gross Premiums for conventional insurance recorded a YoY decrease of 10.7%, decreasing from BD 136.4 million in September 2024 to BD 121.82 million in September 2025 (Table 4.22). The class of business with the greatest increase in gross premiums was motor insurance which stood at BD 43.9 million, increasing by 7.5%. In terms of concentration, Motor, Medical, and Fire, Property and Liability business classes represented 36.1%, 28.8% and 19.8% respectively of the total conventional firms' gross premiums.

Net Premiums Written reflected a YoY decrease by 2%. The Engineering class had an increase of 285%, amounting to BD 208 thousand. Motor, Medical and Long-Term (Life) insurance remained the largest in terms of Net Premiums Written concentration, accounting for 54.7%, 32.5 % and 5.9% respectively of the total conventional firms' net premiums written.

Gross Claims decreased at YOY rate of 9.1% reaching BD 100.7 million in September 2025 from BD 110.7 million. The highest concentration share in gross claims was Motor, Medical and Long-Term (Life), accounting for 36.4%, 25.7%, 25% respectively of the total conventional firms' gross claims.

Net Claims experienced an annual decrease of 2.5% from BD 73.8 million in September 2024, reaching BD 71.9 million in September 2025. Net claims for Motor insurance increased to BD 28.3 million, an increase of 27.6% and to BD 993 thousand (28.6%) for "Others" insurance. The concentration falls heavily within the Motor, Long-Term (Life) and medical insurance classes, accounting for 39.4%, 35.1% and 23.6%, respectively, of the total conventional firms' net claims.

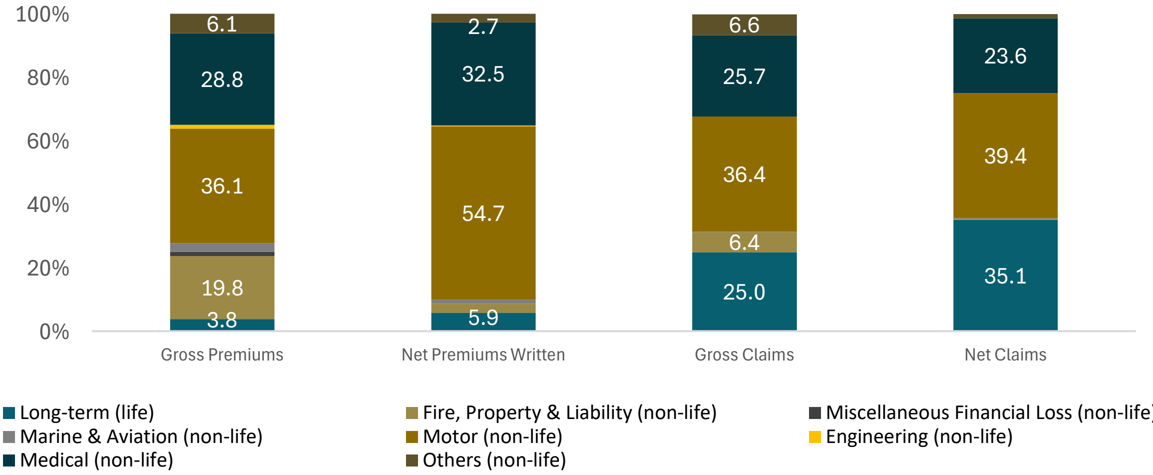
Table 4.22: Premiums and Claims for Conventional Insurance by Class

BD 000	Gross Premiums		Net Premiums Written		Gross Claims		Net Claims	
	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025
Long-term (Life)	6,508	4,666	6,411	4,571	30,407	25,170	30,379	25,238
Fire, Property & Liability	23,691	24,110	2,105	2,171	12,001	6,416	728	305
Miscellaneous Financial Loss	2,143	1,596	130	(41)	572	(19)	(2)	(22)
Marine & Aviation	3,198	3,405	773	991	2,078	95	321	151
Motor	40,908	43,963	39,754	42,616	29,100	36,664	22,195	28,313
Engineering	11,487	1,501	54	208	1,778	(213)	72	(38)
Medical	40,888	35,088	27,873	25,350	29,510	25,901	19,291	16,975
Others	7,531	7,486	2,072	2,072	5,297	6,653	772	993
Total	**136,355**	**121,817**	**79,171**	**77,936**	**110,744**	**100,666**	**73,756**	**71,917**

Source: CBB.

Motor had the highest exposure in Gross Premiums (36.1%) and Gross claims (36.4%). Motor insurance also had the highest exposure in Net Premiums Written (54.7%) and Net Claims (39.4%).

Chart 4.40: Concentrations of Premiums and Claims for Conventional Insurance by Class (Q3 2025)



Source: CBB

Table 4.4 below and Charts 4.5 and 4.6 shows a further division of the premiums and claims by class between Local and Overseas firms within the conventional insurance industry for September 2025.

Table 4.23: Premiums and Claims for Conventional Local and Overseas Insurance by Class (Q3 2025)

BD '000	Gross Premiums		Net Premiums Written		Gross Claims		Net Claims	
	Local	Overseas	Local	Overseas	Local	Overseas	Local	Overseas
Long-term (Life)	4,666	12,751	4,571	11,341	25,170	1,217	25,238	731
Fire, Property & Liability	24,110	6,233	2,171	519	6,416	214	305	(11)
Miscellaneous Financial Loss	1,596	962	(41)	41	(19)	326	(22)	(5)
Marine & Aviation	3,405	469	991	108	95	(84)	151	(135)
Motor	43,963	3,559	42,616	3,394	36,664	2,887	28,313	2,862
Engineering	1,501	893	208	354	(213)	291	(38)	(508)
Medical	35,088	12,879	25,350	5,523	25,901	8,631	16,975	3,443
Others	7,486	797	2,072	423	6,653	343	993	305
Total	121,817	38,543	77,936	21,704	100,666	13,825	71,917	6,681

Chart 4.41: Concentrations of Premiums and Claims by Class for Local Insurance (Q3 2025)

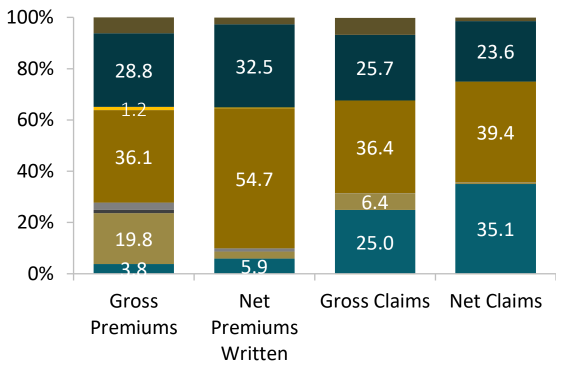
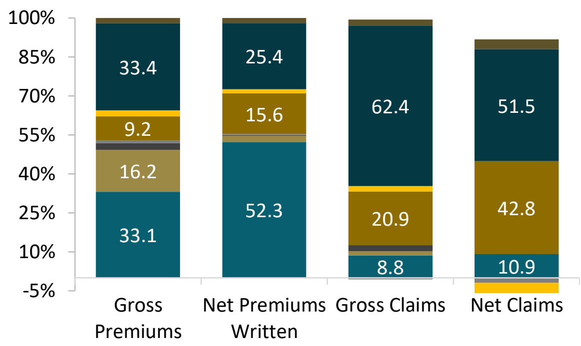


Chart 4.5: Concentrations of Premiums and Claims by Class for Overseas Insurance (Q3 2025)



Source: CBB

4.3.2 Takaful Insurance Firms

The Gross Premiums for Takaful companies increased on a YoY basis by 14%, from BD 69.3 million at September 2024 reaching BD 78.9 million in September 2025. The largest increase was attributed to medical insurance line increasing to BD 34.6 million (15%). Marine and Aviation had a decline to BD 747 thousand (30%). Medical insurance line was the highest contributor towards Takaful gross premiums, accounting for 44% of total takaful gross premiums.

Net Premiums Written increased by 17% from September 2024 to September 2025, reaching BD 50.3 million. Medical and Motor insurance accounted for the largest components in terms of Takaful net premiums written, representing 49% and 40% of the total Takaful net premiums written respectively.

Gross Claims increased by 12% from September 2024 to September 2025, with Medical; registering an increase to BD 17.8 million. Medical and Motor insurance accounted for the largest components in terms of gross claims, representing 45% and 41% of the total Takaful gross claims.

Net Claims recorded an annual increase of 18% in September 2025, with medical insurance having an increase recorded at 17.6 million. Furthermore, Medical and Motor represent the largest components of net claims, accounting for 55% and 42% of the total Takaful net claims.

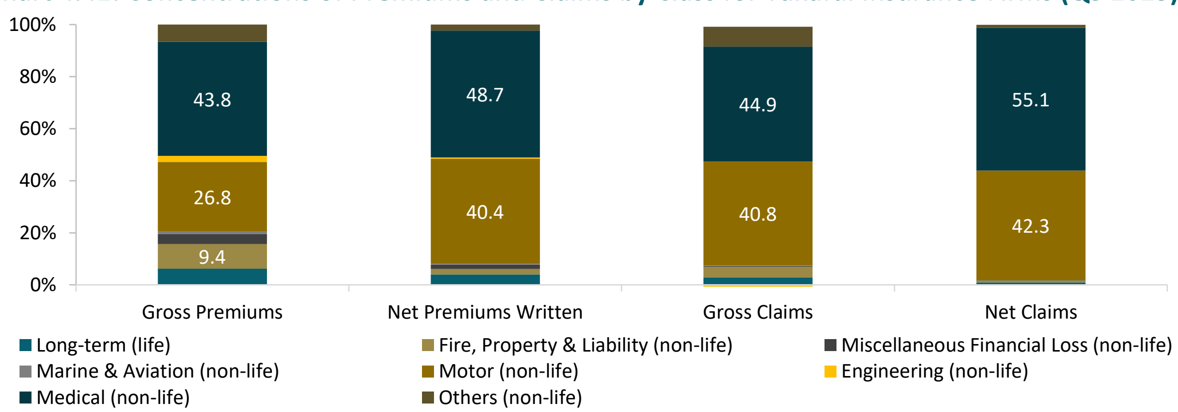
Table 4.24: Premiums and Claims by Class for Takaful Insurance Firms

BD '000	Gross Premiums		Net Premiums Written		Gross Claims		Net Claims	
	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025	Q3 2024	Q3 2025
Long-term (Life)	3,640	4,928	913	1,972	2,130	1,122	222	301
Fire, Property & Liability	6,538	7,432	900	1,073	26	1,653	(210)	214
Miscellaneous Financial Loss	3,404	2,982	1,044	865	59	115	41	16
Marine & Aviation	1,060	747	90	115	(91)	91	(225)	20
Motor	18,500	21,147	17,778	20,318	13,867	16,131	10,782	13,525
Engineering	1,747	1,901	191	274	(62)	(341)	(36)	(48)
Medical	30,055	34,573	21,134	24,489	16,156	17,758	16,233	17,620
Others	4,327	5,243	1,100	1,175	3,274	3,038	346	334
Total	**69,270**	**78,952**	**43,150**	**50,281**	**35,358**	**39,568**	**27,153**	**31,983**

Source: CBB.

Takaful insurance companies have very high concentration on the Medical and Motor Insurance business lines. Gross Premiums for both sectors combined represent (71%), Net Premiums Written (89%), Gross Claims (86%), and Net Claims (97%).

Chart 4.42: Concentrations of Premiums and Claims by Class for Takaful Insurance Firms (Q3 2025)



Source: CBB.

4.3.3 Retention Ratio and Loss Ratio (By Class)

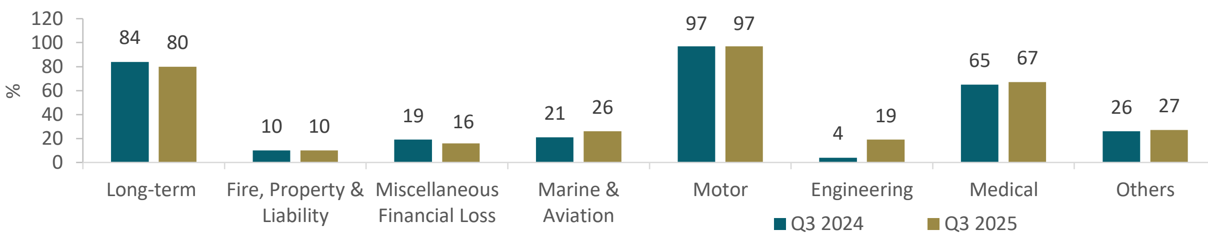
Life insurance business line registered a retention ratio of 80% in September 2025. Observing the non-life insurance, Medical and Motor, that accounted for 63% of the total Gross Premiums in September 2025 respectively, registered retention ratios of 97% for Motor and 67% for Medical. Nevertheless, retention ratios were significantly lower for other business lines such as Fire, Property & Liability and Miscellaneous Financial Loss, registering 10% and 16% respectively.

Table 4.25: Retention and Loss Ratios of Overall Insurance Sector

%	Retention Ratio [1]		Loss Ratio [2]	
	Q3 2024	Q3 2025	Q3 2024	Q3 2025
Long-term	84%	80%	195%	179%
Fire, Property & Liability	10%	10%	21%	13%
Miscellaneous Financial Loss	19%	16%	3%	(1)%
Marine & Aviation	21%	26%	8%	4%
Motor	97%	97%	61%	69%
Engineering	4%	19%	22%	(107)%
Medical	65%	67%	83%	80%
Others	26%	27%	43%	49%

1. *Net Premiums Written / Gross Premiums*
2. *Net Claims Incurred / Net Premiums Earned*
Source: CBB.

Chart 4.43: Retention Ratios of Insurance Sector



Source: CBB.

4.4 Regulatory Changes, Market trends and Risks

The CBB has continued to take a proactive approach towards achieving its mandated objectives towards the Insurance Sector with consideration of all stakeholders. The below demonstrates the list of initiatives taken to further develop the market for the benefit of all stakeholders:

- International Financial Reporting Standard (IFRS 17): The ISD continues to monitor the effective implementation of IFRS17 by overseeing insurance firms' adherence to the standard, which came into effect on 1st January 2023
- In-house Actuaries: As part of its efforts to develop the insurance sector and enhance the national skill sets, the CBB continues to monitor initiatives aimed at creating a foundation for future growth and job opportunities, aligned with the priorities outlined in the Bahrain's Financial Sector Development Strategy 2022-2026. Considering the implementation of IFRS 17 "Insurance Contracts" which has been effective since 2023, the CBB requested all insurance firms to establish an internal actuarial unit within their organizational structure. This Directive required insurance firms to appoint both an in-house Bahraini Qualified Actuary and an in-house Bahraini Actuarial Analyst. The implementation of this requirement was structured in two phases, ensuring a systematic approach to building local expertise. As of the end of 2025, a total of 22 Bahraini Actuarial Analysts have been appointed across the insurance firms.

5 PAYMENT AND SETTLEMENT SYSTEMS, POINT OF SALE AND DIGITAL PAYMENTS

HIGHLIGHTS

H2 2025

	Volume		Value	
RTGS Daily Average	227	▲ 7.6% YoY	BD 407.0 mn	▼ 6.0% YoY
SSSS* Aggregate	49	▲ 6.5 % YoY	BD 3.7 bn	▲ 25.3% YoY
ATM Daily Average	23,588	▼ 15.1% YoY	BD 2.7 mn	▼ 10.0% YoY
BCTS** Daily Average	7,155	▼ 3.8% YoY	BD 24.6 mn	▼ 2.5% YoY
Fawri + Daily Average	1.3 mn	▲ 9.6 % YoY	BD 27.8 mn	▲ 18.5% YoY
Fawri Daily Average	56,746	▲ 7.2% YoY	BD 105.5 mn	▲ 11.1% YoY
Fawateer Daily Average	46,288	▼ 7.2% YoY	BD 6.2 mn	▲ 28.7% YoY
POS Transactions	135.6 mn	▲ 18.3% YoY	BD 2.6 bn	▲ 16.8% YoY

*SSSS: Scripless Securities Settlement System
**BCTS: Bahrain Cheque Truncation System

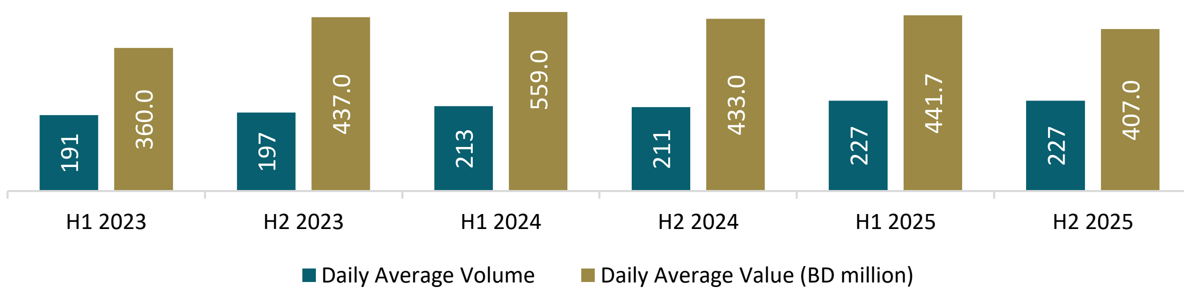
- Daily average (volume and value) for ATM Transactions continued the decreasing trend for cash transactions by 15.1% and 10.0% compared to H2 2024.
- On a year-on-year basis, the daily average volume and value of cheques declined by 3.8% and 2.5% respectively during H2 2025.
- The daily average volume and value of Fawri+ Transactions increased by 9.6 % and 18.5%, respectively, while daily average volume and value of Fawri Transactions recorded growth of 7.2% and 11.1%, respectively, in H2 2025 in comparison to H2 2024.
- Daily average of volume of Fawateer Transactions decreased by 7.2% while the daily average of value of Fawateer Transactions increased by 28.7% in H2 2025 in comparison to H2 2024.
- POS and Ecommerce transactions (volume and value) increased by 18.3% and 16.8% respectively in H2 2025.

5.1 Real Time Gross Settlement System (RTGS)

The CBB operates and oversees the Real Time Gross Settlement (RTGS) System, which processes and settles all inter-bank payments in real-time on-line mode. The RTGS System provides for Payment and Settlement of Customer transactions as a value addition and enables the Banks to have real-time information on, for example, account balances, used and available intra-day credit, queue status, transaction status, etc. It is multi-currency capable and based on Straight Through Processing (STP). There are thirty-two (32) Direct Participants in the RTGS, including the CBB.

In H2 2025, total RTGS Bank Transactions reached 28,868 in volume and BD 51,691.6 million in value, representing an increase of 8.57% in volume and a decline of 5.26% in value compared to H2 2024. [8]

Chart 5.1: RTGS Bank Transfers Daily Average Volume and Value



Source: CBB.

The daily average volume of Bank Transfers in H2 2025 increased by 7.6% to 227 Transfers compared to H2 2024. In contrast, the daily average value of Bank Transfers decreased by 6.0%, from BD 433.0 million to BD 407.0 million over the same period.

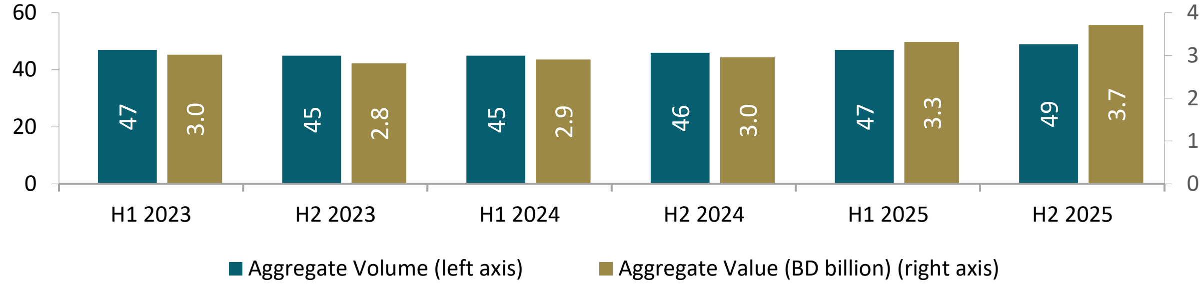
5.2 Scripless Securities Settlement System (SSSS)

CBB operates and oversees Scripless Securities Settlement System (SSSS) that provides the Depository and Settlement Services for holdings and transactions in Government Securities including Treasury Bills (T-Bills), Governments Bonds and Islamic Securities (Sukuk). The number of direct participants is thirty (30) participants whereas the indirect participants are twenty-six (26) members in the SSSS.

The volume of issues increased from 46 to 49 issues in H2 2025 in comparison to H2 2024. The aggregate value of issues in H2 2025 increased from BD 3.0 billion to BD 3.7 billion in comparison to H2 2024.

[8] H1 data is from 1st January until 30th June; H2 data is from 1st July to 31st December.

Chart 5.2: SSSS Aggregate Volume and Value



Source: CBB.

The volume of issues remained within the normal range, posing no additional burden on the System's processing capacity. The risk of significant participant failure is minimized by executing and settling transactions in the Real Time Gross Settlement (RTGS) System.

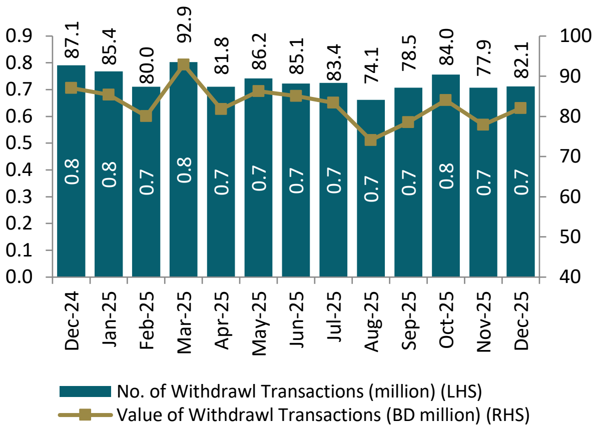
The SSSS continued to operate smoothly and efficiently during the period from 1st July until 31st December 2025.

5.3 ATM Clearing System (ATM)

ATM clearing is based on a Deferred Net Settlement (DNS) system. The Benefit Company (BENEFIT) in Bahrain receives and processes all the ATM transactions. The GCC net, a leased line network across the GCC countries, provides for the communication backbone for the transmission of all the ATM Transactions and settlement related electronic messages.

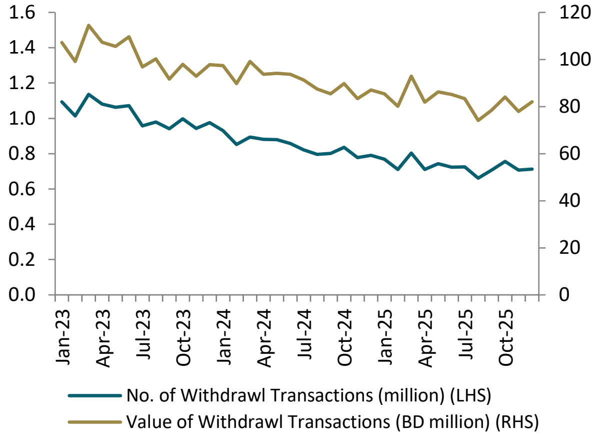
Total ATM transactions in H2 2025 reached 4.3 million in terms of volume and BD 478 million in terms of value indicating a 4.2% and 6.2% decrease respectively since H1 2025. Overall, there is a continued downward trend in both the value and the volume of ATM transactions (Chart 0.4). In H2 2025, monthly volume of ATM transactions ranged between 0.7 and 0.8 million transactions while the value of ATM transactions ranged between BD 75.0 million and BD 84.0 million.

Chart 5.3: Number and Value of ATM Transactions, Dec 2024 – Dec 2025



Source: BENEFIT.

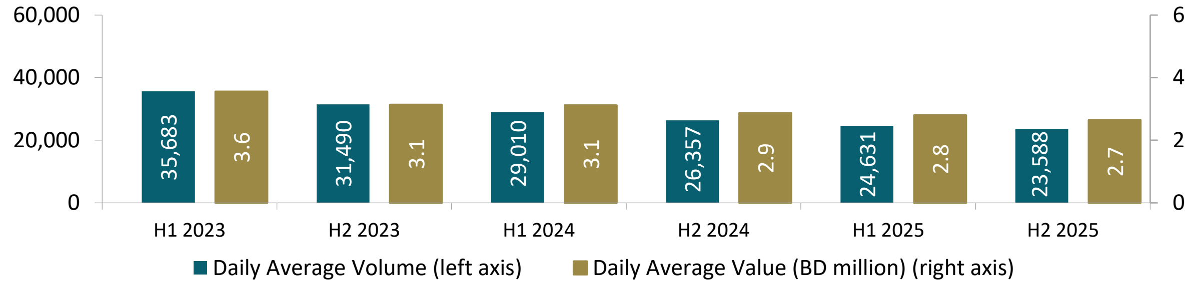
Chart 5.4: Number and Value of ATM Transactions



Source: BENEFIT.

The daily average volume of ATM Transactions for H2 2025 reached 23,588.4 transactions per day (a 4.2% decrease compared to H1 2025 and 11.5% decrease compared to H2 2024). The daily average value of ATM Transactions for H2 2025 reached BD 2.7 million (a 6.2% decrease compared to H1 2025 and 8.5% decrease compared to H2 2024).

Chart 5.5: ATM Transactions Daily Average and Volume*



Source: BENEFIT.

** Local Debit Cards Only.*

5.4 Bahrain Cheque Truncation System (BCTS)

In H2 2025, the total volume of cheques declined by 3.0% compared to H2 2024, reaching 908,692 cheques, in addition to the total value recording a decline of 1.7% to BD 3,120.8 million.

The daily average volume of cheques fell by 3.8%, from 7,437 cheques in H2 2024 to 7,155 cheques in H2 2025. Additionally, the daily average value of cheques declined by 2.5%, reaching BD 24.6 million from BD 25.2 million during the same period in the previous year.

The BCTS continued to operate smoothly and efficiently, demonstrating its steadiness, from 1st July until 31st December 2025. Charts 8.7 and 8.8 illustrate the volume and value of cheques and the percentage of returned cheques to the total volume and value. Between Q3, 2025 and Q4, 2025, the volume and value of returned cheques decreased from 2.2% to 2.1% and from 2.1% to 1.8% respectively.

Chart 5.6: BCTS Daily Average Volume and Value

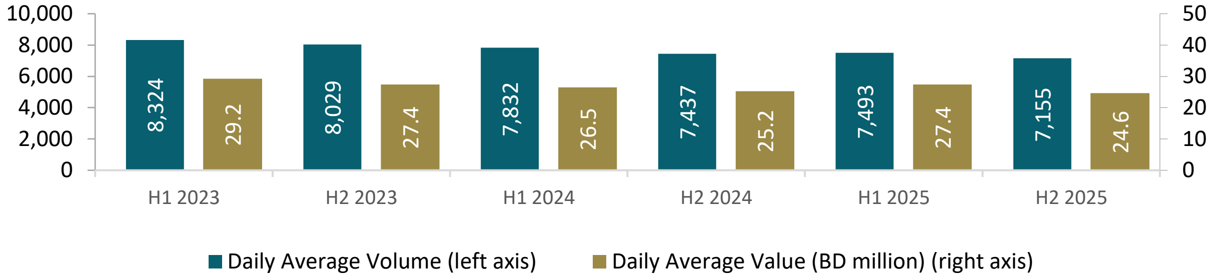
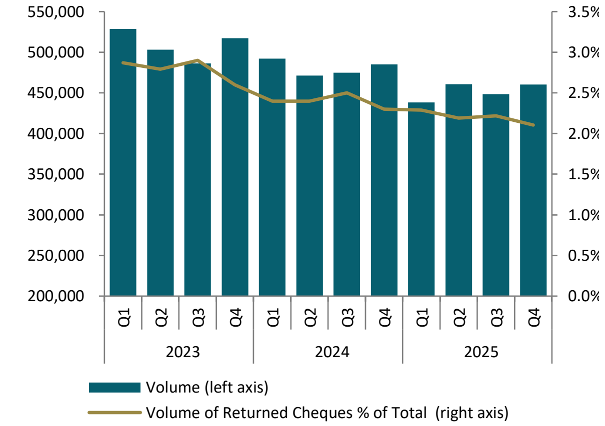
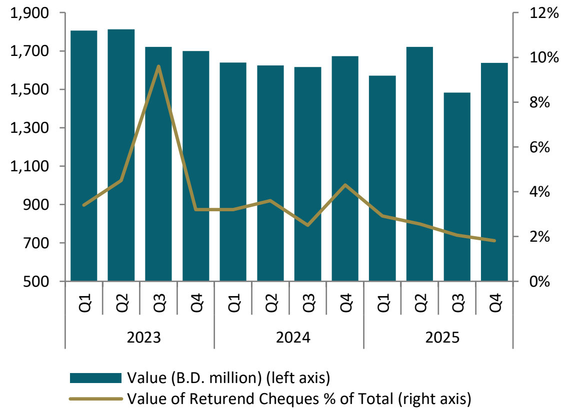


Chart 5.7: Volume of Issued Cheques and % of Returned Cheques



Source: BENEFIT.

Chart 5.8: Value of Issued Cheques and % of Returned Cheques (BD million)



Source: BENEFIT.

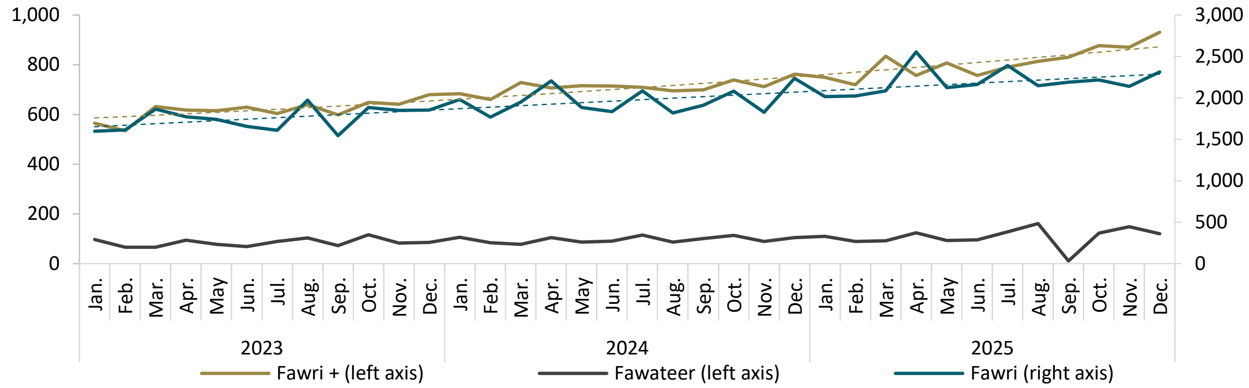
5.5 Electronic Fund Transfer System (EFTS) including Electronic Bill Presentment and Payment (EBPP) System

The EFTS including EBPP is an electronic system that interconnects all Retail Banks in Bahrain with each other and major billers in the Kingdom to enhance the efficiency of fund transfers and bill payments promoting a more proactive and forward-thinking Banking sector.

The Kingdom of Bahrain took a step forward in line with the global trend of going cashless by introducing the EFTS that enabled electronic fund transfers within Bahrain with three (3) Services: Fawri+ Fawri and Fawateer. Fawri+ and Fawri provide Fund Transfers Service to individuals and corporates, where Fawateer provides Real-Time Bill Payments offering the public easier access and faster processes. The number of participants offering outward EFTS Services has reached twenty-four (24) Participants.

Chart 8.9 shows an overall increasing trend in the monthly transfers in Fawri+, Fawri and Fawateer. The total value of Fawri+ Transfers reached BD 5,111.5 million for H2 2025, increasing by 18.5% compared to H2 2024. The total value of Fawri transfers increased by 12.0% for H2 2025 reaching BD 13,394.3 million compared to H2 2024. In addition, the value of Fawateer Payments increased by 29.7% from 608.9 million in H2 2024 to BD 789.8 million in H2 2025.

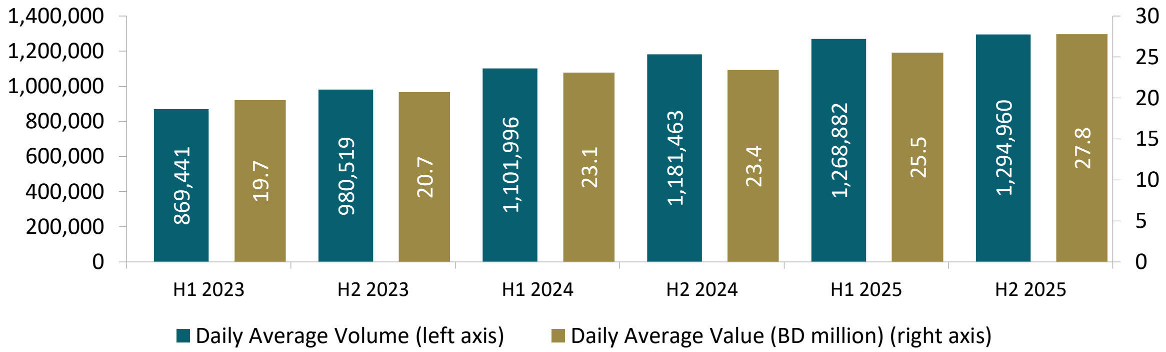
Chart 5.9: EFTS Fawri, Fawri+, and Fawateer Value (BD million)



Source: BENEFIT.

The daily average volume of Fawri+ Transfers of H2 2025 when compared to H2 2024 increased by 9.6% from 1,181,463 transfers to 1,294,960 transfers. The daily average value of Fawri+ Transfers increased by 18.5% in H2 2025 when compared to H2 2024 from BD 23.4 million to BD 27.8 million.

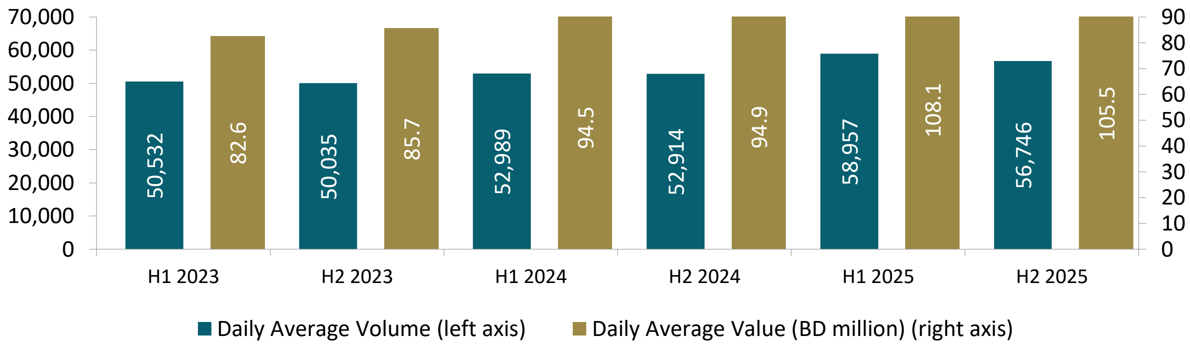
Chart 5.10: EFTS Fawri+ Daily Average Volume and Value



Source: BENEFIT.

The daily average volume of Fawri transfers in H2 2025 increased by 7.2% from 52,914 Transfers in H2 2024 to 56,746 Transfers. In addition, the daily average value of Fawri Transfers increased by 11.1% in H2 2025, from BD 94.9 million to BD 105.5 million over the same period.

Chart 5.11: EFTS Fawri Daily Average Volume and Value

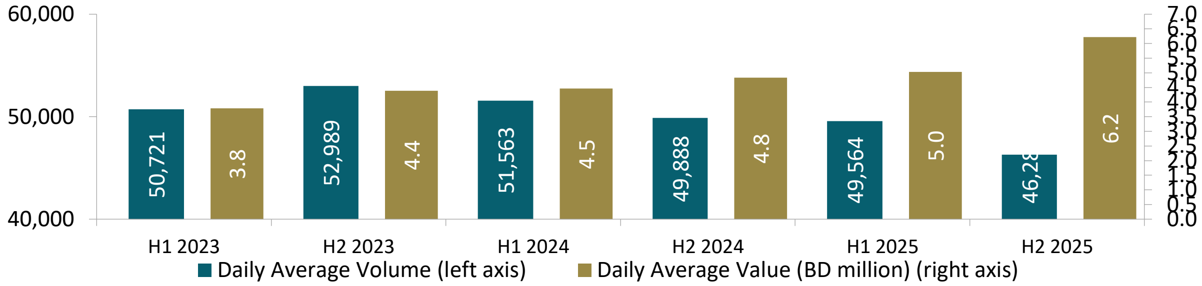


Source: BENEFIT.

The daily average volume of Fawateer Payments for the second half of 2025 decreased by 7.2% from 49,888 payments in H2 2024 to 46,288 payments in H2 2025. Whereas the daily average value of Fawateer reached BD 6.2 million in H2 2025 increasing by 28.7% compared to BD 4.8 million in H2 2024.

The EFTS, including EBPP continued to operate in a safe, efficient, resilient and reliable manner from 1st July 2025 to 31st December 2025. CBB continues to assess the EFTS including EBPP in terms of compliance with the requirements set by the Principles for Financial Market Infrastructures (PFMI), CBB Law and CBB's Directives, etc.

Chart 5.12: EBPP Fawateer Daily Average Volume and Value



Source: BENEFIT.

5.6 Point of Sale (POS) and E-Commerce

POS transactions in Bahrain continued to show a steady increase in both in volume and value, an indicator of strong business and economic activity within the Kingdom. POS terminals create a seamless payment experience for customers by helping in achieving higher financial inclusion. The total number of transactions for 2025 reached 261.4 million transactions (20.1% YoY increase). Similarly, the total value of transactions for 2025 increased to BD 5,149.8 million (10.4% YoY increase).

Table 5.1: Point of Sale (POS) and E-Commerce Transactions in Bahrain

		Volume of transactions (million)			Value of transactions (BD million)		
		Cards issued in Bahrain	Cards issued outside Bahrain	Total	Cards issued in Bahrain	Cards issued outside Bahrain	Total
2022		132.1	30.7	**162.8**	3,090.8	753.8	**3,844.6**
2023		147.6	36.3	**183.9**	3,273.9	875.7	**4,149.6**
2024		177.2	40.5	**217.7**	3,731.1	934.4	**4,665.5**
2025		206.6	54.7	**261.4**	4,137.4	1,012.4	**5,149.8**
2023	H1	71.6	17.1	**88.7**	1,634.6	398.3	**2,032.8**
	H2	76.0	19.2	**95.2**	1,639.4	477.4	**2,116.8**
2024	H1	83.7	19.4	**103.2**	1,769.5	469.8	**2,239.3**
	H2	93.5	21.1	**114.6**	1,961.6	464.6	**2,226.2**
2025	H1	99.3	26.5	**125.8**	2,049.3	500.7	**2,550.1**
	H2	107.3	28.2	**135.6**	2,088.1	511.7	**2,599.8**

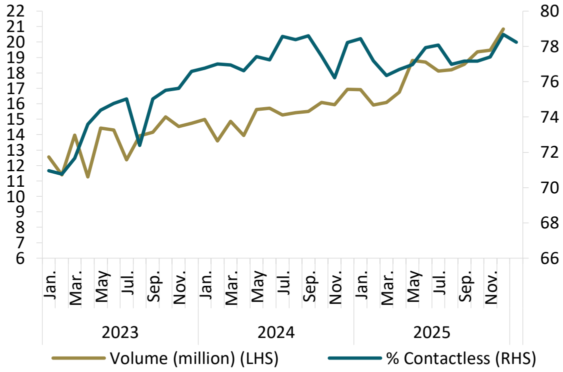
Source: CBB.

The total number of transactions for H2 2025 reached 135.6 million transactions (18.3% increase compared to H2 2024). Similarly, the total value of transactions for H2 2025 increased to BD 2,599.8 million (16.8% increase compared to H2 2024). Both the volume and value of cards issued in Bahrain had increased by 18.6% and 15.8% respectively in H1 2025 compared to H1 2025. The volume and value of transactions by cards issued outside Bahrain showed an increase of 33.9% and 10.1% respectively over the same period.

Chart 5.13 shows the monthly POS Transactions in terms of volume and value which can help identify any cyclicality in behavior over the long run. The continued increase in POS transactions in H2 2025 shows the continued trend of people preferring to make direct payments to merchants through POS terminals instead of ATM/Cash withdrawals.

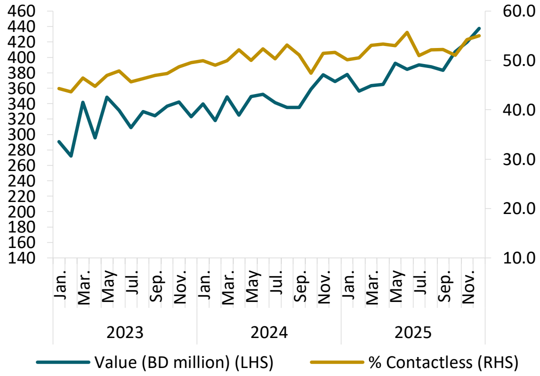
Contactless adoption continues to accelerate in the Kingdom due to the change in consumer spending habits. The percentage of contactless transactions in terms of volume increased from 78.4% in December 2023 to 79.0% in December 2025. Similarly, in terms of value, the percentage of contactless transactions increased from 51.7% in December 2023 to 54.7% in December 2025.

Chart 5.13: Volume of Monthly POS and E-Commerce Transactions (millions)



Source: CBB.

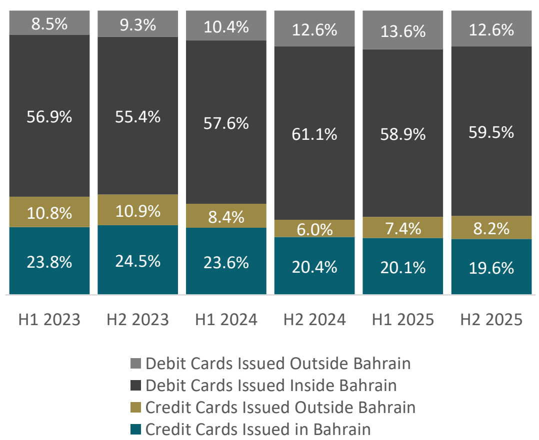
Chart 5.14: Value of Monthly POS and E-Commerce Transactions (BD million)



Source: CBB.

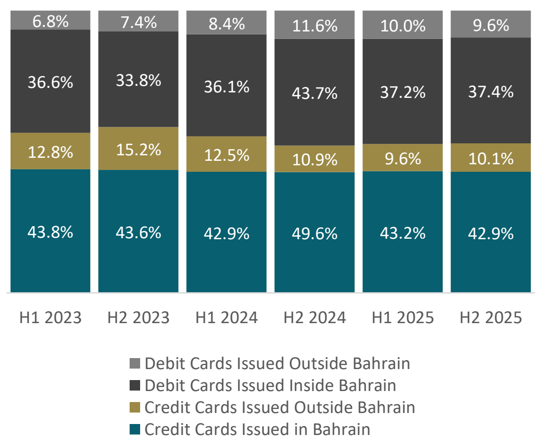
As of H2 2025, 79.2% of the volume of transactions and 80.3% of the value of transactions came from cards issued inside Bahrain (Chart 5.15 and Chart 5.16). The increase in share of cards issued outside Bahrain which is noticeable from H2 2021 is due to increase in number of foreigners visiting Bahrain. The volume of transactions remained to be from debit cards (representing 72.2% in H2 2025) while most of the value of transactions were from credit cards (representing 53.0% in H2 2025).

Chart 5.15: Volume of POS and E-Commerce Transactions (% by Card Type)



Source: CBB.

Chart 5.16: Value of POS and E-Commerce Transactions (% by Card Type)

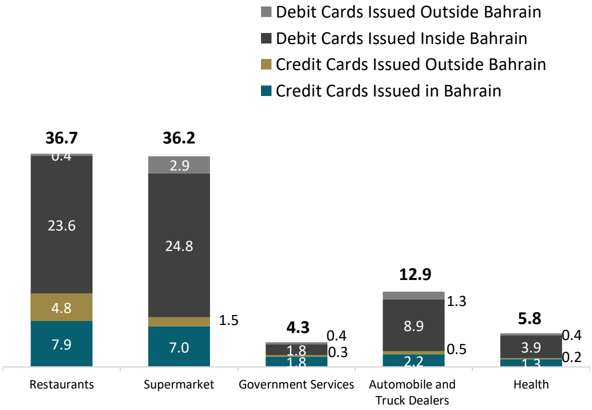


Source: CBB.

Charts 5.17 and 5.18 show the top 5 sectors in terms of volume and value of transactions for H2 2025. In terms of volume the top 5 sectors represented 70.7% of all the transactions for the same period and were: restaurants (36.7 million), supermarkets (36.2 million), government services (4.2 million), automobiles and truck dealers (12.9 million), and health (5.8 million). Most of the number of transactions for the restaurants, supermarket, government services, automobiles and health were made using debit cards issued inside Bahrain making 64.3%, 68.4%, 43.2%, 69.3% and 67.1% of the transactions respectively.

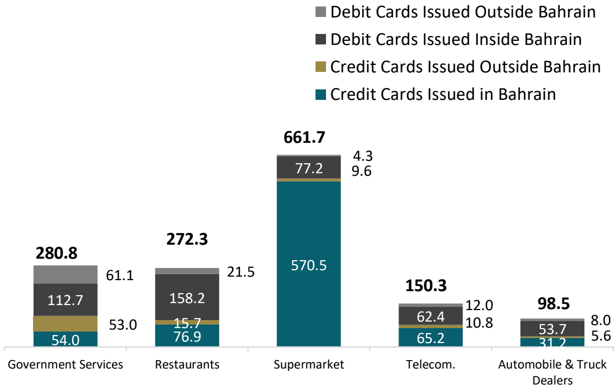
In terms of value, the top 5 sectors represented 56.3% of all transactions and were: government services (280.8 million), restaurants (272.3 million), supermarkets (661.7 million), telecommunications (150.3 million), automobile and truck dealers (98.5 million). For supermarkets, 86.2% of the value of transactions were made by credit cards issued inside Bahrain. As for government services, restaurants, telecommunications, automobile and truck dealers, 40.1%, 58.1%, 41.5%, and 54.6% of the value of transactions respectively were made by debit cards issued inside Bahrain.

Chart 5.17: Top 5 Sectors by Volume of POS and E-Commerce – H2 2025 (million)



Source: CBB.

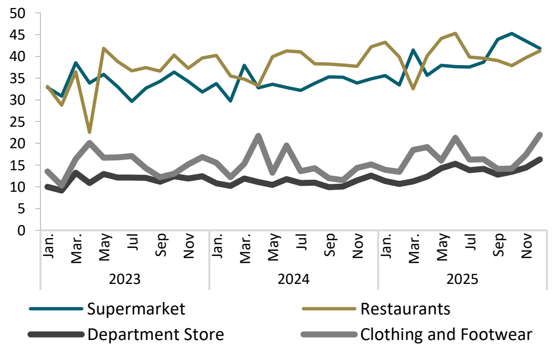
Chart 5.18: Top 5 Sectors by Value of POS and E-Commerce –H2 2025 (BD million)



Source: CBB.

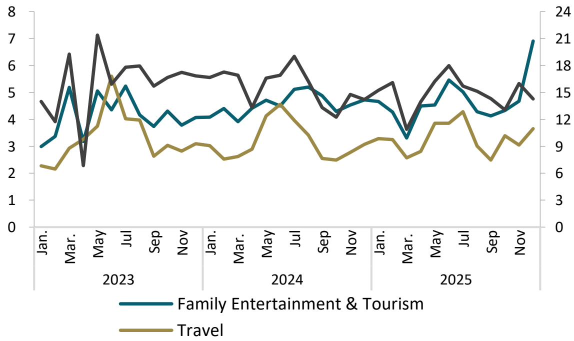
Charts 5.19 and 5.20 show the monthly value of POS transactions from January 2023 to December 2025 for selected sectors.

Chart 5.19: Monthly Value of POS and E-Commerce of Selected Indicators (BD million)



Source: CBB.

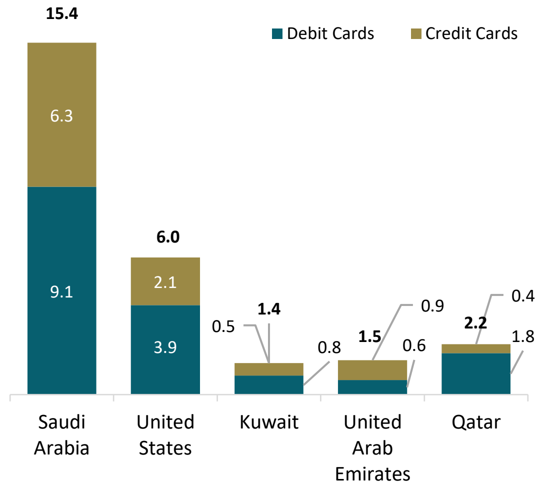
Chart 5.20: Monthly Value of POS and E-Commerce of Selected Indicators (BD million)



Source: CBB.

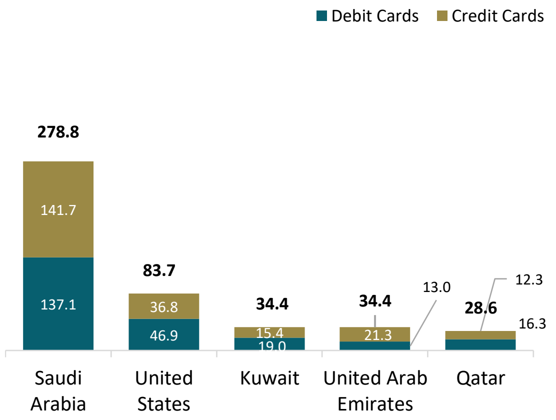
Charts 5.21 and 5.22 show the top 5 countries in terms of volume and value of foreign transactions for H2 2025. In terms of volume the top 5 countries represented 93.6% of total foreign transactions and were: Saudi Arabia (15.4 million), United States (6.0 million), Kuwait (1.4 million), United Arab Emirates (1.5 million), and Qatar (2.2 million).

Chart 5.21: Top 5 Nationalities by Volume of POS and E-Commerce – H2 2025 (million)



Source: CBB.

Chart 5.22: Top 5 Sectors by Value of POS and E-Commerce – H2 2025 (BD million)



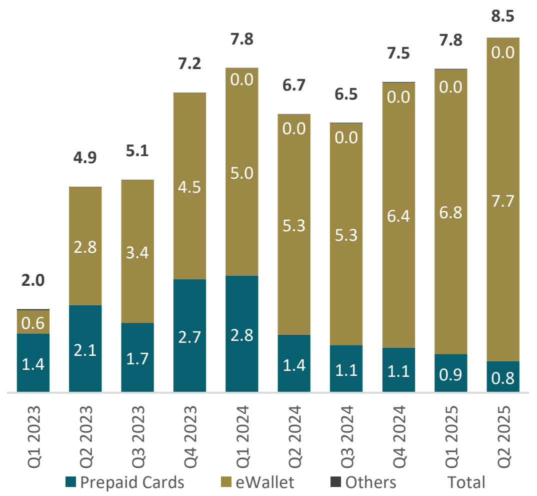
Source: CBB.

In terms of value, the top 5 countries represented 89.9% of the total value of foreign transaction and were: Saudi Arabia (BD 278.8 million), United States (BD 83.7 million), Kuwait (BD 34.4 million), United Arab Emirates (BD 34.4 million), and Qatar (BD 28.6 million).

5.7 Prepaid Cards and E-Wallets

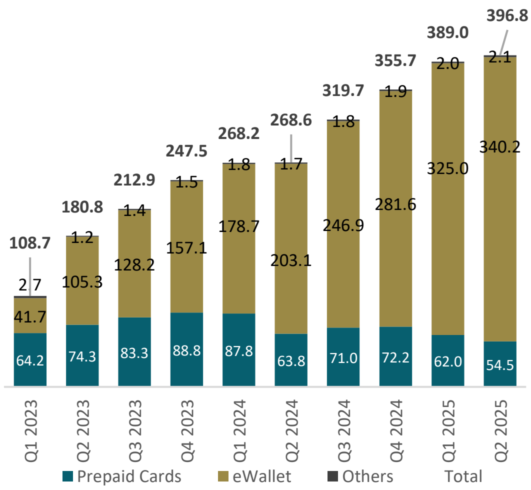
Digital wallets transactions through (prepaid wallets and e-wallets) have been increasing significantly as provided in Charts 5.23 and 5.24, with an overall increasing trend in both the volume and value of transactions, indicating the continued success of adoption of these digital solutions.

Chart 5.23: Volume of Prepaid and E-Wallet Transactions (millions)



Source: CBB.

Chart 5.24: Value of Prepaid and E-Wallet Transactions (BD millions)


108.7
180.8
212.9
247.5
268.2
268.6
319.7
355.7
389.0
396.8
2.7
1.2
1.4
1.5
1.8
1.7
1.8
1.9
2.0
2.1
41.7
105.3
128.2
157.1
178.7
203.1
246.9
281.6
325.0
340.2
64.2
74.3
83.3
88.8
87.8
63.8
71.0
72.2
62.0
54.5
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024
Q2 2024
Q3 2024
Q4 2024
Q1 2025
Q2 2025
Prepaid Cards
eWallet
Others
Total

Source: CBB.

6 FINTECH, INNOVATION AND FINANCIAL INCLUSION

HIGHLIGHTS

Regulatory Sandbox	Bank Branches	Number of ATMS
Active participants as of Q4 2025 11	129	434
Number of ATM Cards	**Number of Debit Cards**	**Number of Credit Cards**
2.22 million	1.97 million	343.6 thousand

- The CBB continues to advance regulatory reforms aimed at fostering innovation in the financial services sector through FinTech solutions. It actively supervises companies participating in the Regulatory Sandbox and closely monitors both technical and regulatory developments within the FinTech landscape

6.1 Regulatory Sandbox

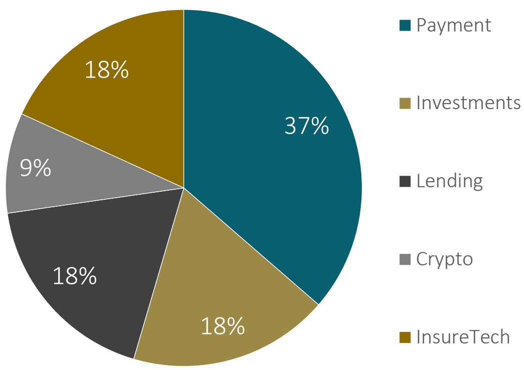
CBB launched a regulatory sandbox in June 2017 to attract both local and international emerging FinTech companies as well as existing CBB licensees to enable them to test their innovative ideas. The sandbox provides authorized companies with the opportunity to test and experiment with their innovative financial solutions freely until they are commercially viable. The Sandbox focuses on the following: Innovation, Customer benefit, Identification of Major Risks, Compliance with CDD and AML/CFT Requirements, and Confidentiality Requirements.

The FinTech unit under the Strategy and Financial Sector Development Directorate is responsible for 1) participating in Regulatory Sandbox Committee decisions regarding the approval process to join the Regulatory Sandbox 2) supervision of the activities and operations of the authorized Regulatory Sandbox companies' and 3) monitoring technical and regulatory developments in the FinTech field and 4) collaborate with other regulators and policy makers to exchange ideas, share experiences and learnings.

The CBB updated its Regulatory Sandbox Framework in December 2021 to allow FinTech firms to test and experiment with their ideas and solutions in a more efficient and effective environment.

The Sandbox has gained significant interest from local, regional and global start-ups and a number of companies have successfully completed testing their solutions. As of the end of December 2025, there are 11 companies actively participating in the Regulatory Sandbox, testing a wide range of innovative solutions.

Chart 6.25: Regulatory Sandbox Statistics- Company Types (%) December 2025



Payment	▪ Digitizing Payment Workflow. ▪ Providing cashless and automated payments.
Investments	▪ Provides holistic financial advice. ▪ Aims to increase investments returns/value.
Lending	▪ Streamlines and automates lending process. ▪ Includes short-term financing.
Crypto	▪ Managing trading arrangements for crypto assets and providing liquidity
InsureTech	▪ Aggregates insurance products ▪ Customizes insurance coverages.

Source: CBB

Table 6.2: Regulatory Sandbox Statistics- Classification by Region (December 2025)

Region	*No. of Sandbox Companies*
Bahrain	4
Saudi	5
Egypt	1
United Kingdom	1
Total	**11**

6.2 Financial Inclusion

Financial inclusion refers to individuals, irrespective of income level, and businesses having access to useful and affordable financial products and services to meet their needs (through transactions, payments, savings, credit, and insurance). These products and services have to be delivered in a responsible and sustainable way. The importance of financial inclusion comes in facilitating access to financial services to improve the standards of living and economic growth.

Financial inclusion efforts in Bahrain aim to ensure that all businesses and households, have access to suitable financial services they need to engage in day-to-day transactions. CBB is taking a number of initiatives to further develop indicators related to financial inclusion. Figures show access to finance through a number of financial inclusion metrics (Table 9.2). The number of accounts within retail banks and the number of internet/PC linked accounts decreased by 2.9% YoY and 3.8% YoY in 2024 respectively.

CBB is continuing its efforts to prioritize financial inclusion in terms of adopting and implementing a viable national strategy to 1) improving women's, SME, and young people's access to financial services 2) promoting the protection of consumers of financial services 3) improving and providing financial coverage data and statistics to support policy development, and 4) promoting awareness and financial education.

Table 6.3: Financial Inclusion Figures for the Kingdom of Bahrain

Indicator	2018	2019	2020	2021	2022	2023	2024
Number of Banks*	29	29	29	29	29	30	25
Number of Branches	173	204	175	151	148	134	129
Number of Branches per 100,000 in population	*11.5*	*13.7*	11.9	10.1	9.7	8.5	8.12
Number of ATMs	*479*	515	505	461	476	464	434
Number of ATMs per 100,000 in population	*31.9*	*34.7*	34.3	30.6	31.2	29.4	27.3
Number of Accounts **	1,907,307	2,108,637	2,026,890	2,457,448	2,885,562	3,115,346	2,925,494
Number of Accounts per 1,000 in population	*1,269*	*1,421*	1,376.8	1,633.6	1,892.6	1,975.4	1,840.6
Number of Internet/PC linked accounts	477,894	616,960	707,794	1,107,994	1,379,607	1,561,547	1,484,643
ATM Cards (thousands)	1,384.6	1,644.1	1,733.7	1,808.3	2,121.0	2,220.0	2,224.4
Debit Cards (thousands)	1,171.7	1,210.3	1,363.4	1,557.5	1,822.6	1,954.2	1,967.4
Credit Cards (thousands)	322.9	306.6	402.2	312.0	272.0	334.5	343.6
Population	1,503,091	1,483,756	1,472,204	1,504,365	1,524,693	1,577,059	1,588,670

**Retail Banks only (Conventional and Islamic).*

***Includes saving deposits as they are used for payments in Bahrain.*

Source: CBB and IGA.