BASE PROSPECTUS

THE KINGDOM OF BAHRAIN

acting through the Ministry of Finance and National Economy

CBB International Sukuk Programme Company W.L.L.

(*a with limited liability company incorporated in the Kingdom of Bahrain whose proprietor is the Central Bank of Bahrain*)

Trust Certificate Issuance Programme

Under the trust certificate issuance programme (the "**Programme**") described in this Base Prospectus (the "**Base Prospectus**"), CBB International Sukuk Programme Company W.L.L. (in its capacities as issuer of the Certificates (as defined below) and as trustee for the Certificateholders, the "**Trustee**"), subject to compliance with all applicable laws, regulations and directives, may from time-to-time issue trust certificates (the "**Certificate**s"), denominated in any currency agreed between the Trustee, the Kingdom and the relevant Dealer(s) (as defined below). Certificates may only be issued in registered form and there is no limit on the amount of Certificates which may be issued under the Programme.

The Certificates may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer(s) appointed under the Programme from time-to-time (each, a "**Dealer**", and together, the "**Dealers**") by the Trustee and The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy (the "**Kingdom**"), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer(s)**" shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

An investment in Certificates issued under the Programme involves certain risks.
See "*Risk Factors*".

Each Tranche (as defined in the terms and conditions of the Certificates (the "**Conditions**")) of Certificates will be constituted by: (i) an amended and restated master trust deed (the "**Master Trust Deed**") dated 2 February 2024 entered into by the Trustee, the Kingdom and Citibank N.A., London Branch as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental trust deed (each a "**Supplemental Trust Deed**") in relation to the relevant Tranche. Certificates of each Series confer on the holders of the Certificates from time-to-time (the "**Certificateholders**") the right to receive payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**").

This Base Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) № 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Trustee or the Kingdom or the quality of the Certificates that are subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to the FCA for the Certificates issued under the Programme (other than Exempt Certificates (as defined below)) during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Certificates to be admitted to trading on the London Stock Exchange's main market. References in this Base Prospectus to Certificates being "**listed**" (and all related references) shall mean that such Certificates have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List. The London Stock Exchange's main market is a UK regulated market for the purposes of Regulation (EU) № 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Certificates which are to be admitted to trading on a UK regulated market as defined in UK MiFIR. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Financial Services and Markets Act 2000, as amended ("**FSMA**") only applies to Certificates which are admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the United Kingdom (the "**UK**") other than in circumstances where an exemption is available under section 86 of the FSMA. References in this Base Prospectus to "**Exempt Certificates**" are to Certificates for which no prospectus is required to be published under Regulation (EU) № 2017/1129 or the FSMA. The FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with the Exempt Certificates. Notice of the aggregate face amount of Certificates, profit (if any) payable in respect of Certificates, the issue price of Certificates and certain other information which is applicable to each Tranche of Certificates will (other than in the case of Exempt Certificates) be set out in a final terms document (the "**Final Terms**") which will be delivered to the FCA and, where listed, the London Stock Exchange. In the case of Exempt Certificates, notice of the aggregate face amount of Certificates, profit (if any) payable in respect of Certificates, the issue price of Certificates and certain other information which is applicable to each Tranche of Certificates will be set out in a pricing supplement document (the "**Pricing Supplement**").

The Programme provides that Exempt Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets (which, for the avoidance of doubt, shall exclude a regulated market for the purposes of the Markets in Financial

Instruments Directive (Directive 2041/65/EU) (as amended, "**MiFID II**")) as may be agreed between the Trustee, the Kingdom and the relevant Dealer. The Programme also permits Exempt Certificates to be issued on the basis that such Certificates will not be listed or admitted to trading on any market.

The Certificates will be delisted from the Official List and/or such other or further stock exchanges or markets on which the Certificates have been admitted to listing following the occurrence of a Tangibility Event (as defined in the Conditions), see Condition 9(c).

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only (A) outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S and initially represented by a global certificate in registered form (a "**Regulation S Global Certificate**") and (B) in the United States to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A under the Securities Act ("**Rule 144A**") and represented by one or more global certificates in registered form (a "**Rule 144A Global Certificate**", together with a Regulation S Global Certificate, the "**Global Certificates**"). For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Prospectus, see "*Subscription and Sale and Transfer and Selling Restrictions*". Global Certificates will either (A) be deposited on the relevant issue date with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or (B) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"). The provisions governing the exchange of interests in Global Certificates for definitive Certificates are described in "*Summary of Provisions relating to the Certificates while in Global Form*".

Amounts payable on Floating Rate Certificates will be calculated by reference to EURIBOR, as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). As at the date of this Base Prospectus, the administrator of EURIBOR is included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**").

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

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Shariah Advisory Board of Citi Islamic Investment Bank E.C., the HSBC Global Shariah Supervisory Committee, the Shari'a advisers of J.P. Morgan Securities plc and the Shari'ah Committee of NBB KSA as, in their view, complying with Shari'a principles as applicable to, and interpreted by, them. Prospective investors should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in the approvals referred to above, including the tradability of the Certificates in the secondary market, is in compliance with Shari'a principles (including, without limitation, their individual standards of compliance relating thereto) (see "*Risk Factors—Risk Factors relating to Certificates—Investors must make their own determination as to Shari'a compliance*"). None of the Trustee, the Kingdom, the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates makes any representation as to the Shari'a compliance of the Certificates and/or any trading thereof (including, without limitation, any future trading of the Certificates on the secondary market) and none of the Trustee, the Kingdom, the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates shall be liable to any Certificateholder or any other person in respect thereof. Prospective investors are reminded that, as with any Shari'a views, differences in opinion are possible and different Shari'a standards may be applied by different Shari'a boards or advisers.

Arrangers and Dealers

Citigroup **HSBC**

J.P. Morgan **National Bank of Bahrain**

The date of this Base Prospectus is 2 February 2024.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus in respect of all Certificates other than Exempt Certificates issued under the Programme for the purposes of Article 8 of the UK Prospectus Regulation.

Each of the Trustee and the Kingdom accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) for each Tranche of Certificates issued under the Programme. To the best of the knowledge of each of the Trustee and the Kingdom, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

In the case of a Series of Certificates which is the subject of a Pricing Supplement, each reference in this Base Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement unless the context requires otherwise.

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

(i) the International Monetary Fund (the "**IMF**") (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*" and "*Monetary and Financial System*");

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

(iii) the Ministry of Finance and National Economy (the "**MOFNE**") (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*", "*Public Finance*" and "*Indebtedness*");

(iv) the Information eGovernment Authority (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*" and "*Balance of Payments and Foreign Trade*");

(v) the Central Bank of Bahrain (the "**CBB**") (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*", "*Balance of Payments and Foreign Trade*" and "*Monetary and Financial System*");

(vi) the General Organisation for Social Insurance and Civil Service Bureau (in the case of certain information included under the heading "*Economy of The Kingdom of Bahrain*");

(vii) the National Oil and Gas Authority ("**NOGA**") (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*", "*Balance of Payments and Foreign Trade*" and "*Public Finance*");

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

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

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

(xi) Bahrain Mumtalakat Holding Co. B.S.C.(c) (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*" and "*Public Finance*");

(xii) Bapco Energies B.S.C.(c) (in the case of certain information included under the headings "*Economy of The Kingdom of Bahrain*" and "*Public Finance*");

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

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

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

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

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).

The language of this Base Prospectus is English. Certain technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the Programme or the issue or sale of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, the Kingdom, the Arrangers, the Dealers, the Delegate or the Agents (as defined herein). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee or the Kingdom since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Trustee or the Kingdom since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Trustee, the Kingdom, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Each purchaser of the Certificates in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. Prospective purchasers are hereby notified that the offer, sale or delivery of Certificates to it will be made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Prospectus, see "*Subscription and Sale and Transfer and Selling Restrictions*".

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Arrangers or Dealers or any affiliate of the Arrangers or Dealers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by that Arranger or Dealer or such affiliate on behalf of the Trustee in such jurisdiction.

This Base Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Trustee, the Kingdom, the Arrangers or the Dealers to subscribe for, or purchase, any Certificates.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates accepts any responsibility for the contents of this Base Prospectus or for any other statement made, or purported to be made, by the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates or on its or their behalf in connection with the Trustee, the Kingdom or the issue and offering of the Certificates. Each of the Arrangers, the Dealers, the Delegate and the Agents and their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in

respect of this Base Prospectus or any such statement, including in relation to the information contained in this Base Prospectus or any other information provided by the Trustee or the Kingdom in connection with the Programme or the issue or offering of Certificates thereunder. Neither this Base Prospectus nor any other such statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, the Kingdom, the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates that any recipient of this Base Prospectus or any other such statements should purchase the Certificates. Each potential purchaser of Certificates should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Certificates should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates undertakes to review the financial condition or affairs of the Trustee or the Kingdom during the life of the arrangements contemplated by this Base Prospectus, nor to advise any investor or prospective investor in Certificates issued under the Programme of any information coming to the attention of any of the Arrangers, the Dealers, the Delegate or the Agents.

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

The Certificates may not be a suitable investment for all investors. Each prospective investor in any Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus or any supplement thereto;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact such investment will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including Certificates where the currency for any Dissolution Distribution Amount or Periodic Distribution Amount (each as defined herein) payments are different from the prospective investor's currency;

(iv) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets;

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) be able to evaluate the compliance of the Certificates with Shari'a principles (including, without limitation, their individual standards of compliance relating thereto).

The Certificates are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the prospective investor's overall investment portfolio.

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

The Certificates to which this Base Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Certificates offered should conduct their own due diligence on the Certificates. If you do not understand the contents of this Base Prospectus you should consult an authorised financial adviser.

No comment is made or advice given by the Trustee, the Kingdom, the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates in respect of taxation matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER, BUSINESS ADVISER AND SHARI'A ADVISER AS TO TAX, LEGAL, BUSINESS, SHARI'A AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.

STABILISATION

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

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

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

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

VOLCKER RULE

The Trustee is not, and solely after giving effect to any offering and sale of the Certificates and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and under the Volcker Rule and its related regulations may be available, the Trustee has relied on the determinations that (i) the Trustee would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Rule 3a-5 of the Investment Company Act, and, accordingly, (ii) the Trustee may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act. Each investor is responsible for analysing its own position under the Volcker Rule.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

External factors, such as:

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

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

Internal factors, such as:

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

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

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

CERTAIN DEFINED TERMS AND CONVENTIONS

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

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

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

Any website referred to in this document does not form part of, and is expressly not incorporated into, the Base Prospectus and has not been scrutinised or approved by the FCA.

Exchange Rate Data

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**U.S.$**" and "**U.S. Dollars**" are to the lawful currency of the United States of America and references to "**Bahraini Dinars**" and "**BD**" are to the lawful currency of Bahrain.

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

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

References to a "billion" are to a thousand million.

Fiscal Data

Bahrain's budget is prepared on a modified cash basis. This means that flows are recorded when cash is received or disbursed. Although non-monetary flows can be recorded, most accounting systems (including that used in Bahrain) using the modified cash basis do not record non-monetary flows because the focus is on cash management rather than resource flows. In addition, with respect to accruals, the time of recording may diverge significantly from the time of the economic activities and transactions to which they relate. For this reason, together with the fact that a number of extra-budgetary transactions are only presented on a net basis, social security spending is sometimes recorded off-budget. Accordingly, actual Government funding and its aggregate subsidy bill may not be completely reflected in the budget, and off-budget expenses have a significant impact on the Government's financial reserves. See "*Risk Factors—Risk factors relating to the Kingdom—Bahrain's fiscal deficit and debt ratio may not be fully reflective of all of the Government's obligations" and "Public Finance"*.

Statistical Information

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

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

U.S. INFORMATION

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

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

Each purchaser or holder of Certificates represented by a Rule 144A Global Certificate or any Certificates issued in exchange or substitution therefor (together, "Legended Certificates") will be deemed, by its acceptance or purchase of any such Legended Certificates, to have made certain representations and agreements intended to

restrict the resale or other transfer of such Certificates as set out in "*Subscription and Sale and Transfer and Selling Restrictions*".

Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of Final Terms*" or "*Form of Pricing Supplement*", as the case may be.

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

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

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

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

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

(i) the party to the agreement was, under the law applicable to it, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected to or failing any indication thereon under the laws of Bahrain;

(ii) the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case;

(iii) the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration or it contains decisions on matters beyond the scope of the submission to arbitration. Provided that the decision on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside;

(iv) the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the laws of the country where the arbitration took place; or

(v) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the laws of which, that award was made.

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

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

(i) such court enforces judgments and orders rendered in Bahrain;

(ii) the courts of Bahrain did not have jurisdiction in the matter in respect of which the order or judgment has been made and it was made by a foreign court of competent jurisdiction under the jurisdiction rules or laws applied by such court;

(iii) the parties had been served with due notice to attend and had been properly represented;

(iv) the judgment was final in accordance with the law of the court making it; and

(v) the judgment did not conflict with any previous decision of the courts of Bahrain and did not involve any conflict with public order or morality in Bahrain.

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

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

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

See "*Risk Factors—Risks relating to Enforcement—Enforcement risk*".

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the FCA. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the UK.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms or Pricing Supplement, as the case may be, and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise be lawfully promoted.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or Pricing Supplement, as the case may be, or any other marketing materials in relation to any Certificates.

Prospective investors in the UK any Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme. Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

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

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

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

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time-to-time and subject to any amendments to the applicable laws from time-to-time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Kingdom and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

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OVERVIEW

This overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and in relation to the terms and conditions of any particular Tranche of Certificates, the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). It does not contain all the information investors may consider important in making their investment decision. Therefore, investors should read this entire Base Prospectus carefully, including, in particular, the section entitled "Risk Factors". The Trustee, the Kingdom and any relevant Dealer(s) may agree that Certificates shall be issued in a form other than that contemplated in the Terms and Conditions of the Certificates, in which event, in the case of Certificates other than Exempt Certificates, if appropriate, a supplement to this Base Prospectus will be published.

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

Words and expressions defined in "*Terms and Conditions of the Certificates*" and "*Summary of Provisions relating to the Certificates while in Global Form*" shall have the same meanings in this overview.

Overview of The Kingdom

Bahrain's economy has a track record of continued growth and low inflation. In line with its priority to develop non-oil activities, such as manufacturing and financial services since the late 1960s, Bahrain has remained a regional leader in economic diversification. Bahrain is believed to have one of the most diverse economies in the Gulf Cooperation Council (the "**GCC**"), a regional intergovernmental political and economic union of which Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (the "**UAE**") are member countries. The hydrocarbons sector (crude petroleum and natural gas) represents a significant part of GDP (16.9% of real GDP for the year ended 31 December 2022, as compared to 18.0% for the year ended 31 December 2021, 18.6% for the year ended 31 December 2020 and 17.7% for each of the years ended 31 December 2019 and 2018) and a critical component of Government finances. Although oil continues to play an important part in Bahrain's economy, Bahrain also has an increasingly important financial services industry (acting as a financial centre for the Middle East and North Africa (the "**MENA region**")). Manufacturing, oil refining, aluminium production and tourism are also significant contributors to Bahrain's GDP. In the nine months ended 30 September 2023, the financial services sector contributed more to GDP (17.7%) than the hydrocarbons sector (17.0%).

Bahrain's real GDP grew by 2.1% in 2018 and by 2.2% in 2019. In 2020, economic growth in Bahrain was primarily impacted by the COVID-19 pandemic and lower international oil prices, with real GDP declining by 4.8%. In 2021, Bahrain's real GDP increased by 2.6% and, in 2022, Bahrain's real GDP increased by 5.1%. The IMF (in its October 2023 World Economic Outlook) forecasts Bahrain's real GDP to grow by 2.7% in 2023 and by 3.6% in 2024.

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

	For the year ended 31 December[1]					For the nine months ended 30 September
	2018	2019	2020	2021	2022[2]	2023[2][3]
GDP at current prices (*U.S.$ millions*)[4]	37,802.0	38,653.9	34,552.9	39,218.4	44,370.7	31,828.0
GDP at constant 2010 prices (*U.S.$ millions*)[4]	33,818.4	34,551.3	32,886.0	33,738.4	35,471.1	26,910.2
Percentage change over previous period						
At current prices (%)	6.6	2.3	(10.4)	13.5	13.1	(4.6)
At constant 2010 prices (%)	2.1	2.2	(4.8)	2.6	5.1	2.1
Per capita[5][6]						
At current prices (*U.S.$*)[4][5]	25,149.5	26,051.4	23,010.2	26,069.7	28,494.3	—
At constant 2010 prices (*U.S.$*)[4][5]	22,499.2	23,286.4	21,900.3	22,427.0	22,779.1	—

Notes:
(1) Certain figures in this table differ from previously published figures.
(2) Figures are based on preliminary data.
(3) With respect to the percentage change for a quarter, the figure represents the percentage change between the relevant quarter in 2023 as compared to the same quarter in 2022.
(4) Using the fixed conversion rate of BD0.376 = U.S.$1.00.
(5) Assuming a population of 1,503,091 in 2018, 1,483,756 in 2019, 1,472,204 in 2020, 1,504,365 in 2021 and 1,557,182 in 2022.
(6) No GDP per capita figures are available for quarterly GDP.

	For the year ended 31 December				
	2018	2019	2020	2021	2022
			(U.S.$ millions)		
Inward FDI flow	29,181.1	30,683.8	31,705.1	33,484.3	35,435.6
Current Account Surplus/(Deficit)	(2,434.6)	(794.1)	(3,244.7)	2,602.4	6,838.6
Budget Surplus/(Deficit)	(2,380)	(1,818)	(4,443)	(2,533)	(494)
Government Revenue	7,381	7,719	5,538	6,956	9,425
Oil and Gas Revenue	6,080	5,559	3,279	4,743	6,440
Non-oil Revenue	1,301	2,160	2,260	2,213	2,986
Total Expenditure	9,762	9,537	9,981	9,489	9,919
Overall Budget Deficit to GDP Ratio (%)	(6)	(5)	(13)	(6)	(1)

Source: CBB and Ministry of Finance and National Economy

Bahrain's Budgets and Key Priorities

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

The main objectives of Bahrain's general budget for the years 2023-2026 are:

- implementation of the Government Plan 2023-2026 (see "*Overview of The Kingdom of Bahrain—Vision 2030—Government Plan 2023 – 2026*");
- implementation of the FBP initiatives;
- implementing fiscal consolidation measures in connection with:
    - developing new non-oil revenue streams;

- recovering costs on existing Government fees and services;
- reducing Government expenditures; and
- redirecting Government subsidies to target lower-income segments of the population.

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

In recent years, Bahrain has benefitted from support from GCC countries. In October 2018, Saudi Arabia, Kuwait and the UAE pledged U.S.$10.3 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 30 November 2023, Bahrain had received U.S.$7.5 billion in support, as part of the total U.S.$10.3 billion pledged. In October 2021, a joint statement was made by the finance ministers of Saudi Arabia, Kuwait and the UAE reiterating their support for the FBP and the two year extension to its targets. The principal terms of this funding package include: (i) a 0% interest rate (thereby reducing the future interest payment bill of the Government); (ii) a term of 30 years per drawdown (which is expected to improve the Government's debt payment profile); and (iii) a seven-year grace period (accordingly, the Kingdom will not be required to make any repayments during the FBP).

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

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

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

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

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

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

sustainability framework and strategy and has established six ministerial teams, which seek to revise and reduce recurrent expenditures. See "*Public Finance—Fiscal Policy*."

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

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

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

  Bahrain is one of the primary financial centres for the MENA region, with its financial sector being the largest non-oil contributor to real GDP (accounting for 17.1% of real GDP for 2020, 17.7% of real GDP for 2021, 17.3% of real GDP for 2022 and 17.7% of real GDP for the nine months ended 30 September 2023). Bahrain continues to place strong emphasis on attracting commercial, investment and Islamic banks to the country. As a member of the GCC, Bahrain participates in a number of trade agreement negotiations. See "*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Trade*."

- *Expanding production capacity of Aluminium Bahrain B.S.C. ("**Alba**")*

  Aluminium is Bahrain's largest non-oil export, and state-owned Alba is the world's fourth largest producer of aluminium by individual smelter capacity. Alba's sixth potline ("**Line 6**") commenced production on 13 December 2018 and the Line 6 expansion project was completed in July 2019. Line 6 boosts Alba's annual production by 540,000 tonnes, bringing Alba's total production capacity to 1.6 million tonnes of aluminium per year. The capital expenditure estimate for the construction of Line 6, as well as replacing and expanding the power capacity of the existing power plant facilities, was approximately U.S.$3 billion, which Alba financed without Government assistance. See "*Economy of the Kingdom of Bahrain—Manufacturing—Aluminium*" and "*Public Finance—Revenue—Alba.*"

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

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

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

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

Overview of The Programme

Kingdom	The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy
Trustee	CBB International Sukuk Programme Company W.L.L., a with liability company incorporated in Bahrain under Article 76 of the Commercial Companies Law (Decree Law № 21/2001).
Legal Entity Identifier (LEI) of the Trustee	5493006IRJ2IWXTNIM16
Ownership of the Trustee	The Trustee is wholly-owned by the Central Bank of Bahrain.
Arrangers	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc National Bank of Bahrain B.S.C.
Dealers	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc National Bank of Bahrain B.S.C. and any other Dealers appointed in accordance with the Programme Agreement from time-to-time.
Delegate	Citibank N.A., London Branch (the "**Delegate**"). In accordance with the Master Trust Deed, the Trustee will, *inter alia*, unconditionally and irrevocably appoint the Delegate to be its delegate and attorney and to exercise certain present and future rights, powers, authorities and discretions vested in the Trustee by certain provisions of the Master Trust Deed in accordance with the terms of the Master Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Kingdom (in any capacity) following a Dissolution Event.
Principal Paying Agent, Exchange Agent and Transfer Agent	Citibank N.A., London Branch
Registrar	Citibank Europe plc
Programme Size	The Programme is unlimited in amount.
Method of Issue	The Certificates may be issued on a syndicated or non-syndicated basis. The specific terms of each Series will be recorded in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).
Issuance in Series	Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects, save for the amount and the date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
Currencies	Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency (each a "**Specified Currency**") agreed between the Trustee, the Kingdom and the relevant Dealer.

Maturities	The Certificates will have such maturities as may be agreed between the Trustee, the Kingdom and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time-to-time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee, the Kingdom or the Specified Currency.
Issue Price	Certificates may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, the Kingdom and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Denomination of Certificates.....	The Certificates will be issued in such denominations as may be agreed between the Trustee, the Kingdom and the relevant Dealer(s) save that (a) the minimum denomination of each Certificate will be such amount as may be allowed or required from time-to-time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency; (b) the minimum denomination of each Certificate (other than an Exempt Certificate) will be at least €100,000 (or, if the Certificates are denominated in a currency other than Euros, the equivalent amount in such currency, as calculated on the Issue Date of such Series); and (c) unless otherwise permitted by such current laws and regulations, Certificates (including Certificates denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of such Series). Unless otherwise stated in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), the minimum denomination of any Certificates to be sold in the United States to QIBs will be U.S.$200,000 or its approximate equivalent in other Specified Currencies.
Status of the Certificates.....	The Certificates will represent an undivided ownership interest in the Trust Assets of the relevant Series, subject to the terms of the Trust Deed and the Conditions, and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu*, without any preference or priority with the other Certificates of the relevant Series. The payment obligations of the Kingdom (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Certificates will be (subject to Condition 5) direct, unconditional and unsecured obligations of the Kingdom and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Kingdom, from time-to-time outstanding, provided, further, that the Kingdom shall have no obligation to effect equal and rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Transaction Documents and *vice versa*.
Trust Assets.....	The Trust Assets of the relevant Series will be (a) the cash proceeds of the issue of the relevant Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Assets; (c) all of the Trustee's rights, title,

	interest, benefits and entitlements, present and future, in, to and under the Transaction Documents (excluding the covenant given to the Trustee pursuant to clause 14.1 of the Master Trust Deed); (d) all monies standing to the credit of the relevant Transaction Account from time-to-time; and all proceeds of the foregoing listed (a) to (d) (the "**Trust Assets**").
Periodic Distribution Amounts	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).
Fixed Rate Certificates.....	Fixed Rate Certificates will bear profit on their outstanding face amount at such fixed rate per annum and on such date or dates as may be agreed between the Trustee, the Kingdom and the relevant Dealer(s), calculated in accordance with such Day Count Fraction (but only if the profit is to be calculated in respect of a period of less than a full Return Accumulation Period) as may be agreed between the Trustee, the Kingdom and the relevant Dealer(s). See Condition 8(a).
Floating Rate Certificates.....	Floating Rate Certificates will bear profit on their outstanding face amount at such floating rate *per annum* as may be determined on the basis of the relevant Reference Rate, as adjusted for any applicable margin. The margin (if any) relating to such floating rate will be agreed between the Trustee, the Kingdom and the relevant Dealer(s) for each Series of Floating Rate Certificates. Such profit will be paid on such date or dates as may be agreed between the Trustee, the Kingdom and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Trustee, the Kingdom and the relevant Dealer(s). Floating Rate Certificates may also have a maximum profit rate, a minimum profit rate or both. See Condition 8(b).
Benchmark Discontinuation.....	In the event that a Benchmark Event occurs, such that any Profit Rate (or the relevant component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), then the Trustee and the Kingdom may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Certificates and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 8(c) (*Periodic Distribution Amounts – Benchmark Replacement*) for further information.
Negative Pledge.....	The Certificates will have the benefit of a negative pledge granted by the Kingdom, as described in Condition 5.
Cross-Acceleration	In respect of the Kingdom, the Certificates will have the benefit of a cross-acceleration provision, as described in Condition 13 and paragraph (d) of the definition of Kingdom Event corresponding thereto.
Dissolution on the Scheduled Dissolution Date.....	Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the relevant Dissolution Distribution Amount on the relevant Scheduled Dissolution Date specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) for such Series and the

Trust in relation to the relevant Series will be dissolved by the Trustee following the payment of all such amounts in full.

Dissolution Distribution Amount ..... In relation to each Certificate of a Series, either:

(a) the sum of:

(i) the outstanding face amount of such Certificate; and

(ii) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or

(b) such other amount specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) as being payable upon the relevant Dissolution Date (and any other amount payable following a Total Loss Event pursuant to the Service Agency Agreement).

Early Dissolution ..... The Certificates may be redeemed in whole or in part, as the case may be, prior to the Scheduled Dissolution Date upon the:

(a) exercise of an Optional Dissolution Right (if so specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement));

(b) exercise of a Tangibility Event Put Right;

(c) occurrence of a Total Loss Event, unless the Assets have been replaced in accordance with the Service Agency Agreement; or

(d) occurrence of a Dissolution Event,

in each case, at the relevant Dissolution Distribution Amount on the relevant Dissolution Date.

Dissolution Events ..... The Dissolution Events are described in Condition 1. Following the occurrence and continuation of a Dissolution Event in respect of a Series of Certificates, the Certificates may be redeemed in whole, but not in part, at the relevant Dissolution Distribution Amount on the Dissolution Event Redemption Date in the manner described in Condition 13.

Optional Dissolution Right ..... If so specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), the Kingdom may, in accordance with Condition 9(b), require the Trustee to redeem the Certificates of the relevant Series in whole, but not in part, at the relevant Dissolution Distribution Amount on any Optional Dissolution Date.

If applicable to the relevant Series, the Optional Dissolution Date(s) will be specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).

Tangibility Event Put Right..... Following the occurrence of a Tangibility Event in respect of a Series of Certificates, Certificateholders may, in accordance with Condition 9(c), elect to redeem their Certificates at the relevant Dissolution Distribution Amount on the Tangibility Event Put Date.

Following the occurrence of a Tangibility Event in respect of a Series of Certificates, as determined in consultation with the Shari'a Adviser, the Certificates of the relevant Series should be tradable only in accordance with the Shari'a principles of debt trading (such as, the principle that debt

is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

On the date falling 15 days following the Tangibility Event Put Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing.

Total Loss Event ..... Following the occurrence of a Total Loss Event in respect of a Series of Certificates, unless the Assets have been replaced in accordance with the Service Agency Agreement, the relevant Supplemental Sub-Lease Agreement and the sub-lease shall be automatically terminated on the date of occurrence of such Total Loss Event (and further payments of rental shall cease to accrue on such date of occurrence of the Total Loss Event). The Certificates of the relevant Series will be redeemed in full at the relevant Dissolution Distribution Amount on the Total Loss Dissolution Date in accordance with Condition 9(d).

Following the occurrence of a Total Loss Event in respect of a Series of Certificates and from the date of the Trading Notice and until any further notice from the Trustee stating otherwise, in consultation with the Shari'a Adviser, the Certificates of the relevant Series should be tradable only in accordance with the Shari'a principles of debt trading (such as, the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Partial Loss Event ..... Following the occurrence of a Partial Loss Event in respect of a Series of Certificates and provided that:

(a) the Assets have not been replaced in accordance with the Service Agency Agreement and a notice of termination (such notice, a "**Partial Loss Termination Notice**") of the sub-lease on the 61st day after the date of occurrence of a Partial Loss Event has been delivered by the Kingdom to the Trustee within 30 days following the occurrence of the Partial Loss Event in accordance with the Master Sub-Lease Agreement and the relevant Supplemental Sub-Lease Agreement; or

(b) the Assets have not been replaced in accordance with the Service Agency Agreement,

the relevant Supplemental Sub-Lease Agreement and the sub-lease shall be automatically terminated on the 61st day following the occurrence of the Partial Loss Event (and further payments of rental shall cease to accrue on such 61st day following the occurrence of the Partial Loss Event) in accordance with the Master Sub-Lease Agreement (such termination as a result of either of the circumstances described in (a) or (b), being a "Partial Loss Dissolution Event"). A Partial Loss Dissolution Event shall constitute a "Kingdom Event", which in turn shall constitute a "Dissolution Event".

In relation to each Series, if, as a result of a Partial Loss Event the ratio of (a) the Value of the Assets (which for this purpose shall exclude any impaired Assets) (b) the aggregate of the Value of the Assets and, if applicable for such Series, the aggregate amounts of outstanding Deferred Sale Price applicable to such Series at such time, falls below 33%, from the date of the relevant Trading Notice and until any further notice from the Trustee stating otherwise, in consultation with the Shari'a Adviser, the Certificates of the relevant Series should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Cancellation of Certificates held by the Kingdom.....	Pursuant to Condition 9(f), the Kingdom may at any time purchase Certificates in the open market or otherwise. If the Kingdom wishes to cancel such Certificates purchased by it, the Kingdom may do so in accordance with Condition 9(g).
Limited Recourse.....	Each Certificate of a particular Series will represent an undivided ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets. Certificateholders have no recourse to any assets of the Trustee (and/or its directors, officers or agents in their capacity as such) (other than the relevant Trust Assets) or the Delegate or any Agent or any of their respective directors, officers, employees or agents in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. See further Condition 4(b).
Form and Delivery of the Certificates	The Certificates will be issued in registered form only. The Certificates of each Series will be represented on issue by ownership interests in one or more Global Certificates, which will be deposited with, and registered in the name of a nominee for, DTC and/or a Common Depositary for Euroclear and Clearstream, Luxembourg (as applicable). Certificates sold in an offshore transaction within the meaning of Regulation S will initially be represented by an unrestricted Global Certificate (a "**Regulation S Global Certificate**") and Certificates sold to QIBs in reliance on Rule 144A will initially be represented by one or more restricted Global Certificates (a "**Rule 144A Global Certificate**"). Ownership interests in a Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. Certificates in definitive form evidencing holdings of Certificates will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances. "*Summary of Provisions relating to the Certificates while in Global Form*".
Clearance and Settlement.....	Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through DTC, Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of DTC and/or Euroclear and/or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.
Withholding Tax.....	All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Trustee has agreed to pay such additional amounts as shall be necessary in order that the net amounts received by them after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable by them in the absence of such withholding or deduction, subject to and in accordance with Condition 11. Further, in accordance with the terms of the Master Trust Deed, the Kingdom has unconditionally and irrevocably undertaken to (irrespective

of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any such withholding or deduction) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 11.

The Transaction Documents to which it is a party provide that payments thereunder by the Kingdom shall be made without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In such event, the Transaction Documents to which it is a party provide for the payment by the Kingdom of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such net amounts as would have been receivable by it if no such withholding or deduction had been made.

Listing..... Application has been made to the FCA for the Certificates (other than Exempt Certificates) to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the London Stock Exchange's main market.

Exempt Certificates may also be issued and listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets (which, for the avoidance of doubt, shall exclude a regulated market for the purposes of MiFID II), as the case may be, agreed between the Trustee, the Kingdom and the relevant Dealer. Exempt Certificates which are neither listed not admitted to trading on any market may also be issued.

The applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges or markets.

Meetings of Certificateholders, Modification and Waiver..... The terms of the Certificates contain a "collective action" clause, which permits defined majorities to bind all Certificateholders. If the Trustee or the Kingdom issues securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Certificates, the Certificates would be capable of aggregation for voting purposes with any such securities, thereby allowing "cross-series" modifications to the Conditions of all affected Series of Certificates (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on).

See Conditions 15 and 16 and "*Risk Factors—Risks factors relating to the Kingdom—The Conditions contain provisions, which permit their modification without the consent of all the Certificateholders*".

Tax Considerations..... See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.

Governing Law and Dispute Resolution..... The Certificates and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.

Each Transaction Document (other than the Master Head Lease Agreement, each Supplemental Head Lease Agreement, the Master Sub-Lease Agreement and each Supplemental Sub-Lease Agreement) and any

	non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. The Master Head Lease Agreement, each Supplemental Head Lease Agreement, the Master Sub-Lease Agreement and each Supplemental Sub-Lease Agreement will be governed by the laws of Bahrain. In respect of any dispute under any Transaction Document, the Kingdom has agreed to arbitration in London, England under the Rules. The Kingdom has also agreed to submit to the exclusive jurisdiction of the courts of England in respect of any dispute under the Transaction Documents, at the option of the Trustee or the Delegate.
Transaction Documents	The Transaction Documents in respect of a Series shall comprise the Master Trust Deed, each relevant Supplemental Trust Deed, the Agency Agreement, the Master Head Lease Agreement, each relevant Supplemental Head Lease Agreement, the Master Sub-Lease Agreement, the relevant Supplemental Sub-Lease Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series).
Ratings.....	The Programme is expected to be rated B+ by Standard & Poor's and B+ by Fitch. Series of Certificates issued under the Programme may be rated or unrated. Where a Series of Certificates is rated, such rating will be disclosed in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Selling Restrictions.....	There are restrictions on the offer, sale and transfer of the Certificates, including in the United States, the EEA, the United Kingdom, the Kingdom of Bahrain, the UAE (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre), the Abu Dhabi Global Market, the Dubai International Financial Centre, the Saudi Arabia, the State of Kuwait, Japan, Singapore and Malaysia. See "*Subscription and Sale and Transfer and Selling Restrictions*".
U.S. Selling Restrictions.....	Regulation S, Category 2 and Rule 144A.

RISK FACTORS

Each of the Trustee and the Kingdom believes that the following factors may affect both the Trustee's ability to pay amounts owing under Certificates issued under the Programme and the Kingdom's ability to satisfy its obligations under the relevant Transaction Documents (as defined in the Conditions). All of these factors are contingencies, which may or may not occur. Should any of these factors occur, it would have the potential to materially adversely affect each of the Trustee and the Kingdom's ability to perform its respective obligations under the Certificates and the Transaction Documents to which it is a party, respectively.

Factors which each of the Trustee and the Kingdom believes may be material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.

Each of the Trustee and the Kingdom believes that the non-exhaustive list of factors described below represent the material risks inherent in investing in Certificates, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Distribution Amounts or other amounts on or in connection with any Certificates may occur for other reasons, which may not be considered significant risks by the Trustee and/or the Kingdom based on information currently available to them or which they may not currently be able to anticipate. Neither the Trustee nor the Kingdom represents that the statements below regarding the risks of holding any Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this section.

FACTORS THAT MAY AFFECT THE TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME

Risks relating to the Trustee

The Trustee was incorporated under the laws of Bahrain on 3 May 2016. Prior to the establishment of the Programme, on 16 May 2016, the Trustee issued a single series of trust certificates in an aggregate face amount of U.S.$435 million (which matured and were fully repaid in their entirety on 16 May 2019).

Since the establishment of the Programme in September 2019, the Trustee has issued seven series of Certificates in an aggregate principal amount of U.S.$5.85 billion. The Trustee's only assets, which will be held on trust for Certificateholders, will be the Trust Assets in respect of each Series of Certificates issued, including its right to receive payments from the Kingdom (acting in the relevant capacities) under the Transaction Documents relating to each Series. Therefore, the Trustee is subject to all of the risks to which the Kingdom is subject to the extent that such risks could limit the Kingdom's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents. Prospective investors should, therefore, carefully review the description of the Kingdom herein under "*Overview of The Kingdom of Bahrain*". Accordingly, the ability of the Trustee to pay amounts due under the Certificates will primarily be dependent upon receipt by the Trustee from the Kingdom (acting in the relevant capacities) of amounts to be paid under the Transaction Documents relating to each Series (which may not be sufficient to meet all claims under the Certificates). In the event of any shortfall in such amounts, the ability of the Trustee to meet its payment obligations under the Certificates may be adversely affected.

FACTORS THAT MAY AFFECT THE KINGDOM'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY

Risk factors relating to the Kingdom

Bahrain's economy may be impacted by global inflationary trends

Recent global social, health, political and economic events, including the ongoing conflict between Israel and Hamas, invasion of Ukraine by Russia and the related sanctions imposed on Russia by western and allied governments and the ongoing market and supply chain impacts of the COVID-19 pandemic, have given rise to substantial volatility in financial markets and elevated prices for energy and other commodities, which have, in turn, have caused a global increase in inflation and an increase in interest rates and a slowdown in the global economy. Any continuation or worsening of such market or economic conditions could, in turn, adversely impact Bahrain's economy.

Following a period of mild deflation until the end of 2021, inflation increased in Bahrain in 2022 in line with global and regional trends, before decreasing in 2023. Increases in inflation in 2022 were driven partly by disruptions to global supply chains as a result of the COVID-19 pandemic and following the relaxation of COVID-19 travel and trade restrictions, as well as by upward pressure on global food prices and the increased rate of VAT in Bahrain (which came into effect in

January 2022) and the effects of the military conflict in Ukraine. Between May 2022 and July 2023, the CBB raised interest rates concurrently with the U.S. Federal Reserve, in an attempt to ease inflationary pressures. Any prolonged period of rising inflation may result in slow or stagnant economic growth in Bahrain, in particular, if combined with slowing economic expansion and elevated unemployment levels.

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

Although the Government has sought to promote the growth of the non-oil sector, Government revenues remain significantly dependent on oil revenues. In 2022, the non-oil sector grew by 6.6% in real terms and 9.6% in nominal terms, as compared to 2021. Actual revenue from oil and gas accounted for approximately 66.8% of total public revenues for the eleven months ended 30 November 2023, 68.3% of total public revenues for the year ended 31 December 2022, 68.2% for the year ended 31 December 2021, 59.2% for the year ended 31 December 2020, 72.0% for the year ended 31 December 2019 and 82.4% for the year ended 31 December 2018.

Between 2014 and 2020, Bahrain's economy was impacted by a low international oil price environment. In early March 2020, there was a substantial drop in international oil prices (by approximately U.S.$11.00 per barrel) following Saudi Arabia's decision to cut export oil prices, as well as Russia and the Organization of the Petroleum Exporting Countries ("**OPEC**") failing to reach an agreement over proposed oil production cuts, and remained low due to the continuing impact of the COVID-19 pandemic. The average price of Brent crude oil in 2020 was U.S.$41.74 per barrel, which was below the Government's budgeted price of U.S.$60 per barrel for 2020. A continued low oil price environment in 2020 resulted in an increased fiscal deficit for 2020. However, in 2021 and 2022, demand for, as well as the price of, crude oil, surged as a result of reduced oil production during the COVID-19 pandemic and the impact of the conflict in Ukraine. On 8 March 2022, the price of Brent crude oil rose to a high of U.S.$123.48 per barrel, the highest inflation-adjusted price since 2014. In 2023, while prices and demand remained higher than in 2020, the average price of Brent crude oil was U.S.$83 per barrel, as compared to U.S.$101 per barrel in 2022, reflecting the adjustment of global markets to the new trading dynamics since the launch of the conflict in Ukraine in 2022.

Bahrain's oil price estimate is set at U.S.$60 per barrel in the FBP for 2023 and 2024 budget. However, there can be no assurance that oil prices will remain above the Government's budget or break-even amount or that the oil price will not decline again. If oil prices decline, Bahrain may not be able to materially increase production levels and offset the resulting revenue decline resulting from such oil price decreases.

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

On 14 September 2019, the Abqaiq processing facility and the Kurais oil field in Saudi Arabia were damaged in a major incident, which reduced the output of Saudi Aramco, Saudi Arabia's national oil company, and, in turn, interrupted Saudi Aramco's crude oil shipments to Bapco's oil processing facilities, following the shutdown of the crude oil pipeline from Saudi Arabia to Bahrain due to the reduction in available volumes. Bapco announced that its refinery operations remain uninterrupted and that its business continuity plans have been activated. There can be no assurance, however, what impact any similar or other incidents would have in the future on Bapco's results of operations, international oil prices or Bahrain's production sharing or non-oil related agreements with Saudi Arabia and any corresponding impact on the Kingdom's revenues. See "*—Bahrain's economy is dependent on economic and other conditions of Saudi Arabia in particular, as well as the GCC countries*" and "*—Bahrain is located in a region that has been subject to on-going geo-political and security concerns".*

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

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

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

Bahrain had an overall budget deficit of U.S.$494 million in 2022, as compared to overall budget deficits of U.S.$2.5 billion in 2021, U.S.$4.4 billion in 2020, U.S.$1.8 billion in 2019 and U.S.$2.4 billion in 2018. In the eleven months ended 30 November 2023, the overall budget deficit was U.S.$1,696 million. In general, historically, Bahrain has had a higher budget deficit in years where there has been a low oil price environment. The average oil price target in the FBP for 2023 and 2024 is U.S.$60 per barrel. Bahrain's budget deficit represented 1% of GDP in 2022, as compared to 6% of GDP in 2021, 13% of GDP in 2020, 5% of GDP in 2019 and 6% of GDP in 2018. The reduction in the budget deficit in 2022 was primarily due to an increase in oil and gas revenues as a result of the global increase in oil prices.

Bahrain's fiscal deficit in past years has resulted in increases in its public debt and debt-to-GDP ratio. Total outstanding Government debt (which includes loans from GCC members but excludes borrowings from the CBB) was U.S.$46.1 billion as at 30 November 2023, as compared to U.S.$44.5 billion as at 31 December 2022, U.S.$44.8 billion as at 31 December 2021, U.S.$39.8 billion as at 31 December 2020, U.S.$36.1 billion as at 31 December 2019 and U.S.$33.1 billion as at 31 December 2018. The debt-to-GDP ratio was 102.9% as at 30 November 2023, as compared to 100.2% as at 31 December 2022, 114.1% as at 31 December 2021, 114.5% as at 31 December 2020, 93.3% as at 31 December 2019 and 87.5% as at 31 December 2018.

The Kingdom faces significant debt maturities in the coming years, with, as at 30 November 2023, approximately U.S.$2.0 billion of external debt maturing in 2024, U.S.$2.4 billion of external debt maturing in 2025 and U.S.$2.8 billion of external debt maturing in 2026. The Kingdom has benefited from international financial assistance in the past, in particular from the GCC Development Fund. Any material reduction in financial assistance by international donors may increase refinancing risk or affect confidence in Bahrain's economy. Moreover, Bahrain relies on the international capital markets for a substantial portion of its borrowing requirements and is materially impacted by global credit market liquidity conditions, risk premia, especially for emerging markets and global monetary policy conditions. If the Kingdom is not able to refinance its debt on favourable terms or at all, it could materially impair the Kingdom's capacity to service its debt. Following an extended period of low interest rates, certain central banks, including the U.S. Federal Reserve (with whom the CBB followed suit), the European Central Bank and the Bank of England have raised interest rates multiple times in 2022 and 2023 to combat high inflation, which have led to material increases in Bahrain's borrowing costs.

The FBP includes a number of economic targets, including an overall objective to achieve a balanced budget by 2024. The Government is also seeking to reduce public spending through various fiscal consolidation programmes. The Government has revised certain forecasts set out in the FBP in light of the economic impact of the COVID-19 pandemic and lower oil prices in 2019 and 2020. There can be no assurance that such measures will achieve targeted outcomes or savings or that such measures will be sufficient to offset the recent increases in spending combined with below-trend income from oil revenues in 2020 and 2021, as well as the impact of the COVID-19 pandemic, or that the Government will not be required to further revise its targets or the timeframes to achieve such targets. See "*Public Finance—Fiscal Policy—Subsidies*".

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

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

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

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

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

Bahrain's economy is dependent on economic and other conditions of Saudi Arabia in particular, as well as the GCC countries

In addition to sharing oil production at the Abu Saafa oilfield with Saudi Arabia, Bahrain's economy is closely aligned and dependent on the economy of Saudi Arabia, as well as the economies of the other GCC countries. This includes trade and energy policies within the GCC. In May 2023, Saudi Arabia announced the setting up of a U.S.$5 billion investment fund in Bahrain. Based on IGA statistics, non-oil exports to GCC countries amounted to 43.9% of total non-oil exports for 2023, and Saudi Arabia accounted for 23.6% of total non-oil exports and 53.7% of non-oil exports to GCC countries. As for non-oil imports, 18.0% of total non-oil imports for 2023 were from other GCC countries, and Saudi Arabia accounted for 6.4% of total non-oil imports and 35.3% of non-oil imports from GCC countries.

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

In recent years, Bahrain has benefitted from support from GCC countries. In October 2018, Saudi Arabia, Kuwait and the UAE pledged U.S.$10.3 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 30 November 2023, Bahrain had received U.S.$7.5 billion in support, as part of the total U.S.$10.3 billion pledged. In October 2021, a joint statement was made by the finance ministers of Saudi Arabia, Kuwait and UAE reiterating their support for the FBP and the two year extension to its targets. However, there can be no assurance that future payments will be available, in a timely manner or at all and such payments may be subject to delays or conditions beyond Bahrain's control.

Furthermore, Bahrain benefits from a separate U.S.$7.5 billion development fund established in 2011 with contributions made by the non-donee GCC member states (the "**GCC Development Fund**"). The GCC Development Fund includes investments in key infrastructure projects across the manufacturing, energy, healthcare and education sectors. The GCC Development Fund was originally established with the aim of raising U.S.$10 billion for Bahrain with preliminary commitments from four GCC member states. As of 30 November 2023, an amount of U.S.$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.$5.4 billion had been certified as paid from the GCC Development Fund.

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

The ongoing conflict between Russia and Ukraine could negatively impact the Kingdom

In February 2022, the Russian Federation commenced military operations in Ukraine. These actions led the United States, the European Union and the United Kingdom, among others, to impose economic sanctions against Russia, Russian government officials and Russian corporations and financial institutions. The ongoing conflict has had an impact on international capital markets, investor sentiment and commodity prices (including oil and gas, which has led to rising fuel prices and inflation). Sanctions include restrictions on selling or importing goods, services or technology in or from affected regions, travel bans and asset freezes impacting connected individuals and political, military, business and financial organisations in Russia, severing Russia's largest bank from the U.S. financial system, barring some Russian

enterprises from raising money in the U.S. market and blocking the access of Russian banks to financial markets. There remains a risk of escalation and an ongoing impact on geopolitical conditions. The United States and other countries could impose wider sanctions and take other actions should the conflict further escalate. The ongoing conflict between Russia and Ukraine has contributed to the upward pressure to global prices for certain commodities, including oil and gas, and affected conditions in the international capital markets. While the full extent of the impact of the conflict remains to be seen, the effects of the conflict could materially affect the performance of Bahrain's economy, and, as a result, negatively affect its ability to raise funding in the external debt markets in the future.

Bahrain is subject to a number of on-going domestic political risks

Although Bahrain has not experienced any significant political or security disruptions in recent years, the ongoing political stasis and tensions with opposing political and social groups continue to impact investor perceptions of Bahrain's political stability and foreign investment flows.

Following widespread protests that occurred in February and March 2011 (as described further under "*Overview of The Kingdom of Bahrain—Constitution and Government*"), the Government has been unable to reach a political accommodation with certain political groups.

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

Although Bahrain's security situation has stabilised over the past few years, since January 2017, there have been a number of small protests in various villages, and there can be no assurance that further protests or unrest will not occur in the future. In the event that political unrest should take place, such a development could have an adverse material impact on foreign direct investment in Bahrain or on the country's reputation in the region, including its standing as a regional leader in the financial services sector. An unsettled political environment may also have negative implications on Bahrain's fiscal accounts and future growth trajectory. While the Government has already begun to implement a broader strategy to diversify its revenue base and cut expenditures further, progress has been hampered by political and religious factionalism. The lack of a broad political consensus that encompasses Bahrain's various political and religious groups may undermine the Government's ability to implement the full extent of its fiscal readjustment programme and may hinder its efforts to reverse the rise in public debt in the near term.

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

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

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

Since the attack by Hamas in Israel on 7 October 2023 and the following military operations launched by Israel in Gaza, Bahrain has called for an immediate, permanent and comprehensive ceasefire in the Gaza Strip to protect civilians and to meet their humanitarian needs. The scale, duration and impact of this conflict on Bahrain and the region, as well as any global effects, cannot be predicted. In January 2024, Bahrain was one of four countries that provided support to the United States and the United Kingdom in connection with strikes against Houthi military targets in response to attacks on Red Sea shipping.

More generally, since 2011, the prospect of a nuclear Iran has been at the centre of international geopolitical discourse. The comprehensive agreement between the U.N. Security Council's five permanent members plus Germany ("**P5+1**") and Iran that was reached on July 2015 (the "**Joint Comprehensive Plan of Action**") conditions international economic sanctions relief, mainly U.S. and EU sanctions, on Iranian nuclear capabilities reduction and supervision by the International Atomic Energy Agency (the "**IAEA**"). After the IAEA confirmed that Iran met the relevant requirements of the Joint Comprehensive Plan of Action, certain economic sanctions were lifted on 16 January 2016 with a view to improving Iran's position in the international community. However, certain other sanctions remain in place, and the United States imposed certain additional sanctions on Iran in July 2017 relating to Iran's ballistic missile programme, human rights matters, arms sales and Iran's Revolutionary Guard Corps. On 8 May 2018, the United States announced

its withdrawal from the Joint Comprehensive Plan of Action, reinstating U.S. nuclear sanctions on the Iranian regime. The United States also announced that it would not renew exceptional waivers for importing Iranian oil for several oil-importing countries, effective from May 2019. Since May 2019, a number of incidents in and around the Gulf have occurred, including the alleged seizure of oil tankers by Iran. On 2 January 2020, the United States carried out a military strike, which killed a senior Iranian military commander. As a result of this military strike, Iran launched missiles at a U.S. base in Iraq. On 4 January 2021, the IAEA reported that Iran had begun retaliating against the continuing U.S. sanctions by resuming the process of enriching uranium to 20% purity, which can be used to create nuclear bombs, in breach of the 2015 Joint Comprehensive Plan of Action. Under the Joint Comprehensive Plan of Action, restrictive measures were expected to be lifted on 18 October 2023. However, each of the EU, the United Kingdom and the United States have maintained nuclear-related sanctions against Iran due to Iran's non fulfilment of its obligations under the Joint Comprehensive Plan of Action. Tensions around the Strait of Hormuz continue to be high, with reports of seizures of vessels in each of 2021, 2022 and 2023, and tensions further raised as a result of potential knock-on effects of the conflict between Israel and Hamas or any escalation thereof. In January 2024, Bahrain was one of four countries that provided support to the United States and the United Kingdom in connection with strikes against Houthi military targets in response to attacks on Red Sea shipping. Any continuation or increase in international or regional tensions regarding Iran including further attacks on or seizures of oil tankers which disrupt international trade, including any impairment of trade flow through the Strait of Hormuz, or any military conflict could have a destabilising impact on the Gulf region, including with respect to Bahrain, including its ability to export oil and its security.

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

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

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

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

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

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

Neither the Trustee nor the Kingdom may be certain that a credit rating will remain for any given period of time or that a credit rating will not be affirmed or withdrawn entirely by the relevant rating agency if, in its judgement, circumstances in the future so warrant. Neither the Trustee nor the Kingdom has any obligation to inform Certificateholders of any such revision, downgrade or withdrawal.

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

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

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

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

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

Bahrain's economy remains highly dependent on the oil industry and the Government has been working towards increasing oil and gas production over the past few years. It is expected that these efforts will continue in the foreseeable future. See "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Mining—Oil Production*". The Government has set out a comprehensive economic vision for Bahrain ("**Vision 2030**") to outline a path for the development of Bahrain's economy, as described in "*Overview of The Kingdom of Bahrain—Vision 2030*." Vision 2030 is based on realigning Bahrain's economy from an oil-driven economy to a more diversified, competitive economy, predominantly focused on the finance, tourism, healthcare and industrial sectors. However, there can be no assurance that Bahrain's efforts to diversify its economy and reduce its dependence on oil will be successful or that Bahrain's priority projects will have the desired effect of boosting productivity and improving revenues.

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

A principal social policy concern in Bahrain is housing. The Government is seeking to invest in the housing sector, although such investment is expected to take several years to reduce the current shortage of affordable housing and the success of the Government's current social housing initiatives will depend, in part, on finding suitable partners in the private sector to aid in real estate and infrastructure development. See "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Real Estate*".

Another social policy concern is unemployment. The level of unemployment among Bahraini nationals was 4.3% in 2018, 4.7% in 2019, 5.9% in 2020, 5.9% in 2021, 5.4% in 2022 and 6.3% in 2023. Bahrain employs a significant number of expatriate workers, notably in the private sector. Just under three-quarters of the employees registered with the Social Insurance Organisation are foreign nationals. See "*Overview of The Kingdom of Bahrain—Location and Population*". In recent years, the Government has followed a policy of aiming to increase the number of Bahraini nationals in employment while also seeking to increase the efficiency of Government functions (through voluntary retirement

programmes and otherwise), which have resulted in a considerable number of reductions of available roles. There are no assurances that this policy will be successful or that it will not have an impact on the financial condition of Bahrain. In addition, the implementation of voluntary retirement programmes may have a negative impact on the number of Bahraini nationals employed in the short-term.

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

The Government has made concerted efforts to encourage the growth of its financial services and banking sectors, and Bahrain is one of the primary financial centres for the Middle East and North Africa. The financial services sector accounted for 17.1% of real GDP in 2020, 17.7% of real GDP in 2021, 17.3% of real GDP in 2022, and 17.7% of real GDP in the nine months ended 30 September 2023. See "*Monetary and Financial System – Monetary and Exchange Rate Policy*".

The Government is also a shareholder in various Bahraini banks, and Bahraini banks are major lenders to the Government. As at 31 December 2023, approximately 72.1% of domestic public debt was held by retail banks operating in Bahrain. In addition, retail banks maintain reserves and deposits with the CBB.

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

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

Bahrain's currency may be subject to depreciation

Since 2001, the Bahraini Dinar has been formally pegged to the U.S. Dollar at a rate of BD 0.376 = U.S.$1.00, having been previously informally pegged at the same rate since 1980. Any failure of the CBB to maintain this peg and the depreciation of the Bahraini Dinar against the U.S. Dollar (or other foreign currencies) may adversely affect the financial condition of Bahrain, as well as Bahrain's ability to repay its debt denominated in currencies other than the Bahraini Dinar, including amounts due under the Certificates. The value of the Bahraini Dinar is impacted by a number of factors which are outside of Government control. Neither the Government nor the CBB have taken any steps to end the peg or devalue the Bahraini Dinar. However, while the GCC member states, including Bahrain, have indicated their commitment to maintaining the peg, there can be no assurance that there will not be a need for a devaluation as a result of internal or external factors. In particular, Bahrain's gross foreign reserves have decreased in recent years from U.S.$6,055.1 million as at 31 December 2014 to U.S.$2,246.0 million as at 31 December 2020, before increasing to U.S.$4,509.4 million as at 31 December 2022 and U.S.$4,819.7 million as at 31 December 2023. As at 31 December 2023, Bahrain's gross foreign reserves were estimated by the CBB to be sufficient to finance 2.9 months of obligations in respect of imports of goods.

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

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

Although Bahrain continues to seek to diversify its economy, the oil sector (crude petroleum and natural gas) continues to represent a significant part of GDP (16.9% of real GDP for the year ended 31 December 2022, as compared to 18.0% for the year ended 31 December 2021, 18.6% for the year ended 31 December 2020 and 17.7% for each of the years ended 31 December 2019 and 2018) and a critical component of Government finances. In the nine months ended 30 September 2023, the oil sector (crude petroleum and natural gas) represented 16.2% of real GDP. See also "*—Bahrain's economy remains significantly dependent on oil revenues and is vulnerable to external shocks*". Bahrain is engaged in a number of

significant projects to enhance its oil and gas sector, and any delay or increase in costs of these projects may have a negative impact on Bahrain's public finances, may adversely affect the economy of Bahrain. Bahrain's projects to expand its oil and gas capabilities may also result in Bapco Energies B.S.C. (c), ("**nogaholding**", which was rebranded in 2023 as "**Bapco Energies**") not paying dividends to the Government in future years. In 2019, Bapco Energies (then nogaholding) declared a U.S.$150.0 million dividend to the Government (for 2018). In 2022, a dividend of U.S.$300 million was declared for the year 2020 and 2021, which was set off against outstanding receivables from the Government. See "*Public Finance*" for details of the Government's diversification efforts.

Bapco Refining is presently working on a modernisation programme (the "**Bapco Modernisation Programme**") with the aim of increasing its refining capacity at the Sitra oil refinery by approximately 42%, significantly improving the quality and value of its product mix, which is estimated to cost approximately U.S.$6.9 billion (including development costs, capital expenditures contingencies, senior debt interest and fees during construction and required liquidity reserves). Construction, commissioning and start-up of the project is due to be completed in 2025. The Bapco Modernisation Programme includes plans for the construction of new process units and support facilities to be integrated into the existing facility, and decommissioning older and less efficient units. In February 2018, Bapco (now, Bapco Refining) signed a U.S.$4.1 billion engineering, procurement and construction ("**EPC**") contract with a consortium led by French-U.S. petroleum services group Technip Energies and including Technicas Reundis from Spain and Samsung Engineering from South Korea. In December 2018, greenfield construction at the site commenced. The financial close for the Bapco Modernisation Programme occurred on 9 May 2019 with the participation of five export credit agencies and a total of 21 banks (eight international, six regional and seven Bahraini banks). Since the financial close, the number of participating banks has increased to 30. As at 30 November 2023, the EPC elements of the Bapco Modernisation Programme were approximately 94.0% complete, which represents a delay to the originally scheduled progress of the project (with one of the primary causes of the delay to the project being the impact of the COVID-19 pandemic, which limited the availability of workforce resources). Any further delays in the work relating to the Bapco Modernisation Programme may affect Bahrain's growth and revenue generation strategy and impact both the Trustee's ability to pay amounts owing under Certificates issued under the Programme and the Kingdom's ability to satisfy its obligations under the relevant Transaction Documents.

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

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

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

Starting from 1 April 2015, the commercial tariff of natural gas increased to U.S.$2.50 per one million British Thermal Units ("**mmbtu**"). Under a multi-phased readjustment programme, the price of natural gas was scheduled to increase by 25 cents per mmbtu each year, until it reached U.S.$4.00 per mmbtu by 1 April 2021. In order to support local industries affected by the COVID-19 pandemic, the Government decided not to increase the price to U.S.$4.00 in April 2021. The gas price increased to U.S.$4.00 per mmbtu on 1 April 2022. On 17 August 2023, Alba announced that the natural gas supply agreement had been extended for an additional five-year period and the price will remain at U.S.$4.00 per mmbtu. The Government has also introduced a four-year phased programme for the increase in prices of diesel, where the price of diesel payable by consumers in 2019 would be U.S.$0.48 per litre. However, there can be no assurances that these increases will be sufficient or will not have an adverse effect on the economy of Bahrain. Local diesel prices have

remained stable since 2019, while petroleum product prices are frequently reviewed by the Government and are subject to change without prior notice.

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

Bahrain's revenues are influenced by global aluminium prices through its ownership of Alba. Alba's exports accounted for approximately 20.0% and 22.8% of Bahrain's total exports in 2021 and 2022, respectively, with the increase reflecting increased production capacity at Line 6 following completion of the Alba Line 6 Expansion Project. Alba's exports also accounted for 36.1%, 45.4% and 40.0% of Bahrain's total non-oil exports in 2021, 2022 and the six months ended 30 June 2023, respectively.

The cyclical aluminium industry has historically experienced significant shifts in global demand and price volatility. Prior to 2021 the market faced overcapacity and declining prices for several years, with major producers cutting production. Aluminium prices fell from a high of U.S.$2,597 per tonne in April 2018 to U.S.$1,799 per tonne by December 2019. During 2020, the aluminium market was adversely impacted by the COVID-19 pandemic. Aluminium prices dropped to a low of U.S.$1,421 per tonne in April 2020, driven by weaker global demand, before recovering to U.S.$1,978 per tonne by December 2020 due in part to a strong recovery in demand from China. This fourth quarter recovery in demand continued in 2021 with aluminium prices trading above U.S.$2,000 per tonne and reaching a high of U.S.$2,656 per tonne in May 2021. In the first six months of 2022, end sector growth and demand from the automotive and aerospace sectors, coupled with constrained aluminium production across key geographies due to higher energy costs and geopolitical instability, caused aluminium trade prices to increase, reaching a peak of U.S.$3,985 per tonne in March 2022. In the last six months of 2022, however, aluminium prices declined due to rising interest rates and weaker global demand, with a low price of U.S.$2,079 per tonne in September 2022. In 2023, according to reports published by Alba, bearish market sentiment continued to affect the aluminium market and London Metal Exchange ("**LME**") prices have, in general, ranged between U.S.$2,100 per tonne and U.S.$2,300 per tonne.

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

Alba's competitive position in the global aluminium market is dependent on its continued access to sufficient gas supplies on attractive terms from its sole supplier, Bapco Refining. Although Alba expects to remain highly competitive globally following the conclusion of a long-term agreement with Bapco Energies for the supply of gas on favourable terms (with pricing terms recently extended for a further five-year period in August 2023) and gas supply contracts in place for Lines 1 to 5 until November 2025 and for Line 6 until October 2028, as well as through reductions in production costs, efficiency improvement programmes, and maximising output of value-added products which attract higher premiums, no assurances can be given that Alba will maintain or improve its competitive position. Decisions by Bapco Energies to change the terms under which it supplies gas to Alba or Alba's inability to lock in a long-term alternative gas supplier on commercially attractive terms could have a material adverse effect on Alba's business, financial condition, results of operations and prospects.

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

In addition, on 1 March 2018, the United States announced the implementation of a new 10% tariff on aluminium imports, with such tariff applicable to Alba. Sales to the Americas (including the United States) account for approximately 15% of Alba's total sales.

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

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

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

Risks relating to the Certificates

Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Trust Deed

The Kingdom has undertaken in the Purchase Undertaking and the Master Trust Deed that:

(a) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the Kingdom of Bahrain, acting through the Ministry of Finance and National Economy remains in actual or constructive possession, custody or control of all or any part of the Assets or the Tangibility Event Assets (as defined in the Purchase Undertaking), as the case may be; and

(b) if, following delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price or the Tangibility Event Exercise Price (as defined in the Purchase Undertaking), as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

the Kingdom shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Certificates to be redeemed on the Tangibility Event Put Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price or the Tangibility Event Exercise Price, as the case may be.

Subject to the satisfaction of both of the conditions in (a) and (b), as described above, if the Kingdom fails to pay the Exercise Price or the Tangibility Event Exercise Price, as the case may be, in accordance with the provisions of the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 13 and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed against the Kingdom by commencing legal or arbitral proceedings.

However, prospective investors should note that, in the event that The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy, does not remain in actual or constructive possession, custody or control of all or any part of the Assets or the Tangibility Event Assets, as the case may be, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the condition in (a) as described above will not be satisfied and, therefore, no amounts will be payable by the Kingdom under the separate indemnity provisions. For the avoidance of doubt, no investigation has been or will be made by the Trustee, the Arrangers, the Dealers, the Delegate or the Agents as to whether the Kingdom has or will continue to remain in actual or constructive possession, custody or control of all or any part of the Assets or the Tangibility Event Assets, as the case may be.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by the Kingdom and prove the damages. Such breach of contract may be due to (a) a breach by the Kingdom of the requirement to purchase the Trustee's rights, title, interest, benefits and entitlements in, to and under the remaining lease term of the head lease over the relevant Assets on the relevant Dissolution Date, pursuant to the provisions of the Purchase Undertaking, and/or (b) a breach by the Kingdom of its undertaking to maintain actual or constructive possession, custody or control of all of the Assets.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the Exercise Price or the Tangibility Event Exercise Price, as the case may be, and in turn, the amount payable to the Certificateholders upon redemption.

The occurrence of a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Certificates

Following the occurrence of a Tangibility Event, the Certificateholders will be promptly notified: (a) that a Tangibility Event has occurred; (b) that, as determined in consultation with the Shari'a Adviser, the Certificates should be tradable

only in accordance with the Shari'a principles of debt trading (such as, the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis); (c) that, on the date falling 15 days following the Tangibility Event Put Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing; and (d) the Tangibility Event Put Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates. Upon receipt of such notice, the Certificateholders may elect, within the Tangibility Event Put Period, for all or any of their Certificates to be redeemed in accordance with the Conditions. Accordingly, a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Trust Certificates.

The occurrence of a Loss Event may have a significant adverse effect on the liquidity and market value of the Certificates

(A) If, as a result of a Partial Loss Event the ratio of (i) the Value of the Assets (which for this purpose shall exclude any impaired Assets) to (ii) the aggregate of the Value of the Assets and, if applicable for the relevant Series, the aggregate amounts of outstanding Deferred Sale Price applicable to such Series at such time, falls below 33%, or (B) following the occurrence of a Total Loss Event, Certificateholders will be promptly notified (a) of the occurrence of such event; and (b) that, from the date of the Trading Notice, and until any further notice from the Trustee, in consultation with the Shari'a Adviser, stating otherwise, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis). Accordingly, such event may have a significant adverse effect on the liquidity and market value of the Certificates.

The occurrence of a Partial Loss Event could result in the Certificates of the relevant Series being redeemed early

If a Partial Loss Event occurs with respect to the Assets of a Series of Certificates and (a) unless the Assets have been replaced in accordance with the Service Agency Agreement, the Kingdom delivers a Partial Loss Termination Notice to the Trustee within 30 days following the occurrence of the Partial Loss Event or (b) the Kingdom does not serve a termination notice within 30 days following the occurrence of the Partial Loss Event but fails to replace the relevant Assets in acordance with the Service Agency Agreement, the sub-lease shall terminate on the 61st day after the date of the Partial Loss Event in accordance with the relevant Supplemental Sub-Lease Agreement.

Accordingly, in the event of termination of the sub-lease on the 61st day after the date of occurrence of the Partial Loss Event due to either of the circumstances set out in (a) and (b) as described above, such termination shall constitute a "Kingdom Event", following which the Certificates of the relevant Series may be redeemed in full in accordance with the Conditions. Furthermore, a Partial Loss Event may have a significant adverse effect on the liquidity and market value of the Trust Certificates.

The Certificates are limited recourse obligations of the Trustee

The Certificates are not debt obligations of the Trustee, instead, each Certificate represents an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon the occurrence of a Dissolution Event, the sole rights of the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series of Certificates) will be against the Kingdom to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Kingdom in respect of any shortfall in the expected amounts due on the Certificates. Certificateholders will also not be able to petition for, institute or join any other person in, instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Delegate, the Agents or any of their respective directors, officers, employees or agents as a consequence of any shortfall or otherwise. The Kingdom is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee and/or the Delegate will have direct recourse against the Kingdom to recover such payments due to the Trustee under the Transaction Documents to which it is a party.

After enforcing or realising the rights in respect of the Trust Assets in respect of a Series of Certificates and distributing the net proceeds of such Trust Assets in accordance with Condition 6(b), the Master Trust Deed and the Agency Agreement, the obligations of the Trustee and/or the Delegate in respect of that Series of Certificates shall be satisfied, neither the Trustee nor the Delegate nor any Certificateholder may take any further steps against the Trustee or the Kingdom to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets other than as contemplated in the Transaction

Documents. The sole right of the Trustee, the Delegate and the Certificateholders against the Kingdom shall be to enforce the obligation of the Kingdom to perform its obligations under the Transaction Documents.

The Conditions contain provisions, which permit their modification without the consent of all the Certificateholders

The Conditions contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Certificateholders to consider and vote upon matters affecting their interests generally and for the passing of written resolutions of Certificateholders without the need for a meeting. Such provisions are commonly referred to as "collective action clauses". These provisions permit defined majorities to bind all Certificateholders, including any Certificateholders who did not attend and vote at the relevant meeting or sign the relevant written resolution and Certificateholders who voted in a manner contrary to the majority.

In addition, the Conditions permit "cross-series modifications" to be made to more than one series of securities, provided that each affected series of securities also contains a cross-series modification provision. The Trustee and the Kingdom expect that all Series of Certificates issued under the Programme will include such collective action clauses, thereby giving the Trustee and the Kingdom the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Certificates.

Any modification or actions relating to any Reserved Matter, including in respect of payments and other important terms, may be made (a) to a single Series of Certificates with the consent of the holders of 75% of the aggregate face amount of the outstanding Certificates, and (b) to multiple series of securities which may be issued by the Trustee or the Kingdom, as the case may be, with the consent of both (i) the holders of at least two thirds of the aggregate face amount of all outstanding securities being aggregated and (ii) the holders of at least 50% in aggregate face amount of the outstanding securities of each series being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to any Reserved Matter may be made to multiple series of the Trustee's securities or the Kingdom's securities, as the case may be, with the consent of 75% of the aggregate face amount of the outstanding securities of all affected series, without requiring a particular percentage of the holders of any individual affected securities to vote in favour of or approve any proposed modification or action. Any modification or action proposed by the Trustee or the Kingdom, as the case may be, may, at the option of the Trustee or the Kingdom, as the case may be, be made in respect of certain series of securities only and, for the avoidance of doubt, the collective action provisions may be used for different groups of two or more securities simultaneously. At the time of any proposed modification or action, the Trustee or the Kingdom, as the case may be, will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Trustee or the Kingdom, as the case may be.

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

The Master Trust Deed may be modified without the consent of, or notice to, Certificateholders

The Master Trust Deed contains provisions permitting the Delegate from time-to-time, without the consent or sanction of the Certificateholders, to: (a) agree to make any modification to the Conditions, Trust Deed or any other Transaction Document if, in the opinion of the Delegate such modification is (i) of a formal, minor or technical nature, or (ii) made to correct a manifest error, or (iii) not materially prejudicial to the interests of the outstanding Certificateholders; or (b) (i) agree to any waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed or any other Transaction Document, or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders. Unless the Delegate otherwise decides, any such modification, consent, waiver, authorisation or determination shall as soon as practicable thereafter be notified to the Certificateholders in accordance with Condition 19 and shall in any event be binding upon the Certificateholders.

The Certificates may be subject to early redemption

If so specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), a Series may be redeemed early at the option of the Kingdom pursuant to Condition 9(b). Any such early redemption

feature of any Certificate is likely to limit its market value. During any period when the Kingdom elects to require the Trustee to redeem the Certificates pursuant to Condition 9(b), the market value of those Certificates generally will not rise substantially above the Dissolution Distribution Amount payable. This also may be true prior to any other Dissolution Date.

In the case of Certificates with such an optional dissolution feature pursuant to Condition 9(b), the Kingdom may elect to require the Trustee to redeem such Certificates when its cost of financing is lower than the Profit Rate on the Certificates. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective profit rate as high as the Profit Rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider re-investment risk in light of other investments available at that time.

Investors must make their own determination as to Shari'a compliance

The Shariah Advisory Board of Citi Islamic Investment Bank E.C., the HSBC Global Shariah Supervisory Committee, the Shari'a advisers of J.P. Morgan Securities plc and the Shari'ah Committee of NBB KSA have each confirmed that the Transaction Documents are, in their view, in compliance with Shari'a principles as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of Certificates will be deemed to be Shari'a compliant by any other Shari'a board or Shari'a scholars or that they would deem the issue or trading of any Certificates (including, without limitation, any future trading of Certificates on the secondary market) to be Shari'a compliant. None of the Trustee, the Kingdom, the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates makes any representation as to the Shari'a compliance of the Transaction Documents, the above pronouncements or any Series and/or any trading thereof or that they would deem the issue or trading of any Certificates (including, without limitation, any future trading of Certificates on the secondary market) to be Shari'a compliant, and prospective investors are reminded that, as with any Shari'a views, differences in opinion are possible and different Shari'a standards may be applied by different Shari'a boards. In addition, none of the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates will have any responsibility for monitoring or ensuring compliance with Shari'a principles of debt trading referred to in Conditions 9(c) or 9(d) nor shall it be liable to any Certificateholder or any other person in respect thereof. Prospective investors should not rely on the above pronouncements in deciding whether to make an investment in the Certificates and should obtain their own independent Shari'a advice as to the compliance of the Transaction Documents and whether any issue of Certificates will comply with Shari'a standards (including, without limitation, their individual standards of compliance) and should also make their own determination as to the future tradability (including, without limitation, in compliance with Shari'a principles of debt trading) of the Certificates on any secondary market. Questions as to the Shari'a permissibility of the Transaction Documents or the tradability of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, the subject of arbitration under the Rules. The Kingdom has also agreed under the Transaction Documents to which it is a party to submit to the exclusive jurisdiction of the courts of England, at the option of the Trustee or the Delegate. In such circumstances, the arbitrator or court (as applicable) should apply the governing law of the relevant Transaction Document in determining the obligations of the parties.

Shari'a requirements in relation to interest awarded by an arbitrator or court

In accordance with applicable Shari'a principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court (as applicable) in connection with any dispute under any of the Transaction Documents to which it is a party. Should there be any delay in the enforcement of an arbitral award or a judgment against the Kingdom, interest may well accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest. Prospective investors should note that the Trust Assets specifically exclude any rights which have been expressly waived by the Trustee in any of the Transaction Documents (which, to the extent applicable, would extend to any award of interest made in favour of the Trustee by an arbitrator or court (as applicable) in respect of a dispute).

There can be no assurance as to the impact of a change in the laws governing the Certificates or the Transaction Documents

The structure of each issue of Certificates under the Programme is based on English law and the laws of Bahrain and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practices in any such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Kingdom to make payments under the Transaction Documents to which it is a party and/or the Trustee to make payments under any Series of Certificates, or the ability of the Trustee or the Kingdom to otherwise comply with their respective obligations under the Transaction Documents to which they are a party.

Effects of the Volcker Rule on the Trustee

The Trustee is relying on an exclusion or exemption under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7). The Trustee was structured so as not to constitute a "covered fund" for purposes of the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (a) engaging in proprietary trading, (b) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (c) entering into certain relationships with such funds. Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a "covered fund" does not include an issuer that satisfies all of the elements of the exemption from registration under the Investment Company Act provided by Rule 3a-5 of the Investment Company Act. The Volcker Rule became effective on 1 April 2014, but was subject to a conformance period for certain funds which concluded on 21 July 2015. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

The Delegate may request that the Certificateholders provide an indemnity and/or security and/or pre-funding to its satisfaction

Pursuant to the Conditions and the Master Trust Deed, the Delegate may, in certain circumstances, request the Certificateholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any action on behalf of Certificateholders. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may have an impact on when such actions can be taken.

Credit ratings do not reflect all risks

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

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

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

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

Interest or profit rate risks

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

Certificates with variable Profit Rates can be volatile investments. If they are structured to include caps or floors or a combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Certificates may be subject to exchange rate risks and exchange controls

The Trustee will pay all amounts due on any Certificates, and the Kingdom will make any payments pursuant to the Transaction Documents to which it is a party, in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. Any appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Certificates; (b) the Investor's Currency-equivalent value of the Dissolution Distribution Amount payable in respect of the Certificates; and (c) the Investor's Currency-equivalent market value of the Certificates.

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

A secondary market may not develop or be maintained for the Certificates

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

Certificates that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Certificates, which have denominations consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that such Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination in its account with the relevant clearing system, would not be able to sell the remainder of such holding without first purchasing a face amount of Certificates at, or in excess of, the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

A Certificateholder who holds an amount, which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time, may not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Certificate. If definitive Certificates are issued, holders should be aware that definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may also be illiquid and difficult to trade.

Investors in the Certificates must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

Each Series of Certificates issued under the Programme will be represented on issue by one or more Global Certificates that may be deposited with, and registered in the name of a nominee for, DTC and/or a Common Depositary for Euroclear and Clearstream, Luxembourg or may (each, as defined in "*Summary of Provisions relating to the Certificates while in Global Form*"). Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the interests in each Global Certificate held through it. While the Certificates of each Series are represented by Global Certificates, investors will be able to trade their interests only through the relevant clearing systems and their respective participants.

While the Certificates of each Series are represented by Global Certificates, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the relevant Series of Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Certificate.

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

The regulation and reform of "benchmarks" may adversely affect the value of Certificates linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including the Euro interbank offered rate ("**EURIBOR**")) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences, which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark.

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

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

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

The working group on Euro risk-free rates for the Euro area has published a set of guiding principles and high level recommendations for fallback provisions in, *inter alia*, new Euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, *inter alia*, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

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

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an original Reference Rate and/or any page on which an original Reference Rate may be published (or any other successor service) becomes unavailable. Such fallback arrangements include the possibility that the Profit Rate (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread, and may include amendments to the Conditions, the Master Trust Deed and/or any other Transaction Document to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Trustee and the Kingdom, or the Kingdom (acting in good faith and in a commercially reasonable manner), as applicable, and without the requirement for the consent or sanction of Certificateholders. An Adjustment Spread, if applied, is (a) a spread (which may be positive, negative or zero) or, (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate, as the case may be, and is the spread, formula or methodology, which (i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and the Kingdom) determines is customarily applied to the relevant Successor

Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, or (iii) (if the Independent Adviser (following consultation with the Trustee and the Kingdom) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and the Kingdom) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be, or (iv) (if the Independent Adviser (following consultation with the Trustee and the Kingdom) determines that there is no such industry standard) the Independent Adviser (following consultation with the Trustee and the Kingdom) or the Kingdom (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate. Accordingly, the application of an Adjustment Spread may result in the Certificates performing differently (which may include payment of a lower Profit Rate) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Profit Rate (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with or without the application of an Adjustment Spread) may still result in any Certificates linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Profit Rate) than they would if the original Reference Rate were to continue to apply in its current form.

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

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

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

Risks Relating to Enforcement

Enforcement risk

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

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

Ultimately, the payments under the Certificates are dependent upon the Kingdom making payments to the Trustee in the manner contemplated under the Transaction Documents to which it is a party. If the Kingdom fails to do so, it may be necessary to bring an action against it to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

The Kingdom has irrevocably agreed that the Transaction Documents to which it is a party (other than the Master Head Lease Agreement, each Supplemental Head Lease Agreement, the Master Sub-Lease Agreement and each Supplemental Sub-Lease Agreement), and any non-contractual obligations arising out of, or in connection with, them are governed by, and shall be construed in accordance with, English law.

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

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

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

- the party to the agreement was, under the law applicable to it, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected to or failing any indication thereon under the laws of Bahrain; or

- the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or

- the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration or it contains decisions on matters beyond the scope of the submission to arbitration. Provided that the decision on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside; or

- the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the laws of the country where the arbitration took place; or

- the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the laws of which, that award was made.

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

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

- such court enforces judgments and orders rendered in Bahrain;

- the courts of Bahrain did not have jurisdiction in the matter in respect of which the order or judgment has been made and it was made by a foreign court of competent jurisdiction under the jurisdiction rules or laws applied by such court;

- the parties had been served with due notice to attend and had been properly represented;

- the judgment was final in accordance with the law of the court making it; and

- the judgment did not conflict with any previous decision of the courts of Bahrain and did not involve any conflict with public order or morality in Bahrain.

As there has been no reciprocity between England and Bahrain, the courts of Bahrain are unlikely to enforce an English judgment without requesting that a fresh case is filed in the courts of Bahrain which may lead to the possibility that the courts of Bahrain may re-examine the merits of the claim although the courts of Bahrain may also accept the English

court judgment as evidence of a debt. The choice by the parties of English law as the governing law of the Certificates and the relevant Transaction Documents will be recognised by the courts of Bahrain provided that the provisions thereof are (a) proved, as a matter of evidence to the satisfaction of the Bahraini court, by the party relying on it and (b) not contrary to Bahraini public order and morality.

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

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

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

Waiver of sovereign immunity

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

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

Claims for specific enforcement

In the event that the Kingdom fails to perform its obligations under the Transaction Documents to which it is a party, the potential remedies available to the Trustee and the Delegate (as the case may be) include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific performance of a contractual obligation.

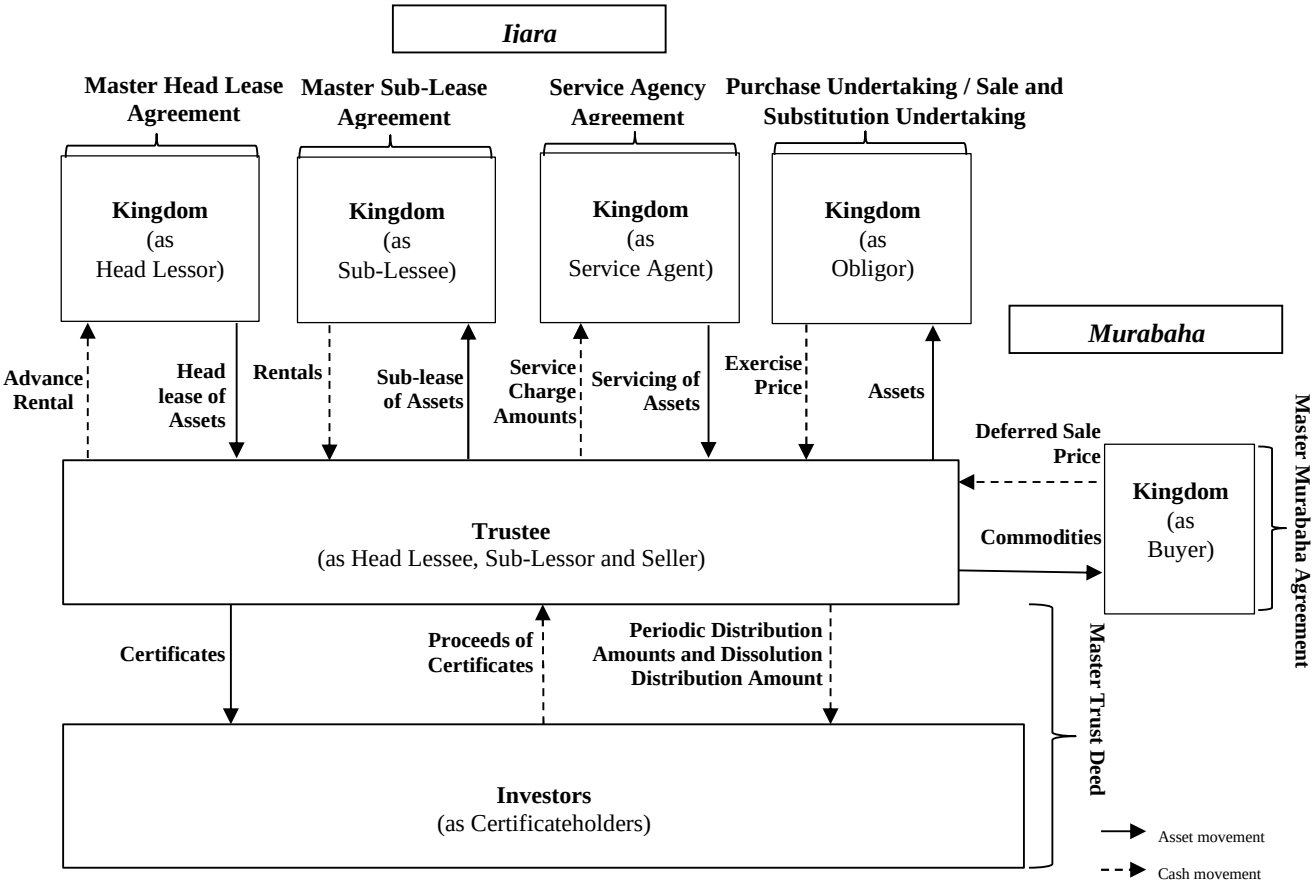
The amount of damages, which a court may award in respect of a breach, will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award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

STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Prospective investors are referred to the terms and conditions of the Certificates set out in "Terms and Conditions of the Certificates" and the detailed descriptions of the relevant Transaction Documents set out in "Summary of the Principal Transaction Documents" for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram

Certificates to be issued under the Programme may be issued pursuant to an *ijara* only structure or a combined *ijara* and *murabaha* structure, as further described, and subject to certain terms set out, below and in "*Summary of the Principal Transaction Documents*".



Payments by the Certificateholders and the Trustee

On the Issue Date of each Tranche of Certificates, the Certificateholders will pay the issue price (the "**Issue Price**") in respect of the Certificates to the Trustee, and the Trustee will apply as follows:

(a) an amount as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), which shall be equal to no less than 51% of the aggregate face amount of the relevant Certificates, to the Kingdom (in its capacity as head lessor, the "**Head Lessor**") as the advance rental amount (the "**Advance Rental**") to lease from the Head Lessor, and the Head Lessor shall lease to the Trustee (in its capacity as head lessee, the "**Head Lessee**"), certain real estate assets located in Bahrain (in the case of the first Tranche of the relevant Series of Certificates, the "**Assets**" or, in the case of each subsequent Tranche of such Series, the "**Additional Assets**", and, where the context so requires, the expression "**Assets**" shall be deemed to include any Additional Assets and/or take into consideration any replacements and/or substitutions thereof and/or other changes thereto pursuant to the terms of the Transaction Documents, in each case from time-to-

time) under the Master Head Lease Agreement and the relevant Supplemental Head Lease Agreement for a lease term of 100 years; and

(b) the remaining portion of the proceeds of the relevant Issue Price as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), which shall be equal to no more than 49% of the aggregate face amount of the relevant Certificates as the cost price (the "**Murabaha Investment Amount**") to purchase certain Shari'a compliant commodities (the "**Commodities**") for the purpose of selling such Commodities by the Trustee (in its capacity as seller, the "**Seller**") to the Kingdom (in its capacity as buyer, the "**Buyer**") on a deferred payment basis for a deferred sale price comprised of the Murabaha Investment Amount together with a profit amount specified in an offer notice (the "**Deferred Sale Price**") payable on the relevant Dissolution Date pursuant to a murabaha contract (the "**Murabaha Contract**") (such sale of Commodities by the Seller to the Buyer, the "**Commodity Murabaha Investment**").

On the Issue Date of the first Tranche of each Series of Certificates, pursuant to the terms of the Master Sub-Lease Agreement and the relevant Supplemental Sub-Lease Agreement, the Trustee (in its capacity as sub-lessor, the "**Sub-Lessor**") shall sub-lease to the Kingdom (in its capacity as sub-lessee, the "**Sub-Lessee**") and the Sub-Lessee shall sub-lease from the Sub-Lessor, the Assets for a lease term equal to the tenor of the relevant Certificates in consideration for payment of a periodic rental amount (the "**Rental**"). On the Issue Date of each subsequent Tranche of each such Series, the Sub-Lessor and the Sub-Lessee shall enter into a replacement Supplemental Sub-Lease Agreement for the sub-lease of the Assets in existence prior to such Issue Date and the Additional Assets.

Periodic Distribution Payments

On the Payment Business Day immediately preceding each Periodic Distribution Date, the Kingdom (in its capacity as service agent, the "**Service Agent**") shall apply amounts standing to the credit of a ledger account (the "**Collection Account**") comprised of an amount equal to the Rental payable by the Sub-Lessee pursuant to the Master Sub-Lease Agreement, as supplemented by the relevant Supplemental Sub-Lease Agreement and, if applicable, the instalment profit component (the "**Murabaha Instalment Profit Amount**") of the Deferred Sale Price payable in respect of the Commodity Murabaha Investment, in each case in connection with such Periodic Distribution Date, into an account maintained in London in the Trustee's name (the "**Transaction Account**"), which is intended to fund an amount equal to the aggregate of the Periodic Distribution Amounts payable by the Trustee under the Certificates of the relevant Series on the immediately following Periodic Distribution Date (the "**Required Amount**") and shall be applied by the Trustee for that purpose.

Dissolution Payments

On the Payment Business Day immediately preceding the Scheduled Dissolution Date in relation to each Series:

(a) the Trustee shall have the right under the Purchase Undertaking to require the Kingdom (acting in its capacity as obligor, the "**Obligor**") to purchase from the Trustee all of the Trustee's rights, title, interest, benefits and entitlements, in, to and under, the remaining lease term of the head lease over the Assets at an exercise price; and

(b) the aggregate amounts of Deferred Sale Price then outstanding, if any, shall become immediately due and payable under the Master Murabaha Agreement,

and such amounts are intended to fund the relevant Dissolution Distribution Amount payable by the Trustee under the Certificates of the relevant Series on the Scheduled Dissolution Date.

The Certificates in relation to any Series may be redeemed in whole or in part, as the case may be, prior to the Scheduled Dissolution Date for the following reasons: (i) if so specified in the applicable Final Terms, at the option of the Kingdom; (ii) at the option of Certificateholders following a Tangibility Event; (iii) following a Total Loss Event, unless the Assets have been replaced in accordance with the Service Agency Agreement; and (iv) following a Dissolution Event.

In the case of each of (i), (ii) and (iv) above, such redemption of the Certificates shall be funded in a similar manner as for the payment of the relevant Dissolution Distribution Amount on the Scheduled Dissolution Date, save that, in the case of (i) only, the Kingdom shall have the right under the Sale and Substitution Undertaking to require the Trustee to transfer, assign and convey to it all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under, the remaining lease term of the head lease over the Assets at an exercise price.

In the case of (iii) above, on the Total Loss Dissolution Distribution Date:

(a) the Trustee shall have the right under the Service Agency Agreement to receive all insurance proceeds relating to the Assets together with, if applicable, any Loss Shortfall Amount (as defined below) payable by the Service Agent in connection therewith; and

(b) the aggregate amounts of Deferred Sale Price then outstanding, if any, shall become immediately due and payable under the Master Murabaha Agreement.

DESCRIPTION OF THE TRUSTEE

History

The Trustee was incorporated as a single person company in Bahrain on 3 May 2016 under Article 76 of the Commercial Companies Law (Decree Law № 21 of 2001, as amended) (the "**Companies Law**") with its registered office at Central Bank of Bahrain, King Faisal Highway, Diplomatic Area, Block 317, Road 1702, Building 96, Manama, Bahrain. The Trustee is registered with № 98929 in the Commercial Register established by the Ministry of Industry and Commerce of Bahrain. Pursuant to Article 3 of the Trustee's articles of association (the "**Articles of Association**"), the objects of the Trustee are to establish the Programme and to participate in the transactions contemplated by the Transaction Documents.

Pursuant to Article 76 of the Companies Law, as the Trustee is wholly-owned by the Kingdom through the CBB, the provisions of the Companies Law do not apply, unless otherwise stated in the Articles of Association.

On 2 September 2019, the name of the Trustee was changed from CBB International Sukuk Company 4 S.P.C. to CBB International Sukuk Programme Company S.P.C.

On 1 October 2020, a number of amendments to the Companies Law were published, including that all single person companies shall be deemed to be "with limited liability companies", with the formalities relating to this conversion completed automatically by the Ministry of Industry, Commerce and Tourism. The amendments to the Companies Law came into effect on 2 October 2020. Accordingly, the name of the Trustee was changed to CBB International Sukuk Programme Company W.L.L. with effect from 2 October 2020.

The authorised and issued share capital of the Trustee is BD 1,000 divided into five ordinary shares of par value BD 200 each and is fully paid up. The Trustee's ordinary shares are owned by its proprietor, the CBB. The Trustee has no subsidiaries.

Business Activity

Since its establishment, the Trustee has not engaged in any material activities other than those regarding or incidental to the issue of trust certificates and the matters contemplated in this Base Prospectus and the Transaction Documents and the authorisation of its entry into the other transactions and documents referred to in this Base Prospectus to which it is or will be a party. Prior to the establishment of the Programme, on 16 May 2016, the Trustee issued a single series of trust certificates in an aggregate face amount of U.S.$435 million. These trust certificates matured and were fully repaid in their entirety on 16 May 2019. Since the establishment of the Programme in September 2019, the Trustee has issued seven series of Certificates: (i) U.S.$1.0 billion Trust Certificates due 2027 (in September 2019); (ii) U.S.$1.0 billion Trust Certificates due 2024 (in May 2020); (iii) U.S.$1.0 billion Trust Certificates due 2027 (in September 2020); (iv) U.S.$500 million Trust certificates due 2026 (in August 2021); (v) U.S.$1.0 billion Trust Certificates due 2029 (in November 2021); (vi) U.S.$350 million Trust Certificates due 2028 (in October 2022); and (vii) U.S.$1.0 billion Trust Certificates due 2030 (in April 2023).

The Trustee has a limited operating history and will not have any substantial liabilities, other than in connection with the Certificates and the matters contemplated in this Base Prospectus and the Transaction Documents. The Trustee has no subsidiaries and no employees.

Board and Management

The directors of the Trustee are as follows:

Director	Principal Occupation
Hesa Abdulla Al Sada	Employed by the Central Bank of Bahrain
Hessa Saif Al Buflasa.....	Employed by the Central Bank of Bahrain
Yousif Rashed Al Fadhel	Employed by the Central Bank of Bahrain

The business address of each of the directors is Central Bank of Bahrain, PO Box 27, Manama, Bahrain.

Conflicts

There are no potential conflicts of interest between any duties to the Trustee of the directors listed above and their private interests or other duties.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared or published. The fiscal year of the Trustee ends on 31 December of each year. Given that the Trustee is incorporated pursuant to Article 76 of the Commercial Companies Law №. 21 of 2001, as amended, the Trustee is not required by Bahraini law, and does not intend, to prepare, file, publish or audit annual accounts. The Trustee will not prepare any interim accounts.

Capitalisation

As at the date of this Base Prospectus, the capitalisation of the Trustee is BD 1,000. There has been no material change in the capitalisation of the Trustee since the date of incorporation.

USE OF PROCEEDS

The proceeds from the issue of each Tranche of Certificates will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents in the following proportion: (a) the Tangible Asset Percentage of the aggregate face amount of the Certificates of such Tranche as the Advance Rental for the lease of (in the case of the first Tranche) the Assets and (in the case of each subsequent Tranche) the Additional Assets from the Kingdom pursuant to the relevant Head Lease Agreement; and (b) if applicable, the Murabaha Percentage of the aggregate face amount of the Certificates of such Tranche towards the purchase of Commodities to be sold to the Kingdom pursuant to the Master Murabaha Agreement.

The amounts subsequently received by the Kingdom in consideration for the transactions entered into with the Trustee as set out above, including, if applicable, with respect to the proceeds received from the on-sale of the Commodities by the Kingdom, will be applied by the Kingdom for its general budgetary purposes. If there is a particular identified use of proceeds, it will be stated in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).

OVERVIEW OF THE KINGDOM OF BAHRAIN

Location and Population

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

Source: Survey & Land Registration Bureau, Kingdom of Bahrain

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

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

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

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

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

History

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

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

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

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

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

Constitution and Government

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

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

The National Assembly and Elections

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

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

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

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

See "*Risk Factors——Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain is subject to a number of on-going domestic political risks*".

The Government

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

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

The Ministry of Finance and National Economy

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

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

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

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

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

The Judiciary

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

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

Certain Political Developments

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

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

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

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

- *increased powers of the National Assembly*: in particular by granting it enhanced democratic scrutiny over the Government;

- *parliamentary approval of new Governments*: the Constitution has been amended so that a new Government will need to secure the approval of the democratically-elected Parliament;

- *Chamber of Deputies to preside over the National Assembly*: responsibility for presiding over the National Assembly has been transferred from the Chairman of the Shura Council to the Chairman of the Chamber of Deputies;

- *greater legislative and monitoring powers for the Chamber of Deputies*: ministers will be required to be answerable to appointed representatives; and

- *measures to create more efficient law-making procedures*: these measures will help address and overcome delays in ratification, and gaps in implementation, of legislation.

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

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

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

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

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

See "*Risk Factors——Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain is subject to a number of on-going domestic political risks*".

International Relations

GCC

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

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

Bahrain benefits from a U.S.$7.5 billion GCC Development Fund established in 2011 with contributions made by non-donee GCC member states. The GCC Development Fund includes investments in key infrastructure projects across the manufacturing, energy, healthcare and education sectors. The GCC Development Fund was originally established with the aim of raising U.S.$10 billion for Bahrain with preliminary commitments from four GCC member states. To date, U.S.$7.5 billion has been allocated to Bahrain by three GCC member states (Kuwait, Saudi Arabia and the UAE, following the withdrawal by Qatar of its portion). As of 30 November 2023, an amount of U.S.$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.$5.4 billion had been certified as paid from the GCC Development Fund. The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals set out in Vision 2030, and, in particular, on important infrastructure projects.

In recent years, Bahrain has benefitted from support from GCC countries. In October 2018, Saudi Arabia, Kuwait and the UAE pledged U.S.$10.3 billion to Bahrain to support the FBP and to alleviate near-term financing constraints. As at 30 November 2023, Bahrain had received U.S.$7.5 billion in support, as part of the total U.S.$10.3 billion pledged. In October 2021, a joint statement was made by the finance ministers of Saudi Arabia, Kuwait and the UAE reiterating their support for the FBP and the two year extension to its targets. The principal terms of this funding package include: (i) a 0% interest rate (thereby reducing the interest payment bill of the Government); (ii) a term of 30 years per drawdown (which is expected to improve the Government's debt payment profile); and (iii) a seven-year grace period (accordingly, the Kingdom will not be required to make any repayments during the FBP).

Customs and Monetary Union

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

social services in all member states. However, some barriers remained in the free movement of goods and services. The coordination of taxation systems, accounting standards, and civil legislation is currently in progress. The interoperability of professional qualifications, insurance certificates and identity documents are also underway.

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

Security

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

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

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

Qatar

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

On 5 June 2017, three GCC countries – Saudi Arabia, the UAE and Bahrain – as well as Egypt and Yemen – severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on evidence grounded on Qatar's support to terrorist and extremist organisations, including Qatar's meddling in other countries' internal affairs. Measures taken by the affected countries included the closure of land, sea and air links to Qatar and requesting certain Qatari officials, residents and visitors to leave the territories of the affected countries. In order to resolve the situation, the affected countries had expressed a willingness to discuss a restoration of ties and the lifting of the other boycott measures on the condition that Qatar commits to agreements it signed, cease support of terrorist and extremist organisations and stop interfering in other countries' affairs. In November 2017, Bahrain introduced visa requirements for Qatari nationals and residents.

In January 2021, at the annual GCC summit, and further to diplomatic efforts led by Kuwait and the United States, among others, the leaders of the six members of the GCC signed the Al-Ula Declaration, a "solidarity and stability" agreement towards the ending of the diplomatic rift with Qatar, although diplomatic tensions with Qatar remain. Saudi-Arabia and the UAE have announced the opening of air, land and sea entry points to Qatar. As part of the Al-Ula Declaration, the parties committed to the attempt to terminate all complaints and disputes between themselves by the end of the first year from the signing of the agreement. As of 11 January 2021, Bahrain's airspace had been re-opened to Qatar. In July 2022, Qatar was removed from a list of countries that are banned for travel by Bahrain, and visa requirements for Qataris wishing to enter Bahrain were abolished. As of 2023, full diplomatic ties have been re-established between Bahrain and Qatar.

See "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain is located in a region that has been subject to on-going geo-political and security concerns*".

Other Countries

Bahrain has bilateral trade and economic agreements with over 40 countries, including: China, France, India and the United Kingdom. Bahrain has Free Trade Agreements with Singapore and EFTA (comprised of Iceland, Liechtenstein, Norway and Switzerland) and Duty Free Access with the 17 Arab states party to the Greater Arab Free Trade Agreement (GAFTA). Bahrain has also signed: (a) Promotion and Protection of Investment Agreements with 34 countries; (b) Avoidance of Double Taxation Treaties with 41 countries; (c) Reciprocal Exemption of International Air Transport Agreements with 6 countries; and (d) Economic, Trade and Technical Co-operation Agreements with 32 countries.

On 28 May 2014, Bahrain entered into the Agreement for the Promotion and Protection of Investment with Tajikistan. In 2015, Bahrain entered into the Avoidance of Double Tax Agreement with Cyprus and the Avoidance of Double Tax Convention with Portugal.

United States

Bahrain enjoys good relations with the United States, which has the headquarters of its Gulf naval force on the island. In 2002, the U.S. designated Bahrain a "major non-NATO ally".

Bahrain was also the first Gulf country to have a Free Trade Agreement with the United States. Negotiations were commenced in 2004, and the agreement was implemented in 2006. According to statistics published by the U.S. Government, in 2022, U.S. goods and services trade with Bahrain totalled an estimated U.S.$4.0 billion.

On 12 January 2021, Bahrain, represented by the Ministry of Industry, Commerce and Tourism, entered into a memorandum of understanding with the United States to establish an 'American Trade Zone' within Bahrain to support and encourage trade, and to promote U.S.-Bahraini economic, commercial and industrial cooperation. The American Trade Zone will be promoted as a regional centre for trade, manufacturing, logistics and distribution between U.S. companies in Bahrain and other GCC countries, facilitating export operations through Khalifa bin Salman port, Bahrain International Airport and the King Fahd Causeway, or through any other future ports in Bahrain.

European Union

Bahrain enjoys good relations with the EU. The EU established bilateral relations with GCC countries through the 1988 Cooperation Agreement. The 1988 Cooperation Agreement provides for annual joint councils/ministerial meetings (between EU and GCC foreign ministers), and for joint cooperation committees at senior official level. The 1988 Cooperation Agreement allowed for the development of closer cooperation on issues such as energy, transport, research and innovation, and the economy. The most recent EU-GCC ministerial meeting was held in Brussels on 18 July 2016. The GCC delegation was led by H.E. Adel Al-Jubeir, Minister of Foreign Affairs of the Kingdom of Saudi Arabia (as GCC rotating president), and the EU delegation was led by H.E. Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the European Commission. The GCC Secretariat was represented by H.E. Dr. Abdul Latif bin Rahed Al-Zayani, GCC Secretary General.

The GCC was in discussions with the EU concerning a trade agreement between the GCC and the EU. Negotiations were suspended in 2009 to enable the GCC to complete a study on the cost benefit of such agreements, and this study is still being considered. Further informal contacts have taken place between the parties and both remain committed to concluding the agreement.

The EU's "Instrument for Cooperation with Industrialised and other High-income Countries and Territories" ("**ICI**") was the key framework for financial cooperation between the EU and the Gulf region (and other high-income countries). Amongst other projects, the ICI has financed the EU-GCC Clean Energy Network for cooperation among various players in the EU and the GCC on clean energy.

In February 2021, a Co-operation Agreement was signed between the European External Action Service and the Ministry of Foreign Affairs of Bahrain, providing an institutional framework for political dialogue and co-operation in areas such as trade, research and innovation, clean energy and renewables.

United Kingdom

Bahrain has entered into a number of trade and tax related agreements and memoranda of understanding with the United Kingdom, including the Agreement for Avoidance of Double Taxation, the Agreement for Promotion and Protection of Investment, the Friendship Treaty, the Memorandum of Understanding for the Economic, Trade and Technical Cooperation, the Memorandum of Understanding on Capacity Building Expertise and the Memorandum of Understanding on Mutual Assistance and Organised Crime.

In April 2018, the United Kingdom opened its new permanent military facility, the HMS Juffair, at Mina Salman Port in Bahrain. This military facility supports Royal Navy deployments in the Gulf through the creation of a permanent base, has improved existing onshore facilities at Mina Salman Port and provides the Royal Navy with a forward operating base and a place to plan, store equipment for naval operations and will provide accommodation for Royal Navy personnel.

In June 2021, the United Kingdom and the GCC completed a Joint Trade and Investment Review to explore new opportunities to enhance their trading relationship. Following completion of this review, a range of priority sectors have been identified for future British-Gulf collaboration.

Russia

Bahrain has an agreement with the Russian Federation for Economic, Trade and Technical Co-operation and signed a Promotion and Reciprocal Protection of Investment Agreement in 2014.

India

Bahrain concluded the Tax Information Exchange Agreement with India. There are also other agreements in place with India, including the Agreement for Economic, Trade and Technical Co-operation.

China

Bahrain is involved in strategic dialogue with China and has entered into a number of trade and tax related agreements with China, including the Agreement for Economic, Trade and Technical Co-operation, the Agreement for Avoidance of Double Taxation and the Agreement for Promotion and Protection of Investment. In May 2017, following a visit from the Chinese business delegation, the EDB signed memoranda of understanding with the China Hi-Tech Transfer Centre, Shenzhen Belt and Road Economy and Technology Cooperation Association, and Shenzhen Cross-Border E-Commerce Association, which are aimed at developing the economic ties between China and Bahrain and are expected to result in increased trade with, and investment from, China. In 2018, eight memoranda of understanding were signed between China and Bahrain to strengthen cooperation and promote trading. In January 2020, the Speaker of the Council of Representatives invited a Chinese parliamentary delegation to establish a joint parliamentary friendship committee to further boost existing strong bilateral relations.

Israel

On 15 September 2020, Bahrain entered into the Declaration of Peace, Cooperation, and Constructive Diplomatic and Friendly Relations agreement with Israel in order to further the shared commitment between the parties of advancing peace and security in the Middle East. This was in the context of, and on the same date as, the entry into by the UAE and Israel of a Treaty of Peace, Diplomatic Relations and Full Normalisation.

In March 2021, Bahrain's Electricity and Water Authority entered into an agreement with Israel's national water company, Mekorot National Water Company, for the latter to provide consulting services for advice on projects involving water, desalination, automated control and technology updates.

Since the attack by Hamas in Israel on 7 October 2023 and the following military operations launched by Israel in Gaza, Bahrain has called for an immediate, permanent and comprehensive ceasefire in the Gaza Strip to protect civilians and to meet their humanitarian needs. The scale, duration and impact of this conflict on Bahrain and the region, as well as any global effects, cannot be predicted.

International Organisations

Bahrain is a founding member of the World Trade Organisation and is a member of many other international organisations including the UN, the IMF, the World Bank Group (International Bank for Reconstruction and Development and the International Finance Corporation), the International Centre for Settlement of Investment Disputes, the International Labour Organisation ("**ILO**"), the Multilateral Investment Guarantee Agency, the Organisation of Islamic Cooperation, the Global Forum on Transparency and Exchange of Information for Tax Purposes, and a member of a number of regional organisations such as the Arab League, the Arab Monetary Fund, the Organisation of Arab Petroleum Exporting Countries, the Islamic Development Bank and the GCC. Bahrain is also a member of the UN Human Rights Council. In addition, a number of international programmes, including the UN Industrial Development Programme have their regional office in Bahrain and the Middle East and North Africa Financial Action Task Force ("**MENAFATF**") have their headquarters in Bahrain.

Bahrain has put in place measures to facilitate foreign nationals to conduct business in Bahrain. Bahrain implemented a new visa policy which allows visas to be obtained online or upon arrival in the country. Online visa eligibility has been extended to 115 nationalities. In 2022, Bahrain launched a new 10-year Golden Residency Visa ("**Golden Visa**"), which provides expatriates and foreign investors the opportunity to reside in Bahrain on a permanent basis and is aimed at attracting talent. In order to qualify for the Golden Visa, residents must have: (i) resided in Bahrain for not less than five years; and (ii) earned a monthly basic salary of not less than BD 2,000 during the previous five years of their residency in Bahrain.

Vision 2030

In October 2008, the Government approved a long-term vision document called Vision 2030 ("**Vision 2030**"). Vision 2030's objective is to further diversify Bahrain's economy into a globally competitive economy led by private enterprise and predominantly based on high productivity sectors, including financial services, logistics, tourism and industry. The economic vision sets out the aspirations for Bahrain's economy, government and society in accordance with the guiding principles of sustainability, competitiveness and fairness. The key priority areas of Vision 2030 are taken into account during each budget process and the Government continues to implement its objectives. As part of Vision 2030, the Government sets out four-year programmes that are approved by the legislative authority. The Government, with the support of the EDB, monitors the progress of initiatives agreed under the four-year programme.

The Government encourages entrepreneurship as an important driver of economic diversification and socially-inclusive growth and has taken a number of steps in this regard. The Government has set up an inter-agency SME Development Board composed of the Ministries of Industry, Commerce and Tourism, the EDB, Tamkeen, the Bahrain Development Bank and the Bahrain Chamber of Commerce and Industry. The board is tasked with nurturing an entrepreneurial ecosystem and boosting the ability of small- and medium-sized enterprises ("**SMEs**") to grow and increase their contribution to the economy. It is based on three main pillars: (i) access to markets, (ii) access to funding and (iii) fostering innovation.

The Government has introduced a number of measures aimed at encouraging entrepreneurship. The Government has eliminated minimum capital requirements for new companies and introduced virtual corporate registrations that do not require a physical address. The rights of minority shareholders have also been strengthened. In 2016, Bahrain implemented the Sijilat Commercial Registration Portal, which is designed to simplify the process of business registration, streamline licensing requirements and ensure transparency of procedures and co-ordination between all relevant organisations. The Government has also worked on removing the majority of the residual restrictions on foreign ownership of Bahraini companies. In addition, the Bahraini authorities have supported the development of a growing network of incubators and accelerators, typically with international partners, to encourage growth in Bahrain's fintech and start-up industry, with the goal of repositioning Bahrain as a fintech hub offering conventional and Shari'a-compliant fintech products. In addition, the Government has approved a policy of allocating 20% of Government procurement to SMEs.

Partnerships have been established with foreign entities in Europe and South-East Asia. In January 2018, the EDB and Abu Dhabi Global Market signed a fintech cooperation agreement (the first of its kind in the MENA region) to promote collaboration on the exchange of information on trends, services and products, leading to a closer relationship in the development of Islamic finance and fintech initiatives across the MENA region. In addition, in 2019, a U.S.$100 million fund-of-funds was established aimed at creating a dynamic venture capital community in the MENA region and supporting fund managers that invest in innovative tech entrepreneurs across the region. Other entities, such as Export Bahrain, also offer export-focused solutions, including financing, credit insurance, as well as training and knowledge sharing.

In May 2017, the CBB launched a regulatory sandbox that permits fintech firms to test and experiment their banking ideas and solutions. As of 30 June 2023, there were 20 active sandbox companies. The Regulatory Sandbox Framework was revised in August 2018. In October 2017, the CBB announced the establishment of a dedicated fintech unit, which is tasked with providing specialised services to individual and corporate customers in the financial sector and is responsible for the approval of regulatory sandbox participants, supervision of licensed companies' activities and operations (including cloud computing, payment and settlement systems), and monitoring technical and regulatory developments in the fintech field.

In addition, the CBB issued guidelines in August 2017 in respect of conventional and Shari'a-compliant financing-based crowdfunding businesses. The guidelines, which were revised in November 2018, include the following: (i) a minimum capital requirement for crowdfunding platform operators of BD 25,000; (ii) only person-to-business and business to business lending is permitted; (iii) SMEs may be based in Bahrain or abroad, however, with respect to foreign SMEs, platform operators must clearly mention the cross-border and jurisdictional risk financiers have to take; (iv) lenders/financiers must perform their own creditworthiness assessment on borrowers/fundraisers; and (v) crowdfunding

platform operators must comply with the CBB rules against anti-money laundering, combating the financing of terrorism and consumer protection.

In line with its goal to become the region's leading fintech hub, the CBB has issued a number of further regulations. In February 2019, the CBB issued its crypto-asset regulations (which were subsequently amended in 2023) to govern and licence regulated crypto-asset services in Bahrain. The CBB crypto-asset regulations address licensing, governance, minimum capital, control environment, risk management, AML/CFT, standards of business conduct, avoidance of conflicts of interest, reporting, and cyber security for crypto-asset services. They also cover supervision and enforcement standards, including those provided by a platform operator as a principal, agent, portfolio manager, adviser and as a custodian within or from Bahrain. In addition, the regulatory framework also contains rules relevant to order matching, pre and post trade transparency, measures to avoid market manipulation and market abuse, and conflicts of interest.

In December 2018, the CBB issued its open banking regulations, which facilitate the provision of a variety of innovative services for bank customers. The open banking regulations mandated the adoption of open banking by all retail banks in Bahrain by 30 June 2019. In February 2019, under the CBB's supervision and in collaboration with the IGA, BENEFIT (Bahrain Electronic Network for Financial Transactions) launched the first eKYC Project in the Arab Region. The project is intended to provide an advanced online platform and a database for financial institutions to authenticate the identities of their clients, as well as to validate their information before granting financial services. The CBB, in cooperation with the EDB, Bank ABC, ila Bank, BENEFIT, National Bank of Bahrain ("**NBB**") and Bahrain Islamic Bank, have launched FinHub 973, the first comprehensive digital fintech lab in the region, regulated by the CBB. The new platform aims to create a collaborative ecosystem in the fintech sector by establishing a gateway for investment opportunities in the region, while fostering innovation and supporting integration between financial institutions and fintech start-ups.

In order to improve access to international markets and empower the micro, small- and medium enterprises sector in Bahrain, the Bahraini authorities are working to establish an Export Development Centre (the "**EDC**"). The project is designed to encourage Bahrain-based companies to expand their operations beyond the local market. The EDC is expected to advise businesses on export opportunities for their products and provide training in export procedures.

Vision 2030 also contains plans for infrastructure development and investment in real estate and housing. See "*The Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Transport and Construction*" and "*The Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Real Estate*".

National Economic Recovery Plan 2022-2026

In 2022, the Government commenced the rollout of a five-pillar national economic growth and fiscal balance plan. The National Economic Recovery Plan is in line with Vision 2030 and aims to support Bahrain's post-COVID recovery and economic diversification, as well as to enhance long-term international competitiveness. The five pillars of the National Economic Recovery Plan comprise: (i) creating quality jobs for Bahraini citizens; (ii) simplifying and increasing the efficiency of commercial procedures (including by upgrading Sijilat and accelerating the issuance of Government licences, launching an electronic system for urban planning, updating legislation, launching a Government land bank and launching a "Golden Visa"); (iii) launching major strategic projects by designating new industrial investment areas and partnering with the private sector to execute major projects; (iv) developing strategic priority sectors through the implementation of six new sector strategies in tourism, logistics, financial services, telecommunications and digital economy, the industrial sector and the oil and gas sector; and (v) achieving fiscal sustainability and economic stability (in line with the key components of the revised FBP). Of the 27 projects targeted by the National Economic Recovery Plan, 21 have been completed.

The Bahrain Economic Development Board (EDB)

The EDB is the economic development agency in Bahrain, with a mandate to attract investment to Bahrain. The EDB works towards actively enhancing Bahrain's overall investment climate to support economic diversification and economic growth, as well as to create opportunities for local talent.

The Board of Directors of EDB, chaired by His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, are comprised of representatives of both the public and private sectors in Bahrian providing management oversight and guidance to serve the interests of existing companies and entrepreneurs, of businesses and investors entering the market, and Bahrain itself, to help create a sustainable and impactful economy.

In 2015, the EDB undertook a strategic review which was reviewed and approved by the EDB Board of Directors, chaired by His Royal Highness the Crown Prince. The EDB's mandate was tightened to focus on attracting and encouraging inward investment and helping foster an environment to help meet that goal. The EDB currently targets the following non-oil priority sectors for investment promotion in line with the National Economic Recovery Plan: financial services,

manufacturing, logistics, information and communications technology ("**ICT**") and tourism. These sectors offer investable assets and products and are seen as having high potential in several sub-segments for above-trend growth. In order to facilitate the implementation of its strategy, the EDB has expanded its international footprint through a presence in twelve markets beyond the MENA region. Over the past decade, Bahrain has continued to attract leading international names across different sectors, including PWC Middle East regional hub, Citi Global Technology Hub, the AWS Middle East (Bahrain) Region and Mondelez.

International companies have been investing and expanding in Bahrain, and in recent years, a number of banks have opened branches in Bahrain, including, Bank of Khartoum, Cairo Amman Bank, JS Bank and Turkiye Finans. In 2021, Citi also launched its Global Technology Hub in Bahrain. Additionally, new trends in the financial sector have been enabled by the CBB with the launch of a tokenisation service for contactless payment allowing international wallets to operate in Bahrain. As of 31 December 2022, the number of Fintech companies in Bahrain had increased by 100% since 2018. In 2022, Payment International Enterprise mobile wallet services commenced operations in Bahrain under the brand name FLOOSS.

In 2018, Mondelez opened its second biscuit facility in Bahrain. The 250,000 m² plant, which cost approximately U.S.$90 million, is expected to generate up to 300 additional jobs. The new facility has enabled Mondelez to reduce the transit time from its factory to Saudi Arabia by 70%, highlighting the flexibility and effectiveness of Bahrain as a manufacturing hub. In one of the largest projects of its type to date, Amazon Web Services established its first Middle East data centre in Bahrain on 30 July 2019, at an estimated cost of approximately U.S.$384 million. Also, in 2019, Arla Foods inaugurated a state-of-the-art cheese production site in Bahrain with an investment of approximately U.S.$55 million over two to three years to increase capacity and serve the regional market, with the target of creating more than 100 direct jobs by 2021. Arla Foods currently has approximately 320 employees. The hospitality and Fintech sectors are each expected to grow with the arrival of new international hotel operators and continuing investments by regional start-ups and more established companies. Ongoing investment in the hospitality sector includes over 17 strategic projects (including nine tourism projects) with an aggregate expected value of approximately U.S.$8 billion, which are expected to generate 1,000 new jobs. In 2022, Fedex was announced as the first anchor tenant at the Business Cargo Villate at Bahrain International Airport.

As part of the EDB's efforts to enhance the regulatory environment for investors and businesses, several key regulations were passed in 2018, in particular the Electronic Communications and Transactions Law and the Law on the Provision of Cloud Computing Services to Foreign Parties. These regulations are expected to ease facilitation for investors as well as assist Bahrain in its goal of achieving a digital economy. In 2019, Bahrain adopted the Privacy Data Protection Law.

In 2023, the EDB set a new record for direct investment, reporting a projected volume of more than U.S.$1.4 billion in direct investment from 64 local and international investment projects. In 2022, the EDB attracted investments of U.S.$1.1 billion from 89 projects in key sectors.

Government Plan 2023-2026

On 12 January 2023, the Government published its Action Plan for 2023-2026 (the "**2023-2026 GP**"). The 2023-2026 GP continues a number of the objectives set out in the Government Plan 2019-2022 (the "**2019-2022 GP**"). The 2023-2026 GP focuses on four priorities: (i) raising the standard of living of citizens; (ii) providing justice, security and stability; (iii) promoting economic recovery and sustainable development; and (iv) creating quality Government services.

The general goals of the 2023-2026 GP include: (i) creating more qualitative opportunities for citizens; (ii) consolidating community security to support development and prosperity efforts; (iii) developing financial and economic support programmes to increase the efficiency targeted support to those citizens in need; (iv) supporting comprehensive development endeavours by transitioning to an economy based on high value-added activities; (v) continuing to strive to achieve the goals of the FBP, while adopting policies that aim to increase citizens' incomes; (vi) building and strengthening public-private partnership ("**PPP**") rules; (vii) preserving natural resources and wealth, working to develop and invest them properly, and supporting international efforts to confront climate change; (viii) continuing to develop the performance, quality and sustainability of Government services; (ix) promoting the progress of Bahraini women and their contributions to public life and the national economy; and (x) supporting the development and achievements of the youth and sports sectors.

Government Plan 2019-2022

On 30 January 2019, the Council of Representatives approved the Government Plan 2019-2022 (the "**2019-2022 GP**"). The 2019-2022 GP aims at creating a balance between public expenditure and revenues to achieve economic growth, financial stability and sustainable development.

The 2019-2022 GP focused on: (i) investing in citizens by enhancing, improving and sustaining government services in education, health, and other sectors; (ii) further developing a safe and stable society; (iii) enhancing sustainable development to achieve fiscal balance and maintain economic growth; (iv) supporting the private sector to drive national development and create opportunities for citizens and investors; (v) optimising the use of resources and ensure sustainability for future generations; (vi) sustaining social and economic development by adopting legislation and initiatives supporting family stability and achieving gender equity; (vii) continuing to finance development projects and infrastructure that enhance growth and serve citizens; (viii) redefining the role of the public sector from operator to regulator and partner; and (ix) supporting creativity and excellence and highlight the role of women, youth and sport in all Government programmes and initiatives.

Government Priority Framework (May 2013-December 2020)

In May 2013, the Government introduced the first phase of the unified framework for priority government programmes, which primarily focused on: (i) providing effective and fair public services; (ii) improving justice and the rule of law; (iii) improving individual rights and ensuring equal opportunities; (iv) improving democratic life; and (v) accountability. Out of a total of 36 identified initiatives, 33 were successfully implemented in the first phase of the framework (between June 2013-December 2014) while the implementation of the remaining three initiatives continued in the second phase.

In March 2015, the Government approved the second phase, which identified 36 programmes for the unified framework of priority government programs. The initiatives identified focused on: (i) sovereignty; (ii) economic and fiscal matters; (iii) human development and social services; (iv) infrastructure; (v) environmental; and (vi) government performance. The Government has approved the introduction of 15 new programmes that were included in a revised version of the second phase programme. In March 2018, the Government approved the introduction of four new programs that are included in a further revised version of the second phase framework. In February 2019, 45 out of a total of 51 programmes were completed within the second phase timeframe, with the remaining three programmes carried over to a third phase.

In May 2019, the Government approved the third phase of the framework, which includes 36 programmes for the unified framework of priority government programmes. The initiatives identified focused on: (i) fiscal sustainability and economic development; (ii) strengthening the basic principles of Bahrain and society; and (iii) providing a supportive environment for sustainable development. 24 out of a total of 54 programmes have been completed.

Environment

The National Environmental Strategy (the "**NES**") was launched in 2006 to focus on environmental priorities and concerns in Bahrain. Following its launch, a number of actions were implemented to achieve its objectives, including upgrading air quality monitoring stations, developing a national strategy on biodiversity and naming the Northern Hayrat, which represents 18.01% of Bahrain's national regional water boundaries, a protected area.

When the fiscal budget for Bahrain's two-year term was declared in early 2019, the Supreme Council for Environment (the "**SCE**") allocated the requested budget to update the NES.

In October 2018, Bahrain was granted approximately U.S.$2.3 million by the Green Climate Fund for the first phase of a project to enhance institutional capacity and knowledge management relating to the climate resilience of Bahrain's water sector. A water resources management unit has been established, with projects including: modelling the impacts of climate change on Bahrain's freshwater resources; conducting a comprehensive water audit for industrial and agricultural sectors, with an assessment for water use in the municipal sector; developing an online cross-sectional knowledge management platform; guiding rainwater harvesting, greywater re-use and water-saving in households and farms; and building capacity on integrated water resources management. These projects are in different phases of completion.

The National Water Strategy ("**NWS**"), which was approved in 2021, is a core part of the Green Climate Fund and aims to support the implementation of an integrated water management methodology and to protect Bahrain's water resources from the impact of climate change.

In recent years Bahrain has worked to strengthen its environmental laws and regulations, including in respect of: (i) management of hazardous chemicals and waste; (ii) management of healthcare waste; (iii) management of electric and electronic waste; (iv) banning single-use plastic bags; (v) banning the import of plastic waste; (vi) management of ozone

depleting chemicals; (vii) regulating the refrigeration sector; (viii) updating emission standards; (ix) regulating air and marine monitoring; and (x) expanding protected nature areas. Bahrain has also ratified and signed the Minamata Convention on Mercury, in addition to the previously ratified UN Conventions.

Law № 7 of 2022 on the Environment was approved in the first half of 2022. The new environmental law repeals Decree № 21 of 1996 on the Environment and covers a range of matters related to environmental protection, including biodiversity, the marine and terrestrial environment, air quality, environmental disasters, waste management, pollution, and radiation.

In 2017, the Government set a national target to reduce energy consumption to 6% by 2025, and to increase the share of renewable energy to 5% by 2025 and, subsequently, to 10% by 2035. Following the annual United Nations climate change conference in 2021, COP26, this target was further raised to increase the share of renewable energy to 20% by 2035. Bahrain also has a long-term target of reaching net zero by 2060, and a short-term target of reducing greenhouse gas emissions by 30% (as compared to 2015 levels) by 2035. These targets are economy-wide and require a shift towards both energy efficiency and renewable energy.

In 2020, Bahrain submitted its third National Communication under the UN Framework Convention on Climate Change, outlining its national circumstances, greenhouse gas inventory, vulnerability and adaptation, greenhouse gas mitigation and educational initiatives in this field. In line with the United Nations Paris Agreement, Bahrain acknowledged its vulnerability to climate change impacts, such as, sea level rise, and a nation-wide study to assess the potential severity of coastal flooding by 2050 is being conducted. In 2021, Bahrain submitted its Nationally Determined Contribution ("**NDC 2021**"), which is a document confirming Bahrain's commitment to the UN Framework Convention on Climate Change and the Paris Agreement and setting-out its action plan to cut emissions and adapt to climate impacts. Each party to the Paris Agreement is required to establish a Nationally Determined Contribution and to update it every five years. Bahrain's NDC 2021 contains sections on protecting its coastal infrastructure, water resources, afforestation and mangrove habitats.

In furtherance of climate change resilience and adaptation efforts, Bahrain has prepared a national adaptation investment plan ("**NAIP**"). The NAIP examines Bahrain's potential adaptation options with the aim of identifying necessary and appropriate interventions. Adaptation initiatives are underway and, during the annual United Nations climate change conference in 2021, COP26, Bahrain announced a target of quadrupling its mangrove coverage by 2035. In 2020-2021, more than 19,000 mangroves were planted. In line with the National Afforestation Project, 87,700 trees had been planted out of the 140,000 yearly target for 2022, as of August 2022.

During the annual United Nations climate change conference in 2023, COP28, Bahrain announced the launch of the National Action Plan, "Blueprint Bahrain", to achieve carbon neutrality through three tracks: a low-carbon economy; climate change adaptation; and creating sustainable opportunities in the new green economy. In line with this plan, on 30 November 2023, Mumtalakat announced the launch of a climate solutions platform, with an investment target of U.S.$750 million, to invest in climate-related technology. On 1 December 2023, Mumtalakat also launched its voluntary carbon offsetting platform, Safa, to help businesses and individuals better understand and manage their carbon footprint by contributing to climate initiatives.

In January 2024, Bapco Energies published its Transition Finance Framework, which is intended to allow Bapco Energies to raise financing aimed at its transition projects, while supporting Bahrain's sustainability efforts. In line with Bahrain's commitments, Bapco Energies has committed to achieving net zero by 2060 and is in the process of a transformation to evolve from an oil and gas holding company into an integrated energy company.

Legal Proceedings

On 9 November 2021, an arbitral tribunal in the Netherlands issued a ruling against Bahrain awarding €232 million (plus costs) to Bank Melli Iran and Bank Saderat Iran in relation to investments in Future Bank. Bahrain is entitled to contest this award on jurisdictional and other bases and believes that the award, which inter alia contains evident computational errors, should be annulled. The Government believes that this award will not be enforced and, if it were to be enforced, would have no impact on Bahrain's finances. The two banks, as well as a number of their employees, have been convicted in separate matters on a number of criminal grounds in Bahraini courts.

ECONOMY OF THE KINGDOM OF BAHRAIN

Introduction

Bahrain enjoys a strong, diverse and competitive economy. Bahrain has moved to diversify its economy away from a dependence on oil. Although oil continues to play an important part in Bahrain's economy - in particular from the offshore Abu Saafa Field, which Bahrain shares with Saudi Arabia, and the onshore Bahrain Field - Bahrain also has a significant financial services industry (acting as a financial centre for the MENA region), which was the biggest non-oil contributor to Bahrain's GDP in 2022. Manufacturing, oil refining, aluminium production and tourism are also significant contributors to GDP. In 2023, Bahrain was ranked first in the MENA region in Trade Freedom, Investment Freedom and Financial Freedom, as measured by the Heritage Foundation's 2023 Index of Economic Freedom. In common with most other countries, the COVID-19 pandemic affected Bahrain. See "*— COVID-19*".

In line with its priority to develop non-oil activities, such as manufacturing and financial services since at least the late 1960s, Bahrain has remained a regional leader in economic diversification. Bahrain is believed to have one of the most diverse economies in the GCC, the hydrocarbons sector only accounted for 18.0% of real GDP in 2021, 16.9% of real GDP in 2022 and 16.2% in the nine months ended 30 September 2023. This proportion has fallen from 43.6% in 2000 despite the positive absolute growth in hydrocarbons extraction. Four sectors of the economy – hydrocarbons, financial services, manufacturing and government services – each generated more than 10% of real GDP in 2020, 2021 and 2022 and the nine months ended 30 September 2023.

Apart from the relatively flat hydrocarbons sector, the other three sectors have been important contributors to growth, each growing at a compound average annual rate of more than 5% since 2000. While the largest sectors have been instrumental in reshaping the Bahraini economy, diversification in Bahrain is increasingly driven by a group of medium-sized sectors, in particular, social and personal services (principally composed of private education and health care), as well as construction, which have each posted strong compound annual average growth rates since 2000.Bahrain has made progress in diversifying its economy through investment, prioritising digital transformation and innovation in the financial sector, manufacturing, ICT, logistics and tourism.

A brief overview of some of the other principal sectors contributing to Bahrain's GDP is as follows:

Manufacturing: Bahrain has a highly developed manufacturing sector, with significant contributions from aluminium and steel, oil refining and food processing. Subsectors, such as food processing, fast-moving consumer goods and other high-value downstream activities have experienced relatively high growth within the sector. Bahrain considers manufacturing to be a strategic sector, has invested in industrial parks, such as the Bahrain International Investment Park, and the Alba Line 6 Expansion Project (inaugurated in November 2019), which is expected to significantly expand aluminium production capacity in the downstream market. The manufacturing sector accounted for 14.4% of real GDP in 2019, 14.3% of real GDP in 2020, 14.1% of real GDP in 2021, 14.0% of real GDP in 2022 and 13.7% of real GDP in the nine months ended 30 September 2023.

Logistics: Bahrain's strategic goal is to provide logistics services for the larger GCC market and the northern Arabian Gulf. Currently, Bahrain is host to several global logistics companies, which operate across the GCC, including DHL, Agility and Aramex. Bahrain's current logistics strategy aims to further reduce cargo travel time from Bahrain across the GCC region by improving customs procedures, as well as expanding the Bahrain Logistics Zone in the Hidd area. Bahrain is also undertaking major infrastructure projects, including dredging the Bahrain Approach Channel ("**BAC**") (phase one of which was completed in 2010), the new passenger terminal building at Bahrain International Airport, which opened in January 2021, and is part of a larger airport modernisation project and expanding rail connections to other GCC countries.

ICT: Bahrain has a high quality modern telecommunications system, currently operated by the Bahrain Telecommunications Company B.S.C. ("**Batelco**"), Zain Bahrain B.S.C. (C) ("**Zain**") and Saudi Telecommunications Company ("**STC**"). See "*—Other Services—Telecommunications*". The sector is regulated by the Telecommunications Regulatory Authority ("**TRA**"), which has created a mature regulatory environment that has been consistently ranked among the best in the MENA region and is ranked 51st of 134 countries in the 2023 Network Readiness Index published by the Portulans Institute (a U.S.-based research and educational institute). The TRA regularly publishes Bahrain's National Telecommunications Plans. In October 2020, the Government approved the Fifth National Telecommunications Plan, which targets completing the development of the national broadband network, extending its coverage to all homes and institutions at fair and reasonable prices, achieving full equality in the provision of services and enhancing the role of Bahrain's national broadband network in developing infrastructure for optical fibres by the end of 2023. The TRA has also committed to create an independent infrastructure provider, with the purpose of enhancing efficiency and provision of service to all companies in Bahrain that provide telecommunications services and online content.

Financial Services: Bahrain has a well-developed banking, insurance and fund industry, driven by a comprehensive regulatory framework set by the Bahrain's sole financial regulator, the CBB. Bahrain has the largest concentration of Islamic finance institutions in the GCC region, including Islamic banks, *Takaful* and *Retakaful* firms and professional bodies and associations setting global standards for the industry. Capitalising on Bahrain's 14,000-strong highly-skilled and bilingual local workforce in financial services, the EDB has prioritised its development efforts to focus on deepening Bahrain's ancillary financial services and building on its financial technology sector, including payment services. The financial services sector accounted for 17.1% of real GDP in 2020, 17.7% of real GDP in 2021, 17.3% of real GDP in 2022 and 17.7% of real GDP in the nine months ended 30 September 2023.

Tourism: Prior to the emergence of COVID-19, visitor numbers to Bahrain had been growing, with Bahrain being a particularly popular destination for GCC visitors. The number of hotel rooms in Bahrain has doubled between 2015 and 2019, with occupancy rates averaging 48.2% in 2019. The Bahrain Tourism Strategy 2015-2018 focused on a number of initiatives, including the development of public waterfront developments, improving access to culture and antiquity sites, as well as large scale development projects from the private and public sector, which included re-developing Hawar Island and building several mixed-use projects. The tourism industry was particularly impacted by the COVID-19 pandemic and the corresponding restrictions on travel. In 2021, the Bahrain Tourism & Exhibitions Authority launched Bahrain's tourism strategy for 2022-2026. This strategy aims to: (i) position Bahrain as an international tourism hub; (ii) increase the contribution of tourism to GDP; (iii) increase the number of tourism target markets; and (iv) diversify Bahrain's tourism offering. By 2026, the strategy aims to increase the percentage of the tourism sector's contribution to GDP to 12.2% (as compared to 6.8% in 2019), increase inbound tourism spending to BD 2 billion (as compared to BD 1.5 billion in 2019), attract 14.1 million visitors (as compared to 11.1 million in 2019), increase the average visitor spending per day to BD 74.8 (as compared to BD 71 in 2019) and raise the average number of tourist nights to 3.5 (as compared to 3.4 in 2023). The strategy is based on seven main pillars, including work on waterfronts and related activities, business tourism, sports tourism, recreational tourism, medical tourism, cultural tourism, archaeology and history, media tourism and cinematography.

Healthcare: Bahrain is expanding its healthcare industry, with the aim of becoming a leading healthcare destination in the region by investing in the cardiac and oncology treatment centres. This investment strategy aligns with Bahrain's fiscal policy to increase its non-oil revenue. See "*Public Finance—Project Expenditure*."

Education: The number of public schools in Bahrain increased from 204 schools in 2006 to 210 schools in 2022. Private schools have increased from 60 schools in 2006 to 76 schools in 2023. Six schools have been funded through the GCC Development Fund, amounting to U.S.$85 million.

Bahrain's economic development is supported by strong infrastructure which has been developed by the Government since the 1970s through continued public capital investment.

The following table sets out government spending on projects. The below figures do not include spending from amounts received under the GCC Development Fund.

	2018	2019	2020	2021	2022	2023	H1 2023
	Actual	Actual	Actual	Actual	Actual	FBP	Actual
Government Project Spending (*BD millions*)	327	252	220	200	233	81	72
Government Project Spending (*U.S.$ millions)*	871	670	585	532	621	215	191

Source: Ministry of Finance and National Economy

In addition to direct Government capital expenditure, a number of additional projects are funded through development funds and grants. A number of major projects have been identified and approved by the Government, including major housing projects amounting to U.S.$2.4 billion, electricity and water projects amounting to U.S.$1.6 billion, roads and sewerage projects amounting to U.S.$1.5 billion, airport improvement projects amounting to U.S.$1.0 billion and a number of other projects, amounting to U.S.$1.1 billion, focusing on education, health, social development, youth, sports and industry which are expected to be funded by grants received from the GCC Development Fund. Several major infrastructure projects have been launched under the GCC Development Fund, including: (i) the creation of the King Abdullah Medical City; (ii) projects for the development of major roads; (iii) the establishment of the Khalifa Town and Salman Town housing cities; (iv) the construction of a number of public schools; and (v) projects for the expansion of the electricity grid. See "*Public Finance—Government budget*".

Expenditures relating to projects funded by these grants are not recorded in the budget as capital expenditure. Amounts relating to the GCC Development Fund are received from the Saudi Fund, the Kuwait Fund and the Abu Dhabi Fund. Details of the amounts to be provided by these entities are set out in "*Public Finance—Government Budget*".

COVID-19

In common with most other countries, the COVID-19 pandemic has and may continue to have a significant effect on the Kingdom. See "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain's economy may be impacted by global inflationary trends*" and "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain's economy remains significantly dependent on oil revenues and is vulnerable to external shocks*".

Bahrain has had a national vaccine programme in place since December 2020. According to Government data, as at 1 October 2022, 1.2 million individuals had been fully vaccinated (including Bahraini nationals and residents), representing around 82.6% of the population. The Government has, at times, implemented enhanced screening and quarantine measures to reduce the spread of COVID-19 and warned travellers to be prepared for travel restrictions to be put into effect with little or no advance notice. However, there are no current testing requirements for travellers to enter Bahrain.

On 17 March 2020, the Government announced a BD 4.3 billion economic stimulus package (equivalent to 29.6% of nominal GDP for the year ended 31 December 2019) aimed at providing economic assistance to individuals and businesses. The amount of the stimulus package subsequently increased to BD 4.5 billion. This package included initiatives relating to payment of salaries for Bahrainis working in the private sector, payment of electricity and water bills, exempting individuals and businesses from certain fees and rent payments, increasing the size of the liquidity fund, as well as lending facilities to banks and redirecting Tamkeen programmes to support adversely affected companies, as well as restructuring all debts issued by Tamkeen. On 29 June 2020, the Government announced a second economic package which extended a number of initiatives for an additional three months from July to September 2020 and introduced a number of other initiatives targeting adversely affected sectors. Further Government initiatives (including the deferral of loans) were subsequently announced to support tenants and mortgagees and businesses in the most adversely impacted sectors, including the tourism and retail sectors. Certain support measures and initiatives were extended on a number of occasions during 2020 and 2021, including the exemption of certain businesses from rental payments and municipal fees, the deferral of loans, the extension of Tamkeen's business continuity support programme for closed businesses and the exemption of all tourism-related establishments from tourism levies.

In July 2020, Decree № 22 for the year 2020 was issued, which authorised emergency expenditures of BD 177 million to fund the Government's efforts to combat COVID-19. In addition, Decree № 23 for the year 2020 was issued to permit the Government to withdraw U.S.$450 million from the Future Generations Fund on a one-time basis to support the budget for the year 2020 and temporarily halt allocation of oil revenues to the Future Generations Fund in 2020. In September 2020, the Government approved a further extension of certain measures until December 2020 targeting the most adversely affected sectors. In addition, the CBB also implemented a number of other measures to support the financial sector. Such measures have since been reversed.

Gross Domestic Product

The hydrocarbons sector (crude petroleum and natural gas) has historically been the largest contributor to GDP (18.6% for the year ended 31 December 2020, 18.0% for 2021, 16.9% for 2022 and 17.0% for the nine months ended 30 September 2023), and the financial services sector is the single largest non-oil contributor to GDP (17.1% for the year ended 31 December 2020, 17.7% for 2021, 17.3% for 2022 and 17.7% for the nine months ended 30 September 2023), reflecting the importance of trade and finance to the domestic economy. In the nine months ended 30 September 2023, the financial services sector contributed more to GDP (17.7%) than the hydrocarbons sector (17.0%).

In 2020, economic growth in Bahrain was primarily impacted by the COVID-19 pandemic and lower international oil prices, with real GDP declining by 4.8%. In 2021, Bahrain's real GDP increased by 2.6% and, in 2022, Bahrain's real GDP increased by 5.1%. The IMF (in its October 2023 World Economic Outlook) forecasts Bahrain's real GDP to grow by 2.7% in 2023 and by 3.6% in 2024.

A table setting out Bahrain's GDP by economic activity based on constant 2010 prices and by percentage contribution is provided in "*—Principal Sectors of the Economy*" below.

The following table sets out the GDP of Bahrain for the periods indicated, both as a total and on a per capita basis, and both in current prices and constant 2010 prices for the periods indicated:

	For the year ended 31 December[1]					For the nine months ended 30 September
	2018	**2019**	**2020**	**2021**	**2022[2]**	**2023[2][3]**
GDP at current prices (*U.S.$ millions*)[4]	37,802.0	38,653.9	34,552.9	39,218.4	44,370.7	31,828.0
GDP at constant 2010 prices (*U.S.$ millions*)[4]	33,818.4	34,551.3	32,886.0	33,738.4	35,471.1	26,910.2
Percentage change over previous period						
At current prices (*%*)	6.6	2.3	(10.4)	13.5	13.1	(4.6)
At constant 2010 prices (*%*)	2.1	2.2	(4.8)	2.6	5.1	2.1
Per capita[5][6]						
At current prices (*U.S.$*)[4][5]	25,149.5	26,051.4	23,010.2	26,069.7	28,494.3	—
At constant 2010 prices (*U.S.$*)[4][5]	22,499.2	23,286.4	21,900.3	22,427.0	22,779.1	—

Notes:
(1) Certain figures in this table differ from previously published figures.
(2) Figures are based on preliminary data.
(3) With respect to the percentage change for a quarter, the figure represents the percentage change between the relevant quarter in 2023 as compared to the same quarter in 2022.
(4) Using the fixed conversion rate of BD0.376 = U.S.$1.00.
(5) Assuming a population of 1,503,091 in 2018, 1,483,756 in 2019, 1,472,204 in 2020, 1,504,365 in 2021 and 1,557,182 in 2022.
(6) No GDP per capita figures are available for quarterly GDP.

Source: Information eGovernment Authority

Direct government consumption constituted approximately 15.8% of current GDP in 2021, a decrease from 17.1% of GDP in 2020. Government consumption also affects private consumption since the Government is the country's major employer and promoter of capital projects. In addition, Government procurement contracts are a major source of work for many private companies in Bahrain. Government consumption increased (in nominal terms) since 2000 to reach U.S.$6,064.7 million in 2019, U.S.$5,933.0 in 2020 and U.S.$6,211.0 in 2021. Investment is affected by the oil sector with gross fixed capital formation and stock building being influenced by periods of fluctuating oil prices. See "*— Introduction*".

The following table sets out GDP in current prices (using the expenditure approach) and in percentage terms for the periods indicated.

	2018		2019		2020		2021	
	(U.S.$ millions)[1]	*(%)*	*(U.S.$ millions)*[1]	*(%)*	*(U.S.$ millions)*[1]	*(%)*	*(U.S.$ millions)*[1]	*(%)*
Private consumption	15,404.5	40.8	15,616.8	40.4	14,586.3	42.2	15,383.0	39.2
Government consumption	6,156.6	16.3	6,064.7	15.7	5,933.0	17.2	6,211.1	15.8
Gross fixed capital formation	11,137.1	29.5	10,742.8	27.8	10,004.1	29.0	9,669.9	24.7
Change in stocks[2]	2,193.6	5.8	1,872.5	4.8	2,077.2	6.0	296.8	0.8
Net exports of goods and services	2,910.4	7.7	4,356.7	11.3	1,952.4	5.7	7,657.2	19.5
Exports of goods and services	29,959.0	79.3	29,564.4	76.5	25,249.2	73.1	35,234.6	89.8
Imports of goods and services	27,048.7	71.6	25,207.7	65.2	23,296.8	67.4	25,577.4	65.2
GDP[3]	**37,802.0**	**100.0**	**38,653.9**	**100.0**	**34,552.9**	**100.0**	**39,218.4**	**100.0**

Notes:
(1) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(2) Including net errors and omissions.

Source: Information eGovernment Authority

The following table sets out the growth in real GDP in percentage terms (by expenditure approach) based on constant 2010 prices for the periods indicated.

	2018		2019		2020		2021	
	(U.S.$ millions)[1]	*(%)*	*(U.S.$ millions)*[1]	*(%)*	*(U.S.$ millions)*[1]	*(%)*	*(U.S.$ millions)*[1]	*(%)*
Private consumption	13,096.0	38.7	13,162.1	38.1	12,584.8	38.2	14,965.6	44.4
Government consumption	5,659.2	16.7	5,573.8	16.1	5,433	16.5	5,784.3	17.1
Gross fixed capital formation	9,768.2	28.9	9,497.8	27.5	9,136.9	27.7	8,751.9	25.9
Change in stocks[2]	1,047.8	3.1	658.6	1.9	626.0	2.1	(5,517.4)	16.4
Net exports of goods and services	4,247.1	12.6	5,659.0	16.4	5,105.6	15.5	9,753.9	28.9
Exports of goods and services	27,709.0	81.9	27,814.5	80.5	27,105.7	82.3	35,094.7	104.0
Imports of goods and services	23,461.8	69.4	22,155.5	64.1	22,000.1	66.8	25,340.82	75.1
GDP	**33,818.4**	**100.0**	**34,551.3**	**100.0**	**32,886.0**	**100.0**	**33,738.4**	**100.0**

Notes:
(1) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(2) Including net errors and omissions.

Source: Information eGovernment Authority

Principal Sectors of the Economy

The table below sets out Bahrain's GDP by economic activity based on current prices and by percentage contribution for the periods indicated.

	2018		2019		2020		2021		2022[1]		For the nine months ended 30 September 2023[1]	
	(U.S.$ millions)[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*
Non-financial corporations	**25,981.0**	**68.7**	**26,370.5**	**68.2**	**22,290.0**	**64.6**	**26,393.9**	**67.3**	**30,390.8**	**68.5**	**21,054**	**78.2**
Agriculture and fishing	108.9	0.3	108.7	0.3	108.6	0.2	109.7	0.2	114.4	0.3	86.7	0.3
Mining and quarrying[3]	5,965.1	15.8	5,771.2	14.9	4,045.0	11.7	6,161.4	15.7	8,113.7	18.3	5173.5	16.3
(i) Crude petroleum and natural gas	5,599.7	14.8	5,382.4	13.9	3,638.2	10.5	5,729.7	14.6	7,659.6	17.3	4807	15.1
(ii) Quarrying	365.4	1.0	388.9	1.0	406.9	1.2	431.7	1.1	454.1	1.0	366	1.1
Manufacturing	6,660.7	17.6	6,811.3	17.6	6,333.8	18.3	8,071.8	20.6	9,392.5	21.2	6,255.8	19.7
Electricity and water	475.7	1.3	502.2	1.3	546.3	1.6	555.7	1.4	614.2	1.4	420.4	1.3
Construction	3,100.6	8.2	3,180.7	8.2	2,879.3	8.3	2,878.5	7.3	3,016.9	6.8	2,274.9	7.1
Trade	1,625.8	4.3	1,663.6	4.3	1,566.8	4.5	1,563.7	4.0	1597.6	3.6	1,202.9	3.8
Hotels and restaurants	834.5	2.2	915.6	2.4	520.4	1.5	562.9	1.4	670.3	1.5	530.4	1.7
Transport and communications	2,810.0	7.4	3,002.1	7.8	2,380.0	6.9	2,516.3	6.4	2,770.0	6.2	2,023.9	6.4
Social and personal services	2,328.3	6.2	2,412.5	6.2	2,036.0	6.1	2,071.8	5.3	2,111.8	4.8	1,579.6	5.0
Real estate and business activities	2,071.3	5.5	2,002.6	5.2	1,873.8	5.4	1,902.2	4.9	1989.4	4.5	1,506.0	4.7
Financial corporations	**6,173.0**	**16.3**	**6,060.6**	**15.7**	**6,225.7**	**18.09**	**6,640.6**	**16.9**	**6,869.8**	**15.5**	**5,285.7**	**16.6**
Financial institutions	2,137.9	5.7	1,992.9	5.2	2,096.0	6.1	2,444.9	6.2	2725.5	6.1	1,977	6.2
Offshore financial institutions	2,054.7	5.4	2,050.0	5.3	2,118.5	6.1	2,148.4	5.5	2055.9	4.6	1,653	5.2
Insurance	1,980.4	5.2	2,017.7	5.2	2,011.0	5.8	2,047.3	5.2	2,088.4	4.7	1656	5.2
Government services	**4,875.0**	**12.9**	**4,780.6**	**12.4**	**4,748.9**	**13.7**	**4,817.8**	**12.3**	**5,056.6**	**11.4**	**3,904.4**	**12.3**
Government education services	939.9	2.5	846.3	2.2	787.1	2.3	793.5	2.0	807.0	1.8	612	1.9
Government health services	726.9	1.9	723.5	1.9	749.5	2.2	792.6	2.0	791.4	1.8	618	1.9
Other Government services	3,208.2	8.5	3,210.8	8.3	3,212.0	9.3	3,231.7	8.2	3458.2	7.8	2,675	8.4
Private non-profit institutions serving households	**19.8**	**0.1**	**15.9**	**0.0**	**12.2**	**0.0**	**11.8**	**0.0**	**12.1**	**0.0**	**9.1**	**0.0**
Households with employed persons	**340.7**	**0.9**	**328.0**	**0.8**	**282.3**	**0.8**	**275.7**	**0.7**	**301.1**	**0.7**	**236.9**	**0.7**
GDP producer prices	**37,389.4**	**98.9**	**37,555.6**	**97.2**	**33,559.0**	**97.1**	**38,139.9**	**97.3**	**42,630.4**	**96.1**	**30,491.0**	**95.7**
Import duties	**412.6**	**1.1**	**1,097.7**	**2.8**	**994.1**	**2.9**	**1,078.4**	**2.7**	**1,740.3**	**3.9**	**1,337.7**	**4.2**
GDP[4]	**37,802.0**	**100.0**	**38,653.9**	**100.0**	**34,552.9**	**100.0**	**39,218.4**	**100.0**	**44,370.7**	**100.0**	**31,828.0**	**100.0**

Notes:

(1) Figures are based on preliminary data.
(2) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(3) Mining and quarrying is comprised of (i) crude petroleum and natural gas; and (ii) quarrying.
(4) Certain figures in this table differ from previously published figures.

Source: Information eGovernment Authority

The table below sets out Bahrain's GDP by economic activity based on constant 2010 prices and by percentage contribution for the periods indicated.

	2018		2019		2020		2021		2022[1]		For the nine months ended 30 September 2023[1]	
	(U.S.$ millions)[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*	*(U.S.$ millions)*[2]	*(%)*
Non-financial corporations	**23,150.0**	**68.5**	**23,426.4**	**67.8**	**21,813.8**	**66.1**	**22,147.1**	**65.6**	**22,877.9**	**64.5**	**17,081.2**	**63.5**
Agriculture and fishing	95.6	0.3	94.7	0.3	94.8	0.3	101.7	0.3	106.2	0.3	81.5	0.3
Mining and quarrying[3]	6,256.1	18.5	6,383.6	18.5	6,389.3	19.5	6,389.0	18.9	6,292.3	17.7	4,583.4	17.0
(i) Crude petroleum and natural gas	5,982.1	17.7	6,112.2	17.7	6,105.7	18.6	6,089.7	18.0	6,006.8	16.9	4,357.5	16.2
(ii) Quarrying	274.0	0.8	271.4	0.8	283.6	0.9	299.2	0.9	2,85.5	0.8	225.9	0.8
Manufacturing	4,883.8	14.4	4,961.2	14.4	4,715.4	14.3	4,749.3	14.1	4,951.1	14.0	3,676.0	13.7
Electricity and water	335.5	1.0	381.2	1.1	509.4	1.6	524.6	1.6	523.7	1.5	385.4	1.4
Construction	2,449.9	7.2	2,514.7	7.3	2,491.5	7.6	2,511.5	7.4	2,546.6	7.2	1,906.8	7.1
Trade	1,512.6	4.5	1,528.7	4.4	1,418.1	4.3	1,434.6	4.3	1,512.3	4.3	1,182.6	4.4
Hotels and restaurants	793.2	2.3	854.9	2.5	482.7	1.5	519.2	1.5	591.3	1.7	467.2	1.7
Transport and communications	2,802.6	8.3	2,660.7	7.7	2,080.9	6.1	2,315.3	6.9	2,597.8	7.3	1,949.7	7.2
Social and personal services	2,115.4	6.3	2,177.4	6.3	1,891.8	5.8	1,805.1	5.4	1,857.4	5.2	1,377.6	5.1
Real estate and business activities	1,905.2	5.6	1,869.4	5.4	1,740.0	5.3	1,796.8	5.3	1,899.3	5.4	1,470.9	5.5
Financial corporations	**5,692.1**	**16.8**	**5,537.4**	**16.0**	**5,618.9**	**17.1**	**5970.7**	**17.7**	**6,133.7**	**17.3**	**4,752.4**	**17.7**
Financial institutions	1,862.6	5.3	1,708.7	4.9	1,754.4	5.3	2,052.3	6.1	2,280.0	6.4	1,674.4	6.2
Offshore financial institutions	2,986.1	6.1	1,966.7	5.7	2,016.6	6.1	2,041.6	6.1	1,940.7	5.5	1,566.4	5.8
Insurance	1,843.3	5.5	1,862.0	5.4	1,847.9	5.6	1,876.8	5.6	1,913.0	5.4	1,511.6	5.6
Government services	**4,289.3**	**12.7**	**4,218.7**	**12.2**	**4,285.1**	**13.1**	**4,315.3**	**12.8**	**4,569.2**	**12.9**	**3,614.9**	**13.4**
Government education services	823.6	2.4	740.3	2.1	680.8	2.1	680.0	2.0	680.8	1.9	514.5	1.9
Government health services	679.6	2.0	685.4	2.0	689.8	2.1	762.4	2.3	746.2	2.1	575.9	2.1
Other Government services	2,786.1	8.2	2,793.0	8.1	2,914.5	8.9	2,872.9	8.5	3,142.2	8.9	2,524.5	9.4
Private non-profit institutions serving households	**13.2**	**0.0**	**14.0**	**0.0**	**12.6**	**0.0**	**12.3**	**0.0**	**12.4**	**0.0**	**9.3**	**0.0**
Households with employed persons	**293.7**	**0.9**	**280.8**	**0.8**	**247.2**	**0.8**	**241.9**	**0.7**	**258.9**	**0.7**	**203.7**	**0.8**
GDP producer prices	**33,438.4**	**98.9**	**33,477.2**	**96.9**	**31,977.6**	**97.1**	**32,687.4**	**96.9**	**33,852.1**	**95.4**	**25,661.5**	**95.3**
Import duties	**380.1**	**1.1**	**1,074.1**	**3.1**	**968.9**	**2.9**	**1,051**	**3.1**	**1,619.0**	**4.6**	**1,248.7**	**4.6**
GDP[4]	**33,818.4**	**100.0**	**34,551.3**	**100.0**	**32,886.0**	**100.0**	**33,738.4**	**100.0**	**35,471.1**	**100**	**26,910.2**	**100.0**

Notes:
(1) Based on preliminary data.
(2) Using the fixed conversion rate of BD0.376 = U.S.$1.00.
(3) Mining and quarrying comprises (i) crude petroleum and natural gas; and (ii) quarrying.
(4) Certain figures in this table differ from previously published figures.

The following is a description of the principal sectors of the economy based on percentage contribution to GDP for the relevant periods.

Mining

Oil Production

Bahrain has one of the smallest oil reserves of the GCC countries and daily average crude oil production 42,027 bpd in 2018, 42,300 bpd in 2019, 43,229 in 2020, 42,669 bpd in 2021 and 39,536 bpd in 2022 from its only onshore oilfield, Awali. In November 2023, the daily average crude oil production from Awali was 38,934 bpd.

In 2009, NOGA signed a development and production sharing agreement (the "**DPSA**") with Occidental Petroleum and Mubadala Development Company Oil and Gas (Bahrain Field) LLC ("**Mubadala**") to increase production from its existing onshore field. After seven years, Occidental Petroleum and Mubadala withdrew from the DPSA with effect from 30 June 2016 due to the economic conditions resulting from declines in oil prices, leaving NOGA and Bapco Energies (formerly, nogaholding) as the only remaining parties to the DPSA. In February 2019, the DPSA was terminated, with an effective termination date of 1 January 2018. The Bahrain Field operations have reverted to Government control. Bahrain plans to continue with the long-term field development plan envisaged in DPSA through investment over the next two decades to develop oil and gas resources and meet domestic energy needs.

Bapco Upstream

In November 2009, Occidental, Mubadala, nogaholding (now, Bapco Energies, the oil and gas-related investment holding company of the Government) (together the "**Joint Venture Partners**") and NOGA announced the creation of a new state-owned joint operating company, Tatweer Petroleum-Bahrain Field Development Company WLL, since rebranded as Bapco Upstream. nogaholding (now, Bapco Energies) acquired 100% of the equity in Bapco Upstream on 1 July 2016. nogaholding incurred exit expenses (consisting principally of running costs and capital expenditure) capped at U.S.$150 million in respect of its former Joint Venture Partners. Bapco Energies is responsible for operating the Awali Field, including the Khuff Gas Reservoir, as well as the as distribution network. The company continues to hire local employees and drilled a total of 73 wells in 2018, 113 in 2019, 170 in 2020, 211 in 2021, 80 in 2022 and 97 in the eleven months ended 30 November 2023.

Bapco Upstream's strategic aim is to increase the production of oil from the onshore field. Bapco Upstream maintained crude oil production (including condensate) by arresting the decline from 2011's daily average of 42,510 bpd to 40,130 bpd in 2021. During 2016, drilling was predominantly carried out on the Ahmedi wells in the crest area of the field, which had not previously been developed due to gas handling limitations. While drilling in this area initially resulted in high production levels, the wells began to deplete quickly leading to exhaustion of the area and a drop in production levels. Tatweer Petroleum has since focused on other reservoirs, such as Mauddud and Kharaib in order to sustain production levels. The Mauddud tight spacing project commenced in 2019 and has increased Mauddud's reservoir production and assisted in maintaining the overall production of the Bahrain Field.

Bapco Upstream's infill drilling strategy in Mauddud Reservoir envisaged the drilling of 450 wells, which has subsequently been reduced to 300 wells due to logistical and resource constraints. Pursuant to this strategy, 69 wells were drilled in 2019, 102 wells were drilled in 2020, 75 wells were drilled in 2021, 26 wells were drilled in 2022 and 28 wells were drilled in 2023. No new Mauddud tight spacing drilling is expected in 2024. Gas injection increased by 100 million standard cubic feet per day ("**mmscfd**") in January 2021. In response to certain resources depletion, an associated gas equilibrium strategy has been launched. This strategy targets the recycling of produced reservoir gas to balance the production system and mitigate the risk of any future Khuff gas shortage.

In order to meet its objectives, Bapco Upstream has continued to focus on developing its production capabilities at the Awali oilfield and improving production efficiency through new facilities and automated systems, with improvements such as:

- the installation of new low pressure gas dehydration units and well head compression facilities to increase non-associated gas production;
- the installation of incremental associated gas production in conjunction with the new associated gas equilibrium strategy;
- the installation of new well manifolds;
- the automation of gas lift well chokes;
- the installation of low pressure modularised gas compression and liquid handling systems;
- upgrades to the fibre optic network infrastructure;
- continuing the enhanced oil recovery ("**EOR**") programme, with new methods being introduced at the Awali oilfield such as steam injection; and
- the execution of multiple additional cost and energy saving projects.

Block-1. In May 2019, NOGA signed an exploration and production-sharing agreement with *Ente Nazionale Idrocarburi* S.p.A. ("**ENI**") for Block-1 exploration, following the completion of a joint study agreement signed in 2016. Bapco Upstream (formerly, Tatweer Petroleum) subsequently assumed all commercial management activities previously undertaken by NOGA in connection with the block. During the first exploration phase, ENI conducted detailed geological and geophysical evaluations and drilled one exploratory well towards the north of the block. Following completion of the first phase, ENI decided not to proceed with a second exploration phase.

Khalij Al-Bahrain Basin. On 4 April 2018, NOGA announced a discovery of oil and gas resources in Bahrain, comprising: (a) unconventional oil resources within the Khalij Al-Bahrain Basin, encompassing areas both offshore and onshore

Bahrain, close to a fully-operational oil field and potential for substantial cost optimisation; and (b) significant gas reserves in two accumulations below Bahrain's main gas reservoir. See "*—Gas—Pre-Unayzah Gas Reserves*".

Bapco Upstream is also engaged in joint evaluation studies with regional, national and international oil companies to re-evaluate the technical and economic feasibility of the Khalij Al-Bahrain Basin and to put together a working recommendation to best approach these resources. In addition, Bapco Upstream continues its efforts in the technical de-risking of different exploration and appraisal opportunities through the acquisition, processing and interpretation of geological and geophysical data, with a number of in-house and third-party studies conducted. Bapco Upstream has engaged a number of international oil companies through virtual and physical data-rooms to assess the potential for joint collaboration in offshore oil exploration and production projects.

Pre-Unayzah. Bapco Upstream has made advancements in the appraisal of its tight gas reserves in the pre-Unayzah formations within the Bahrain Field. Four dedicated wells (three in the Jauf reservoir and one in the Jubah reservoir) have been completed and are contributing to gas production. The appraisal phase for Pre-Unayzah resources is in progress, with nine wells drilled and in different stages of operation. Eight further wells are expected to be drilled in 2024. A notional development plan is being finalised for the Jubah and Jauf reservoirs, together with an exploration programme to evaluate the potential of deeper reservoirs.

Abu Saafa Oilfield. Bahrain also exports crude oil from the Abu Saafa Oilfield, which is located offshore between Bahrain and Saudi Arabia. Under a treaty signed with Saudi Arabia in 1958, Bahrain is entitled to receive 50% of the output from this field, although historically Bahrain has received significantly more than its 50% entitlement. See "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain's economy remains significantly dependent on oil revenues*". Bahrain's share in the Abu Saafa production amounted to 152,057 bpd in 2018, 151,830 bpd in 2019, 150,847 bpd in 2020, 150,403 bpd in 2021, 149,998 bpd in 2022 and 144,556 bpd in 2023.

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

	2018	2019	2020	2021	2022	Q3 2023
			(bpd)			
Refined oil production	270,902	273,950	229,732	235,910	258,894	259,121
Local sales of refined products	31,266	30,533	26,964	28,471	30,965	32,168
Exports[(1)]	233,491	239,521	209,863	214,237	224,663	223,742

Note:

(1) Includes exports by Bapco Refining.

Source: Ministry of Oil

Production levels, local sales of refined products and exports were all adversely impacted by the COVID-19 pandemic in 2020 as demand fell due to governments worldwide placing restrictions on business, trade and travel. Demand for oil products began to increase by the end of 2020 as COVID-19 vaccination programmes were rolled out and, in 2021, production levels, local sales of refined products and exports continued to improve as demand increased to close to pre-pandemic levels. Global crude oil prices, however, were unstable throughout 2021, requiring production levels to be reduced to mitigate the decline in prices.

Despite the geopolitical tensions resulting from the conflict between Russia and Ukraine in Ukraine, demand for oil products continued to grow in 2022. Bacpco increased its production levels in 2022 to take advantage of supply disruptions resulting from the conflict, as well as subsequent bans on Russian crude oil. Several planned turnarounds, inspections and shutdowns lowered Bapco's ultimate production by the end of 2022.

In 2023, oil markets were volatile, affected by, *inter alia*, global recessionary concerns, uncertainty regarding any actions to be taken by the Federal Reserve, lower liquidity and output cut decisions by OPEC+ (a group consisting of Organisation of the Petroleum Exporting Countries ("**OPEC**") members, plus other oil-producing countries). Notwithstanding these factors, in early 2023 demand increased. Prices deteriorated in the second quarter of 2023, before an increase in production levels, local sales of refined products and exports in the second half of 2023.

See "*Risk Factors—Risk factors relating to the Kingdom—The ongoing conflict between Russia and Ukraine could negatively impact the Kingdom*".

Refining

Bahrain has an oil refinery at Sitra operated by Bapco Refining (formerly, Bapco). The Sitra oil refinery has a nameplate capacity of 267,000 bpd. The refinery was established in 1936 as the first refinery in the Arabian gulf region and a capacity of 10,000 bpd. Several investments and improvements were made to the facility, as well as to systems and operations have been made to comply with the highest industry safety standards, meet international market demands, achieve high reliability, implement cost efficiencies and improve workforce productivity. The refinery produces a full range of products, with the most valuable being middle distillates (kerosene and diesel) which constitute approximately 54.7% of the total refinery production.

Between 2007 and 2014, Bapco (now, Bapco Refining) invested U.S.$1.0 billion through its Strategic Investment Program ("**SIP**"), where several new units were added to ensure continued profitability, including the upgrading of low value fuel oil to more valuable low sulphur Euro 5 (10 ppm sulphur) diesel and the production of Group III lube base oils. In addition to these new processing facilities, environmental projects were also executed as part of the SIP, including biological wastewater treatment facilities.

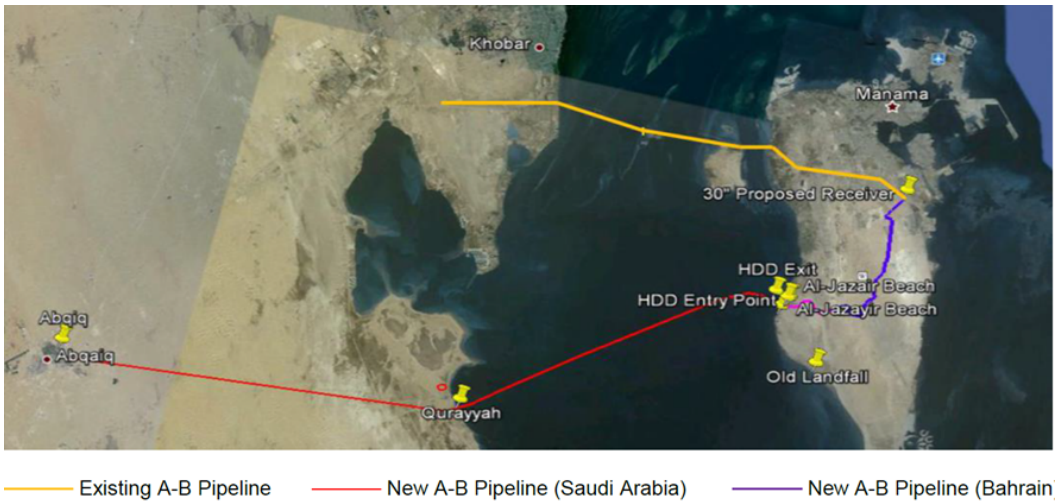
In 2010, the Government announced the Bapco Modernisation Programme, which is the company's single largest investment in its history, and consists of a group of related projects managed in a co-ordinated way to maximise benefits. The Bapco Modernisation Programme is expected to increase Bapco Refining's capacity from 267,000 bpd to 380,000 bpd. One of the key objectives of the Bapco Modernisation Programme is to improve its product slate by upgrading refinery residue, thereby improving gross margins and remaining competitive under a wider range of feedstock and product prices and market conditions. The larger and more complex refinery is expected to allow increased exports of higher value products, such as, diesel, aviation turbine fuel and naphtha, at the expense of residue products. The Bapco Modernisation Programme is expected to add new core process units, such as a new integrated crude and vacuum unit, a new ebullated-bed residue hydrocracker, a second heavy vacuum gas oil (HVGO) hydrocracker, a second ultra-low sulphur diesel hydrotreater and several other process units with associated utilities. In addition, several old and inefficient process units will be decommissioned. Bapco Refining will also benefit from a more energy efficient facility, better equipped to meet more stringent environmental compliance regulatory standards and goals. In February 2018, Bapco (now, Bapco Refining) signed a U.S.$4.1 billion EPC contract with a consortium led by French-U.S. petroleum services group Technip Energies and including Technicas Reundis from Spain and Samsung Engineering from South Korea. In December 2018, greenfield construction at the site commenced. The financial close for the Bapco Modernisation Programme occurred on 9 May 2019 with the participation of five export credit agencies and a total of 21 banks (eight international, six regional and seven Bahraini banks). Since the financial close, the number of participating banks has increased to 30.

As at 30 November 2023, the EPC elements of the Bapco Modernisation Programme were (according to the EPC contractor) approximately 94.0% complete, and construction is nearing completion. Although this represents a delay to the originally scheduled progress of the project (with one of the primary causes of the delay to the project being the impact of the COVID-19 pandemic, which has limited the availability of workforce resources to subcontractors and delivery of material by vendors and suppliers), the delay is not expected to have a material impact on the overall cost of the project or the ability to make loan repayments as planned (with the first and second loan repayments made in April and October 2023). Construction, commissioning and start-up of the project is due to be completed in 2025.

New AB4 pipeline

A new 118 kilometre long 30-inch pipeline ("**AB4**"), with a maximum nameplate capacity of 400,000 bpd and normal operating capacity of 350,000 bpd, was completed in 2018. This has replaced the old 235,000 bpd pipeline built in 1945 and runs partly onshore and offshore. The new AB4 pipeline links the Sitra Refinery to Saudi Aramco's plant at Abqaiq, in eastern Saudi Arabia. Abqaiq Plant is Saudi Aramco's largest oil producing facility and the largest crude oil stabilisation plant in the world. The facilities receive sour crude oil from gas-oil separation plants, process it into sweet crude oil and then transport it. In addition, a fibre optic cable was also laid alongside the pipeline for data communication purposes.

The map below shows the location of the AB4 pipeline.



The front-end engineering design of the pipeline was completed in 2014 and separate contracts were awarded for the 43-kilometre long onshore Saudi Arabia stretch of the pipeline, the 41-kilometre offshore stretch and the 28-kilometre onshore Bahrain stretch. The new pipeline was completed and commissioned in October 2018, at which point decommissioning of the existing older pipeline commenced.

The portion of the new pipeline in Bahrain is owned by the Saudi Bahrain Pipeline Company ("**SBPC**"), a wholly-owned subsidiary of Bapco Energies (formerly, nogaholding), and Saudi Aramco owns the portion of the pipeline in Saudi Arabia. The pipeline is subject to a leasing agreement between Bapco Refining and SBPC, pursuant to which Bapco Refining leases the portion of the pipeline in Bahrain from SBPC for a period of 40 years. Saudi Aramco does not require Bapco Refining to enter into a leasing arrangement with respect to the portion of the pipeline in Saudi Arabia.

Bapco Refining operates and maintains the Bahraini portion of the pipeline, while Saudi Aramco operates and maintains the Saudi and offshore portion of the pipeline with Saudi Aramco receiving reimbursement from Bapco Refining for any costs incurred in such operation and maintenance activities. All operation and maintenance activities are governed by a separate operation and maintenance agreement entered into in 2019.

The total cost of the pipeline was U.S.$311 million and was entirely funded by Bapco Energies (formerly, nogaholding). nogaholding entered into a U.S.$1.4 billion murabaha facility arrangement in October 2019 with a consortium of banks, which replaced a 2016 U.S.$570 million murabaha facility and was also subsequently refinanced in 2022, with part of the proceeds from the facility being utilised to fund the construction of the project.

Since commissioning of the new pipeline in October 2018, operating levels have been in line with expectations, without quality or reliability issues reported. The pipeline is expected to operate at full capacity following completion of the Bapco Modernisation Programme.

Gas

Bapco Upstream (formerly, Tatweer Petroleum), a wholly-owned subsidiary of Bapco Energies (formerly, nogaholding), currently manages and distributes gas from the Khuff Gas Reservoir to end-user customers including Bapco Refining's oil refinery.

The table below provides details of Bahrain's gas production for the periods indicated.

	2019	2020	2021	2022	2023
			(billion cubic feet)		
Khuff gas production	612.2	609.5	597.6	600.7	638.6
Associated gas production	266.6	277.4	308.2	306.3	302.9
Total gas production	**878.9**	**886.9**	**905.8**	**907.0**	**941.5**

Source: Bapco Upstream

Although Bahrain's gas reserves are relatively small, total gas production (*i.e.*, natural gas from the Khuff Gas Reservoir and the associated gas production) has gradually increased over the years, from 393.0 billion cubic feet in 1998 to 941.5 billion cubic feet in 2023. Fluctuations in production are affected by demand. Bapco Upstream has focused on maintaining natural gas production from the Khuff Gas Reservoir in order to meet demand for gas for power generation and local industries. Associated gas production, which is a by-product of the oil production process, is supplied as feedstock to Bapco Gas and Bahrain National Gas Expansion Company ("**Bapco Gas Expansion**"). Bapco Upstream is responsible for the operation and maintenance of the gas distribution network, which provides approximately 1,300 mmscfd of Khuff gas from Bahrain fields to various customers across Bahrain as both fuel and feedstock for power and industry such as electricity generation, aluminium smelting, petrochemicals, water desalination, refining and others.

Gas is sold directly to the following principal domestic consumers: Bahrain's power stations (which accounted for 43%, 40%, 41%, 39%, 38% and 37% of total gas utilisation in 2018, 2019, 2020, 2021, 2022 and the eleven months ended 30 November 2023, respectively), followed by Alba (which accounted for 27%, 32%, 33%, 33%, 34% and 34% of total gas utilisation in 2018, 2019, 2020, 2021, 2022 and the eleven months ended 30 November 2023, respectively), Bapco Refining (which accounted for 10%, 9%, 9%, 9%, 9% and 9% of total gas utilisation in 2018, 2019, 2020, 2021, 2022 and the eleven months ended 30 November 2023, respectively) and Gulf Petrochemical Industries Company ("**GPIC**") (which accounted for 8%, 8%, 8%, 8%, 8% and 8% of total gas utilisation in 2018, 2019, 2020, 2021, 2022 and the eleven months ended 30 November 2023, respectively).

The table below provides details of the percentage of Bahrain's Khuff gas sold directly to Bapco Refining's principal domestic consumers for the periods indicated. (The table below does not account for re-injected gas.)

	2018	2019	2020	2021	2022	For the eleven months ended 30 November 2023
	(percentage of total quantity sold)					
Electricity Directorate	43	40	41	39	38	37
ALBA	27	32	33	33	34	34
Bapco	10	9	9	9	9	9
GPIC	8	8	8	8	8	8
Others	12	11	9	11	11	12

Source: Bapco Upstream

The other principal use of the natural gas produced from the Khuff Gas Reservoir is oil field injection, which accounted for 29%, 39% 36%, 29%, 33% and 38% of oil field injection in 2018, 2019, 2020,2021, 2022 and the eleven months ended 30 November 2023, respectively.

Bapco Refining completed the drilling of four Khuff gas wells before transferring management of the Awali field to Bapco Upstream, as part of a U.S.$200 million Government programme to boost natural gas production in Bahrain by an additional 500 mmscfd in order to meet Bahrain's growing demand for natural gas for power generation and local industries. Bapco Upstream drilled four additional wells as part of this project and constructed gas processing facilities. The Khuff gas drilling programme started in early 2009 and completed in March 2011. All the wells are equipped with seven-inch diameter production tubing, which enhances production capacity compared to previous wells equipped with five-inch diameter production tubing. Due to the growth in gas demand, in 2018, Bapco Upstream built a new 500 mscf processing facility and started another campaign for the drilling of 31 Khuff gas wells, which, as of 16 February 2023, had been successfully drilled. In addition, current development activities include maintenance of certain existing wells, installing low pressure gas processing units, installing compressors and debottlenecking gas network.

Pre-Unayzah Gas Reserves.

The Pre-Unayzah exploration project is in the appraisal and early development phase, with certified resources of Pre-Unayzah gas reservoirs announced in 2018. Four dedicated wells, three in the Jauf reservoir and one in the Jubah reservoir, have been completed, which contribute to the gas production. The appraisal campaign for Pre-Unayzah resources is in progress with nine wells drilled and in different stages of operation as at the end of 2023. An additional eight wells are expected to be drilled in 2024. The planned extensive drilling campaign is expected to provide an updated insight on the size and commercial viability of the reserves while contributing to the gas supply. A notional development plan is being finalised for the Jubah and Jauf reservoirs, together with an exploration programme to evaluate the potential of deeper reservoirs.

Bapco Upstream (formerly, Tatweer Petroleum) is advancing in the appraisal of its gas reserves in the Pre-Unayzah Formations within the Awali Field. A number of peripheral Khuff wells were deepened to acquire important geological and reservoir data confirming the extension of gas reserves beyond the previously penetrated limits.

Associated Gas. Associated Gas, which is produced with crude oil, is distributed to all seven compressor stations operated by the Bapco Gas Company ("**Bapco Gas**"). Bapco Gas (formerly, Banagas) extracts propane, butane and naphtha for export from Associated Gas. Propane and butane are transported via pipelines to Bapco Gas-owned storage facilities in Sitra, and naphtha is also transported via pipeline to the refinery for storage and subsequent export to international customers. Residue gas from Bapco Gas and Bapco Gas Expansion subsequently enters the national gas system at a pressure lower than Khuff gas and is sold to local customers who can accommodate the lower pressure. The Government aims to increase its production volume of associated gas in connection with its strategic aim to increase its oil production.

Bahrain Gas Plant Project. As a result of the increased exploration and development of the Bahrain Field by Bapco Upstream (formerly, Tatweer Petroleum), the volume of associated gas produced from the Bahrain Field increased to 650 mmscfd, which was beyond the existing capacity of both Bapco Gas (formerly, Banagas) and Bapco Gas Expansion (formerly, Tawseah).

The Bahrain gas plant was built in 2018 and has a nominal processing nameplate capacity of 350 mmscfd to receive the additional associated gas to recover propane, butane and naphtha, which will be exported using vessels via the Sitra port. Additional storage tanks, including a refrigeration train at the Sitra storage area, pipelines between the gas processing facility and the Sitra storage area, as well as a pipeline to transport the refinery off-gas from the existing refinery off-gas pipeline and compressed along with the associated gas at Bapco Upstream compressor station and which is sent finally to a new gas processing facility via a new pipeline or gas gathering header, and the construction of a 66 kilovolt electric substation adjacent to the existing Central Gas Plants has been in operation since 2018.

The project was financed by a mixture of Shari'a compliant and commercial debt financing provided by international and regional banks, which was refinanced and upsized in 2021 and is being repaid in accordance with its agreed payment schedule.

Bapco Upstream Development Projects. In order to meet its objectives, Bapco Upstream (formerly, Tatweer Petroleum) has continued to focus on developing its production capabilities at the Awali oilfield and improving production efficiency through new facilities and automated systems, with improvements such as: (i) the installation of new gas dehydration units and well head compression facilities to increase non-associated gas production; (ii) the installation of incremental associated gas rental compression units; (iii) the automation of gas lift well chokes; (iv) the installation of low pressure modularised gas compression and liquid handling systems; (v) upgrades to the fibre optic network infrastructure; (vi) continuing the enhanced oil recovery programme, with new methods being introduced at the Awali oilfield, such as water flooding and steam injection; and (vii) the execution of multiple additional cost and energy saving projects.

Bahrain LNG Terminal Project. As part of its diversification of energy supply programme to reduce its dependence on oil, the Government has also focused on alternative sources of energy. For example, the Government aims to supplement available natural gas by importing liquefied natural gas ("**LNG**") through its Bahrain LNG import terminal ("**Bahrain LNG Terminal Project**"). The Bahrain LNG Terminal Project forms a key part of the energy infrastructure of Bahrain by giving Bahrain security of supply that it needs to meet its growth in demand for natural gas to fuel large industrial projects, to generate power and water and to increase oil recovery. The Bahrain LNG import terminal allows Bahrain to handle any potential shortages of gas and is expected to allow Bahrain to supplement domestic gas supplies with gas from LNG.

The LNG terminal is located offshore and is comprised of a Floating Storage Unit ("**FSU**"), a regasification platform, onshore receiving facilities and associated utilities and infrastructure. In 2016, NOGA and nogaholding (now, Bapco Energies) appointed a consortium of Seapeak Maritime Operating LLC (formerly Teekay LNG Operating LLC), Samsung C&T (South Korea) and GIC (Kuwait) for the development of the terminal on a "build, own, operate and transfer" basis. The Bahrain LNG terminal is owned and operated by Bahrain LNG W.L.L, a joint venture owned 30% by Bapco Energies and 70% by the consortium. While the terminal itself is owned by Bahrain LNG W.L.L, the FSU is an LNG carrier built to the requirements of Bahrain LNG and time chartered by Bahrain LNG W.L.L from the FSU owner for a period of 20 years.

The construction of the Bahrain LNG terminal has been undertaken by GS Engineering & Construction Corp (EPC contractor), and the FSU was constructed and delivered in September 2018 by Daewoo Ship Building & Marine Engineering Co. GS Engineering & Construction Corp. commenced construction work in the first quarter of 2017, including construction of the breakwater, dredging activities and the ground piling works for the LNG jetty and associated platform. Mechanical construction and commissioning of the Bahrain LNG terminal was completed in November 2019 and the terminal has been operational since 1 December 2019.

The total cost of the Bahrain LNG terminal was in excess of U.S.$1.4 billion (including financing costs). The Bahrain LNG Terminal Project was financed through a mixture of limited recourse debt financing and equity contributions. In December 2016, the project achieved financial close for a U.S.$741 million international financing with a commercial tranche by a syndicate of three international and regional banks and a separate K-SURE covered tranche by a syndicate of nine international and regional banks. As at 31 December 2020, the total equity contributions by the shareholders were U.S.$263.9 million (in the form of share capital contributions and shareholder loans), of which Bapco Energies contributed U.S.$79.1 million.

In May 2023, Bapco Energies accessed the international capital markets through a U.S.$250 million tap issuance.

Financial Services

Bahrain is one of the major financial centres in the MENA region. It benefited significantly when financial institutions left Lebanon during Lebanon's 1975-1990 civil war, and its success is due, in part, to its geographical location between east and west time zones and its proximity to Kuwait and Saudi Arabia. Financial services remain the largest non-oil component of the real economy, accounting for approximately 16.8%, 16.0%, 17.1%, 17.7% and 17.3% of real GDP in 2018, 2019, 2020, 2021 and 2022. For the nine months ended 30 September 2023, financial services accounted for approximately 17.7% of real GDP.

Pursuant to Vision 2030, Bahrain continues its economic diversification efforts by placing an emphasis on attracting commercial and investment banks, Islamic banks and other financial firms to the area.

The Bahraini legal system is seen as a sound system for settling disputes. In a move aimed at attracting more foreign investors and reinforcing Bahrain's status as a "commercial hub" for the region, an independent arbitration centre for commercial disputes was unveiled in January 2010. The Bahrain Chamber of Dispute Resolution (the "**Chamber**"), which is a joint initiative between Bahrain's Ministry of Justice and the New York-based American Arbitration Association, acts as arbitrator between parties that voluntarily present their claims and agree to accept its ruling as final and binding resolutions.

The Chamber has been developed as a means by which parties to a dispute can avoid the delays and uncertainty arising from using national courts. It has the authority to hear cases where the claim is for more than BD 500,000 and involves an international party or a party licensed by the CBB.

The banking system in Bahrain is overseen by the CBB, which is the sole banking regulator in Bahrain and is comprised of conventional banks and Islamic banks. See "*Monetary and Financial System—Role of the Central Bank of Bahrain*".

In November 2016, the Trust Law Bahrain (Legislative Decree № (23) of 2016) replaced the Bahrain Financial Trusts Law 2006. The Trust Law sets out the range of specialised services that can be offered by financial institutions in Bahrain and permits companies and individuals to hold both conventional and Islamic assets situated anywhere in the world for employees' or their spouses' benefit. It also formally recognises trusts established and governed by foreign laws. Recently, the CBB approved the first real estate investment trust to be established in Bahrain. The CBB operates a secure Trust Registry Office relating to trusts established under the Trust Law Bahrain.

Bahrain also has an established insurance sector and a stock exchange, both of which are regulated by the CBB. The Bahrain Bourse (formerly known as the Bahrain Stock Exchange) commenced operations in June 1987; and in late 2010 by virtue of the Royal Decree № (60) of 2010 was established as a shareholding company and renamed the Bahrain Bourse.

Manufacturing

The manufacturing sector accounted for approximately 14.1% of real GDP in 2021 and 14.0% of real GDP in 2022. For the nine months ended 30 September 2023, the manufacturing sector accounted for approximately 13.7% of real GDP. The discovery of oil in the early 1930s was the spur for industrialisation in Bahrain. The principal manufacturing facilities in Bahrain are an aluminium smelter operated by Alba, an oil refinery operated by Bapco at Sitra and the petrochemicals complex operated by GPIC. Other areas of manufacturing include ship repair, iron palletising facilities, light engineering facilities and textile production.

Aluminium

The Alba aluminium smelter, with a capacity of 1.6 million tonnes per year, is one of the largest aluminium smelters in the world and is the world's largest single-site producer (excluding China) of aluminium by individual smelter capacity following the recent completion of the Line 6 (540,000 tonnes) expansion project. 69.4% of Alba's share capital is held

by Bahrain through Mumtalakat (established by royal decree dated 26 July 2006) and 20.6% of its share capital is held by Saudi Basics Industries Corporation ("**SABIC**"). In November 2010, Mumtalakat conducted a global offering of a portion of its ordinary shares in Alba. Alba's ordinary shares are listed on the Bahrain Bourse and global depositary receipts representing such shares have been listed on the London Stock Exchange under the symbol "ALBH" since 30 November 2010. See "*Public Finance—Revenue—Alba*".

Bahrain's largest non-oil export is aluminium, estimated by the IGA to have accounted for 11.5% of total exports and 27.8% of total non-oil exports in 2018, 11.3% of total exports and 24.9% of total non-oil exports in 2019, 22.1% of total exports and 34.3% of total non-oil exports in 2020, 20.0% of total exports and 36.1% of total non-oil exports in 2021 and an estimated 22.8% of total exports and 45.4% of total non-oil exports in 2022. For the six months ended 30 June 2023, the IGA estimates that aluminium accounted for 40.0% of total non-oil exports and 21.0% of total exports.

Global market conditions in the aluminium sector weakened during 2019, affected by increased trade tensions between the United States and China, as well as other geopolitical events. Aluminium prices fell from a high of U.S.$2,597 per tonne in April 2018 to U.S.$1,799 per tonne by December 2019. During 2020, the aluminium market was adversely impacted by the COVID-19 pandemic. Aluminium prices dropped to a low of U.S.$1,421 per tonne in April 2020, driven by weaker global demand, before recovering to U.S.$1,978 per tonne by December 2020 due in part to a strong recovery in demand from China. This fourth quarter recovery in demand continued in 2021 with aluminium prices trading above U.S.$2,000 per tonne and reaching a high of U.S.$2,656 per tonne in May 2021. In the first six months of 2022, end sector growth and demand from the automotive and aerospace sectors, coupled with constrained aluminium production across key geographies due to higher energy costs and geopolitical instability, caused aluminium trade prices to increase, reaching a peak of U.S.$3,985 per tonne in March 2022. In the last six months of 2022, however, aluminium prices declined due to rising interest rates and weaker global demand, with a low price of U.S.$2,079 per tonne in September 2022. In 2023, according to reports published by Alba, bearish market sentiment continued to affect the aluminium market and LME prices, in general, ranged between U.S.$2,100 per tonne and U.S.$2,300 per tonne.

There are a number of other aluminium-based industries in Bahrain, including plants which produce approximately 165,000 tonnes per year of rolled products, 180,000 tonnes per year of aluminium cables and 32,000 tonnes per year of extruded aluminium products. In addition, a coke-calcinating plant operated by Alba with a capacity of 550,000 tonnes per year began production in May 2001. The majority of its production is used by Alba, and the balance is exported.

Alba entered into an agreement with nogaholding (now Bapco Energies) to set the price of gas for the period 2015-2021. This agreement was reached to help curb rising heating costs incurred in the aluminium manufacturing process. Effective 1 April 2015, gas prices increased from U.S.$2.25 per mmbtu (gross heating value) to U.S.$2.50 per mmbtu and were thereafter to increase at a rate of U.S.$0.25 per mmbtu (gross heating value) per year until the price reaches U.S.$4.00 per mmbtu on 1 April 2021. In order to support local industries affected by the COVID-19 pandemic, the Government decided not to increase the price to U.S.$4.00 in April 2021. The gas price increased to U.S.$4.00 per mmbtu on 1 April 2022. On 17 August 2023, Alba announced that the natural gas supply agreement had been extended for an additional five-year period and the price will remain at U.S.$4.00 per mmbtu.

Line 6 commenced production on 13 December 2018 and the Line 6 expansion project was completed in 2019. Line 6 boosts Alba's annual production by 540,000 tonnes, bringing Alba's total production capacity to 1.6 million tonnes of aluminium per year. The capital expenditure for the construction of Line 6, as well as replacing and expanding the power capacity of the existing power plant facilities, was approximately U.S.$3 billion, which Alba financed without Government assistance. In October 2016, Alba entered into a U.S.$1.5 billion syndicated term-loan facility, comprising of a conventional facility and an Islamic facility. In April 2017, Alba secured commitments of approximately U.S.$700 million from ECA supported facilities. In October 2019, Alba successfully refinanced its U.S.$1.5 billion syndicated loan facility. In April 2022, Alba refinanced its outstanding U.S.$1.25 billion syndicated loan facility with a new sustainability-linked loan after repaying U.S.$0.25 billion prior to such refinancing. The sustainability-linked loan has an eight-year tenor and carries a lower interest margin than the previous syndicated loan facility of 235 basis points *per annum* above the sum of the Secured Overnight Financing Rate and credit adjustment spread. The margin is subject to an adjustment on an annual basis by an aggregate amount of up to 2.5 basis points tied to three sustainability-linked key performance indicators: Total Waste Recycled (Solid Waste), Training Hours and Lost Time Injury Frequency's Incident Count. Alba made an early repayment of U.S.$300 million in respect of the syndicated loan in December 2022.

Petrochemicals

Gulf Petrochemicals Industries Company ("**GPIC**") is an equally-owned joint venture company between the Government of Bahrain (one-third ownership through nogaholding), Sabic Agro-nutrients Company (one-third ownership) and Petrochemical Industries Company of Kuwait (one-third ownership), which was established in 1979 and started production in 1985. GPIC owns a petrochemical and fertiliser complex at Sitra producing 1,200 metric tonnes of ammonia per day, 1,700 metric tonnes of urea per day and 1,200 metric tonnes of methanol per day.

Other Services

Transport and Construction

The transport and construction industries have been particularly affected by the COVID-19 pandemic. See "*—COVID-19*".

Air Transportation

The Ministry of Transportation and Telecommunications and the Bahrain Airport Company developed the Airport Modernisation Programme (the "**AMP**"), which is a comprehensive project begun in 2014 to enhance the Bahrain International Airport and includes the construction of advanced aerobridges, high-tech security scanning machines and the expansion of the duty free area.

Construction on the new Bahrain International Airport passenger terminal began in February 2016 (the "**BIA Passenger Terminal**") and was completed in 2020. The total cost of construction is estimated to be approximately U.S.$1.1 billion. It was designed to help achieve the goals set by Vision 2030, and is the largest infrastructure project in Bahrain's civil aviation sector. The BIA Passenger Terminal has a passenger handling capacity of 14 million passengers per year.

As part of the airport modernisation, air cargo is also expected to reach one million metric tonnes *per annum* over the next decade, from 288,235 metric tonnes in 2018. Bahrain Airport Company is currently in the process of developing a comprehensive air cargo strategy to facilitate the growth of existing tenants and attract new ones, in particular, suppliers of perishable goods and cold foods, named Express Cargo Village, situated north of Bahrain International Airport's runway. This strategy includes the development of a 25,000 m2 new cargo area, which will be comprised of warehouses, aircraft parking and associated infrastructure. It is estimated that, once completed, the project will be able to handle 1.3 million metric tonnes of air cargo. In 2019, FedEx Express signed a lease to operate a 9,000 m2 area at the new facility.

Road Transportation

A new public transport network was announced in 2015, which aims to modernise and upgrade public transport services. The network is intended to further improve the standard of living of all citizens and residents by providing safe, accessible and high quality public transportation in line with global standards and Bahrain's Economic Vision 2030. The Bahrain Public Transport Company was appointed as a new operator for the project under a 10-year concession agreement to operate Bahrain's new public transport network.

The bus network is now in full operation and includes 26 routes to destinations not previously covered, including to Bahrain University, Mina Salman and Amwaj Islands, as well as several express links serving Manama, Muharraq and Bahrain International Airport. The bus network is intended to have a dual role in the future as the feeder for light rail and mainline rail services, as well as providing nationwide public transit coverage.

Ports and Sea Transportation

The Khalifa Bin Salman Port ("**KBSP**"), inaugurated on 11 November 2009 and privately managed by APM Terminals, is the first multi-functional facility that is focused on import, export and re-exports and value added services in Bahrain. The KBSP occupies an area of 110 hectares of reclaimed land and is located in the north-east of Bahrain, 13 kilometres from Bahrain airport. It is also linked to the road leading to the King Fahad Causeway. The KBSP has a current total capacity of one million twenty-foot equivalent units ("**TEUs**"), which, if required, can be increased to handle 2.5 million TEUs.

The King Fahad Causeway, completed in 1986, is a 25-kilometre causeway that links Bahrain to the largest market in the GCC, Saudi Arabia. The causeway has brought significant economic benefits for both countries. The feasibility study for a second causeway linking Bahrain and Saudi Arabia called the "King Hamad Causeway" is complete, and the second causeway is expected to have a road and rail link between Saudi Arabia and Bahrain and connect to the proposed GCC rail network, which will accommodate freight and passengers. In June 2021, the Transportation and Telecommunications Minister announced that executive strategic plans and financial models were currently being drawn up for the "King Hamad Causeway" project, following which workshops are expected to be held to structure the partnership before submission of the executive strategic plan to the competent authorities in Bahrain and Saudi Arabia and submission of a blueprint to the Higher Supervisory Committee to obtain the necessary approvals to proceed with appointment of a consultant and to move to the next project stage. The "King Hamad Causeway" has an expected budget of between U.S.$3 billion and U.S.$4 billion.

Phase one of construction of a light rail urban transit network in Bahrain, which is aimed at reducing congestion, began in October 2021. The light rail network project is expected to include 28.6km section of track and 20 stations, including two interchanges, in the first phase, with a total network of 109km expected to be completed by 2030.

In 2010, the Ministry of Works completed the first phase of dredging the BAC, which leads to the KBSP and other port facilities in Bahrain. Phase two of the project is currently underway. Prior to the first phase of dredging, vessels approaching Bahrain's port facilities had to navigate via the natural approach channel, which had a draught-limiting depth of approximately 12.8 metre Chart Datum ("**CD**"), therefore restricting the access of larger vessels to port facilities and today stands at 13.6 metre CD. The second phase of dredging the BAC aims to increase draught-limiting depth to a minimum of 15 metre CD which will facilitate port access for ships up to 15,000 TEUs.

The Public Commission for the Protection of Marine Resource, Environment and Wildlife (the "**Marine Commission**") has invested in the design and construction of four fishing harbours in Askar, Hidd, Malkiya and Tubli, as well as a jetty in Hawar. The Askar harbour will accommodate 150 small boats, together with a cafeteria, community hall, shops, prayer room, maintenance workshops, fisheries office and store and offices for the coastguard.

After the collapse of the existing jetty on Hawar Islands, the Marine Commission decided to build a new jetty. The new jetty will accommodate 20 boats, a coastguard jetty for two boats, a jetty for the hotel ferries, harbour master's office and accommodation for the coastguard adjacent to the hotel on Hawar Island.

Bahrain has taken steps to improve the quality of its water and sanitation including through the Tubli Sewage Treatment Plant expansion project, which is expected to double the processing capacity of the Tubli Plant to 400,000 cubic meters per day and is estimated to cost U.S.$229 million (with certain funding provided by the GCC Development Fund). As at 31 December 2023, this project was estimated to be 77% completed. However, receipt of the funding to be provided by the GCC Development Fund has been delayed until 31 March 2025.

The Ministry of Works signed the build-own-operate contract for the Muharraq sewage treatment plant in 2011. The plant is expected to have an initial design capacity of approximately 100,000 cubic metres per day. The project has two phases. The first phase involved the construction of the sewage treatment plant and a gravity sewer trunk main and was completed in 2015. This link is expected to enable effluent to be fed from an existing wastewater pumping station to the new plant. When the plant is fully operational, phase two will begin and is expected to last no longer than a year, during which time a series of connection sewers will be built to link existing wastewater pumping stations directly into the sewer trunk main. In addition, a limited local connection network will also feed directly into the plant.

Healthcare

Bahrain is expanding its healthcare industry, with the aim of becoming a leading healthcare destination in the region through projects for the development of state of the art oncology and cardiac treatment centres. Planned projects include the launch of new specialised medical centres managed by world renowned experts using the latest treatments, medical techniques and technology available to enhance medical care in Bahrain and in the region as a whole. Improving the health sector is amongst the Government's top priorities and aligns with Bahrain's fiscal policy of economic diversification. See "*Public Finance—Fiscal Policy*" for more details on Bahrain's economic diversification plans.

The oncology treatment centre opened on 5 February 2019. It includes 120 beds and provides both in- and outpatient facilities, palliative care bone marrow transplant and the latest radiotherapy treatments (including linear accelerator and standard, stereotactic and proton beam). The total cost of the project is estimated at U.S.$54.0 million.

Construction of the cardiac treatment centre has been completed and the centre was inaugurated in February 2021. The centre consists of 148 beds situated in a new site in Awali, adjacent to the existing Awali Hospital. It includes imaging, CSSD and a chest pain clinic. The total cost of the project is estimated at U.S.$267 million and was funded by the Abu Dhabi Fund. In January 2023, the King Hamad American Mission Hospital, a 125-bed purpose-built hospital, in A'Ali, was opened to the public. Patients began being seen at this facility from 15 March 2023. Construction of the King Abdullah bin Abdulaziz Medical City at the Arabian Gulf University, a U.S.$266 million healthcare complex with academic and medical facilities, a research centre and on-site accommodation for doctors and students, is expected to be completed by the end of 2024.

Telecommunications

Telecommunications revenues, together with transport revenues, represented approximately 6.9% of real GDP in 2021 and 7.3% of real GDP in 2022. For the nine months ended 30 September 2023, the sector accounted for 7.2% of real GDP. Bahrain has a high quality modern telecommunications system, currently operated by Batelco, Zain and STC.

Batelco, a listed entity on the Bahrain Bourse, is 76.97% owned by the Government through Mumtalakat and the Social Insurance Organisation ("**SIO**").

Mumtalakat and SIO directly own shares in Batelco of 36.67% and 20.31%, respectively. In addition, Mumtalakat and SIO own 20.0% of shares in Batelco through Amber Holding Company ("**Amber**"). Amber itself is a wholly-owned subsidiary of Hawar Holding Company, which is, in turn, owned by Mumtalakat (33.33%) and SIO (66.67%). Batelco shares are traded on the Bahrain Bourse. Zain began operations in December 2003 following the implementation of the law passed on 5 November 2002 permitting competition in the telecommunications sector.

STC Bahrain became the third mobile operator in Bahrain and commenced commercial operations in February 2010. STC Group is one of the leading telecommunications groups in the MENA region with more than 160 million subscribers to its service worldwide through nine countries.

The Telecommunications Regulatory Authority was established by Legislative Decree № (48) of 2002 promulgating the Telecommunications Law. The TRA is an independent body and its duties and powers include protecting the interests of subscribers and users of telecommunications services and promoting effective and fair competition among established and new licensed operators. The TRA's vision is to develop Bahrain as the region's most modern communications hub and to facilitate the development of the market. Its mission is to protect the interests of subscribers and users of telecommunications services and maintain effective and fair competition between established and new entrants to the telecommunications market of Bahrain.

Bahrain has a strong mobile sector. Mobile prices tend to be low compared to other GCC countries and mobile coverage is extensive. At the end of December 2018, there were 2.1 million mobile subscriptions, an 11.5% decrease from the end of 2017, representing a mobile penetration rate of 139%. At the end of December 2019, there were 1.9 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 126%. At the end of December 2020, there were 1.7 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 119%. At the end of December 2022, there were 2.1 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 137%. At the end of June 2023, there were 2.3 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 146%.

In March 2019, the Transport and Telecommunications Minister announced that preparations for the rollout of 5G networks in Bahrain were complete, with launch expected in June 2019, subject to the availability of consumer handsets. In March 2019, Batelco signed an agreement with Ericsson to commercially deploy 5G network technology over three years. In June 2019, Batelco announced that it had become the first telecommunications provider in Bahrain to launch a commercial 5G network, with initial services available in Amwaj and Reef Island, with gradual rollout planned throughout Bahrain based on customer demand and requirements.

As at each of 31 December 2019 and 2018, there were approximately 2.2 million broadband subscriptions. Broadband penetration reached 144% at the end of each of December 2019 and 2018, before declining to 137% as at 31 December 2020. Growth of broadband subscriptions is driven by the growth of mobile broadband subscriptions. As at 31 December 2022, there were approximately 2.3 million broadband subscriptions, with a broadband penetration rate of 149%. As at 30 June 2023, there were approximately 2.3 million broadband subscriptions, with a broadband penetration rate of 143%.

The Government believes that a single national broadband network infrastructure to deliver ultra-fast broadband products and services is preferable and more efficient for a country of the size, population distribution and topology of Bahrain. This single network is expected to be owned by an entity that shall be legally and functionally separated from Batelco and which will supply wholesale products and services to all licensed operators in Bahrain on a non-discriminatory basis. It will be awarded the right to deploy the national broadband network and to supply wholesale products and services. In February 2018, Batelco announced the launch of an initiative to provide free internet services at public locations, such as parks, gardens and coastlines, in partnership with the Ministry of Works, reinforcing Batelco's commitment to the 2030 Vision.

The 2023 ICT Development Index of the International Telecommunication Union placed Bahrain at seventh out of 169 countries (scoring 96.5 out of 100).

Real Estate

Bahrain is currently seeing the implementation of the largest infrastructure investment pipeline in its history and its priority development projects currently total approximately U.S.$32.5 billion. The Government has introduced a housing units delivery programme and access to housing finance to assist with the design and construction of housing units and to improve access to financing in relation to the acquisition of housing. The real estate projects pipeline reflects the strong structural demand drivers of demographic growth and economic diversification.

In December 2014, Bahrain enacted the Stalled Projects Law, which granted the Government the authority to restructure stalled development projects. The Stalled Projects Law established a joint judicial and expert committee, the Stalled Property Development Projects Settlement Committee (the "**Project Committee**"), with a remit to investigate and resolve issues facing delayed projects and develop plans to take projects forward. The Project Committee has the authority to request comprehensive proposals from a developer for completing a stalled project and providing stakeholders with investment returns. In certain circumstances, the Project Committee may appoint new management and invite new investors to participate in the development in order to complete a project. The Project Committee's decisions have legal and binding effect subject to a right of appeal at the Court of Cassation. The committee has overseen the relaunch of nearly all the projects that stalled in the wake of the 2008 global financial crisis.

Housing Units Delivery Programme

Historically, the Ministry of Housing and Urban Planning (the "**MoHUP**") has designed and constructed housing units through awarding EPC contracts. This EPC model is expected to be replaced with the Mazaya Programme described below. Most of the projects currently under implementation by the MoHUP using the EPC model are housing projects approved under the GCC Development Fund. The MoHUP has also procured social housing units through turn-key projects, principally with Diyar Al Muharraq, the owner of an artificial island in the archipelago in Bahrain which develops social housing on 12 square kilometres of land it owns and which includes access to high-quality amenities, including restaurants, retail outlets and parks.

The MoHUP signed its first public private partnership agreement with the real estate and infrastructure development company, NASEEJ, on 2 January 2012 for the development of 2,450 social housing units and 367 affordable homes across two different locations: North Bahrain New Town and Al Lawzi. In August 2017, work was completed in respect of 165 affordable homes, 202 affordable apartments, 1,618 social housing units in Madinat Salman and 700 social housing units in Al Lawzi and the social housing units have been provided to the intended beneficiaries, and all 165 affordable homes and 47 affordable apartments have been sold. Supporting infrastructure for the units has also been established, including roads, sanitary facilities, telecommunications and operational and maintenance matters.

Since 2015, 25,000 new housing units and services have been delivered and occupied in Bahrain. The Government's action plan for the years 2023-2026 consists of various housing units and apartments, which are currently under construction at various locations. Examples of construction projects include the construction of 2,800 units in Sitra, 1,551 units in East Hidd and 2,763 unit in Madinat Salman, in addition to other locations. In addition, the MoHUP is currently planning to initiate a Government Land Development Programme, in partnership with the private sector, to build housing in a more efficient manner. It will also target the provision of 'on-the-spot' services to reduce waiting times and to provide citizens with multiple options.

Access to housing finance

The Mazaya programme social housing finance scheme is a support programme to assist citizens in getting access to private financing to be able to buy housing either from developers or other citizens. The Mazaya programme provides citizens with a monthly mortgage payment subsidy to bridge the difference between the monthly mortgage repayment to be made to the commercial bank and the mortgage payment by the citizen based on 25% of his income. To ensure commitment towards the purchase of the house and to lower the risk for banks, the citizen has to pay 10% of the unit price as a down payment. Approved commercial banks provide mortgages, while the housing units are provided commercially by the market and certified by the MoHUP. The Mazaya programme is designed to enhance the participation of private developers and banks in boosting the provision of housing at a time of rapidly growing demand. The administrative coordination of the program is undertaken by Eskan Bank, a fully Government-owned housing bank. As of 31 December 2021, 9,800 Bahraini citizens had benefitted from this programme. In August 2022, a new financing programme for housing was announced (the Tas'heel and Mazaya Programmes), which, *inter alia*, raised the available loan ceiling to a maximum of BD 70,000 (under the Tas'heel Programme) and increased the maximum age of beneficiaries from 35 to 40 with a financing cap based on age (under the Mazaya Programme).

In addition to these extensive social housing projects, the private sector has invested in Bahrain, in particular. Examples of private sector-funded projects include*:*

Completed projects:

- The King Hamad American Mission Hospital, which opened in January 2023, with patients being admitted from 15 March 2023, is a 125-bed hospital in A'Ali. The total cost of construction is estimated to have been approximately U.S.$79 million.

- Vida Beach Resort Marassi-Al-Bahrain, which launched in December 2021, is a 157-room hotel (of which 141 rooms are serviced) located on the Marassi beach front in Diyar Al Muharraq. The total cost of construction is estimated to have been approximately U.S.$135 million.

- The Address Beach Resort Bahrain, which opened in November 2022, is 11,000 m^2 development with 154 luxury apartment complexes and 117 hotel rooms, and is located on the Marassi beach front in Diyar Al Muharraq. The total cost of construction is estimated to have been approximately U.S.$110 million.

Projects currently in progress:

- Diyar Al Muharraq, a master development project, is planned as a mix of residential and commercial properties consisting of up to 30,000 individual housing units and a variety of retail and commercial enterprises, covering 1.2 million m^2. The total cost of construction is estimated to be approximately U.S.$2.5 billion, and the project is expected to be completed in 2028.

- The King Abdullah Medical City, a healthcare complex with academic and medical facilities, is planned to become a research centre with on-site accommodation that is purpose-built for doctors and students. The total cost of construction is estimated to be approximately U.S.$266 million, and the project is expected to be completed by the end of 2024.

- The Marassi Galleria project, which is planned to include a family plaza, a waterfront dining promenade, an animated rooftop and luxury courtyard, and to extend over an area of 200 m^2. The total cost of construction is estimated to be approximately U.S.$580 million.

- The Avenues Bahrain Mall, which opened in October 2017, is situated on a seafront location stretching 1.5 km. Located in Manama, the total cost of construction is estimated to be approximately U.S.$0.3 billion. The project is currently in a second phase, which involves adding a leasable area of approximately 40,00 m^2, and is expected to completed in 2024.

- Dilmunia Island, which is a mixed-use development consisting of residential, commercial, hotels and community facilities with a total reclaimed area of 125 hectares. The total cost of construction is estimated to be approximately U.S.$1.8 billion.

Trade

The trade sector accounted for 4.3% of real GDP in 2021 and 4.3% of real GDP in 2022. In the nine months ended 30 September 2023, the trade sector accounted for 4.4% of real GDP. Bahrain has signed several significant international trade agreements. Bahrain also concluded a Free Trade Agreement with the United States in 2004, a first for a GCC country. As a block, the GCC is working on trade agreements with countries such as India, China and the United Kingdom. The GCC signed a free trade agreement with Singapore that came into force in September 2013. Bahrain is also working to boost trade with Japan, one of its top trade partners. See "*Balance of Payments and Foreign Trade*".

Bahrain is one of the members of the GCC common market. See "*Overview of The Kingdom of Bahrain—International Relations—GCC*". The GCC has a uniform 5% import tax rate (with some exemptions and a special tax for tobacco of 100% and alcohol of 100%). Bahraini exports to the GCC are exempt from tax and are therefore more competitive than from other non-GCC countries (with no free trade agreements). Bahrain trades heavily with the GCC, in particular with Saudi Arabia.

Based on IGA statistics, non-oil exports to GCC countries amounted to 43.9% in 2023, and Saudi Arabia accounted for 23.6% of total non-oil exports and 53.7% of non-oil exports to GCC countries. As for non-oil imports, 18.0% of total non-oil imports in 2023 were from other GCC countries, and Saudi Arabia accounted for 6.4% of total non-oil imports and 35.3% of non-oil imports from GCC countries.

The table below sets out Bahrain's non-oil imports from the GCC countries.

	For the year ended 31 December				
	2019	**2020**	**2021**	**2022**	**2023**
	(U.S.$ millions, except percentages)				
GCC Total	**2,124.6**	**1,994.0**	**2,253.8**	**2,544.8**	**2,023.9**
Saudi Arabia	926.8	935.9	966.4	888.0	1,087.6
Kuwait	90.9	92.7	138.3	195.9	117.7
Oman	179.2	137.2	102.2	173.3	141.7
UAE	927.7	828.1	1,046.9	1,285.7	650.7
Qatar	0.0	0.0	0.0	1.9	26.2
Total non-oil imports	**13,255.6**	**12,759.6**	**14,137.8**	**15,537.2**	**14,141.4**
GCC of total non-oil imports	*16.0%*	*15.6%*	*15.9%*	*16.4%*	**18.2%**

Source: Information and eGovernment Authority

The table below sets out Bahrain's non-oil exports to the GCC countries.

	For the year ended 31 December				
	2019	**2020**	**2021**	**2022**	**2023**
	(U.S.$ millions, except percentages)				
GCC Total	**4,194.5**	**3,677.9**	**4,957.8**	**5,649.0**	**5,382.6**
Saudi Arabia	2,027.4	1,948.5	2,460.7	3,048.1	2,892.7
Kuwait	292.2	225.0	284.0	285.9	313.0
Oman	439.3	479.4	569.7	639.4	355.8
UAE	1,435.6	1,023.6	1,623.4	1642.3	376.8
Qatar	—	1.4	20.1	33.3	69.7
Total non-oil exports	**8,224.9**	**8,146.0**	**12,428.3**	**15,125.0**	**11,180.5**
GCC share of total non-oil exports	*51.0%*	*45.1%*	*39.9%*	*37.3%*	*44.2%*

Source: Information and eGovernment Authority

The GCC tax agreement has also been particularly appealing for those foreign investors whose main market is the GCC but who prefer Bahrain's business and social environment. These companies contribute to Bahrain's labour market, as well as contributing to Bahrain's exports.

Bahrain has been chosen to host the GCC headquarters of one of India's leading business and policymaking bodies to promote bilateral trade. The Confederation of Indian Industry (CII) established an office in Manama in September 2014 to increase its presence in the region.

In April 2023, the Government introduced a "golden licence", which grants incentives and streamlines services for foreign and local investors for projects with a minimum investment value of U.S.$50 million or that create more than 500 local jobs. The first "golden licences" were awarded in June 2023 to five investment projects valued at more than U.S.$1.4 billion.

Tourism, Hotels and Restaurants

Tourism has long been recognised as an important part of the economy in Bahrain. Bahrain has a growing tourism industry with several large-scale tourist developments under construction. Tourism in Bahrain involves several different types of activities ranging from leisure events, business events and heritage cultural events. The tourism industry (hotels and restaurants) contributed 1.5% of real GDP in 2021 and 1.7% of real GDP in 2022. For the nine months ended 30 September 2023, the tourism industry contributed to 1.7% of real GDP. The tourism industry has been particularly affected by the COVID-19 pandemic.

Data from the World Travel and Tourism Council ("**WTTC**") put the direct contribution of the travel and tourism sector to Bahrain's GDP at 4.2% in 2017 and (prior to the outbreak of the COVID-19 pandemic) forecasted it to rise by an average of 4.5% per year during the period 2018-2028. The total contribution (including indirect and induced) of travel and tourism to GDP was estimated by the WTTC at 6.1% of GDP in 2021.

The following table sets forth certain key tourism indicators for the Kingdom of Bahrain, as published by the Bahrain Tourism and Exhibitions Authority, for the periods indicated.

	For the year ended 31 December				
	2018	**2019**	**2020**	**2021**	**2022**
International arrivals (*millions*)	13.7	12.5	2.3	4.2	11.4
Inbound tourism flows (*millions*)	12.0	11.1	1.9	3.6	9.9
Total tourist nights (*millions*)	12.8	13.2	2.9	8.0	13.0
Total inbound tourism expenditure (*BD billions*)	1.4	1.5	0.3	0.7	1.5
Hotel occupancy rate	45%	44%	23%	37%	44%

Source: Bahrain Tourism and Exhibitions Authority

Tourism-related activities are focused around hotel accommodation, retail facilities and restaurants. Bahrain aims to develop its tourism industry by developing a more holistic tourism offering.

Bahrain has hosted Formula One races since 2004. A new contract was signed in 2022, pursuant to which Bahrain will host Formula One races until 2036.

The Government is also taking steps to restore historical sites and is working on a number of initiatives relating to preservation of heritage and protection of archaeological sites. It has been involved with UNESCO in a largescale excavation programme, resulting in a number of discoveries relating to the ancient Dilmun civilisation. The main archaeological site is named Saar (named after the closest modern village) and is divided into two distinct zones: a residential zone and a cemetery. Dilmun was one of the most important ancient civilisations of the region and is believed to have existed in the third millennium BC. It is thought to have been a hub on a major trading route between Mesopotamia and the Indus Valley in South Asia.

The Spring of Culture Festival, organised by the Bahrain Authority for Culture and Antiquities, is an annual festival that had been held for 15 consecutive years until it did not take place in March 2020 due to COVID-19 restrictions. Events and activities are designed to engage all segments of society, from arts and crafts exhibitions to intellectual lectures and talks, poetry recitals, music concerts and theatrical performances.

The Bahrain Authority for Culture and Antiquities is also working on the maintenance and restoration of Al Khamis Mosque. Al Khamis Mosque is believed to have been built during the caliphate of Umayyad Caliph Umar II. The plan is to develop a walking area around the mosque to allow visitors to walk around and appreciate the architectural design of the mosque. A visitor's centre will also be developed. Other historical attractions that the Bahrain Authority for Culture and Antiquities manages, include: (i) the National Museum; (ii) Bayt Al Quran, a multi-purpose complex dedicated to the Islamic arts; (iii) Siyadi House, the home of a prominent 19th century pearling merchant in Muharraq; (iv) Dilmun Burial Mounds; (v) Bahrain Fort, a UNESCO World Heritage Site that has been open to the public since 2008; (vi) the Bahrain Pearling Trail, a UNESCO World Heritage Site made up of three oyster beds in the Bahrain northern waters, a segment of the coast and the seafront in Bu Mahir fortress and 17 buildings in Muharraq connected by a 3.5-kilometre visitor pathway; and (vii) the Manama and Muharraq Souqs.

Bahrain's tourism industry benefits from Bahrain's geography, open culture and liberal regulation. Three of the GCC capitals—Riyadh, Kuwait City and Doha, as well as the main population centres of Saudi Arabia's Eastern Province, are located within a radius of approximately 400 kilometres around Bahrain and within a convenient distance for day trips.

Saudi nationals are the principal tourists to Bahrain with the causeway linking the two countries facilitating this movement. In 2022, 13.9 million visitors entered Bahrain, as compared to 4.9 million visitors in 2021. In the nine months ended 30 September 2023, 12.9 million visitors entered Bahrain.

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

	2018	2019	2020	2021	2022	For the nine months ended 30 September 2023
			(number of arrivals)			
Saudi Causeway	13,408,395	12,215,363	2,065,322	3,874,750	11,864,861	11,140,447
Airport	2,593,173	2,724,878	712,366	1,035,067	1,952,535	1,723,952
Sea Port	112,541	160,974	64,530	9,504	35,384	31,637
Total	**16,114,109**	**15,101,215**	**2,842,218**	**4,919,321**	**13,852,780**	**12,896,036**

Source: Nationality Passport and Residence Affairs.

Shopping forms an essential part of tourism in Bahrain, and there are a number of modern malls and designer boutiques where the latest fashions and international goods are available. Bahrain has approximately 20 malls, which vary in size, capacity and range of products and services offered. Increasingly, the newer malls are located away from the capital (Manama) to serve different areas of the country. As part of the Government's strategy to increase the accessibility of government services outside of Manama, post offices, utility bill payments and enquiry desks are increasingly common in shopping malls across the country. The two main malls in Bahrain are Bahrain City Centre and Al-Seef Mall. Bahrain Dragon City, a large shopping mall hosting more than 500 Chinese businesses, opened at the end of 2015. In October 2017, the Avenues, a large retail and leisure development in the centre of Manama comprised of shops, an indoor market, waterfront restaurants and cinemas were completed. The largest shopping mall in Bahrain is currently under construction in Diyar Al Muharraq, with opening of the mall expected in 2024.

The tourism industry was particularly impacted by the COVID-19 pandemic and the corresponding restrictions on travel. In 2021, the Bahrain Tourism & Exhibitions Authority launched Bahrain's tourism strategy for 2022-2026. This strategy aims to: (i) position Bahrain as an international tourism hub; (ii) increase the contribution of tourism to GDP; (iii) increase the number of tourism target markets; and (iv) diversify Bahrain's tourism offering. By 2026, the strategy aims to increase the percentage of the tourism sector's contribution to GDP to 12.2% (as compared to 6.8% in 2019), increase inbound tourism spending to BD 2 billion (as compared to BD 1.5 billion in 2019), attract 14.1 million visitors (as compared to 11.1 million in 2019), increase the average visitor spending per day to BD 74.8 (as compared to BD 71 in 2019) and raise the average number of tourist nights to 3.5 (as compared to 3.4 in 2023).

Privatisation

The total proceeds raised from privatisations in Bahrain between 1989 and 2000 amounted to less than U.S.$79.8 million. Since then, privatisations have accelerated. In particular, in 2007, Hidd power plant was privatised, generating U.S.$738 million and the privatisation of the Seef Properties generated U.S.$72 million for the Government. In November 2010, Mumtalakat conducted a global offering of a portion of its ordinary shares in Alba. The ordinary shares are listed on the Bahrain Bourse and global depositary receipts representing such shares are listed on the London Stock Exchange. See "*Public Finance—Revenue—Alba" and "Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Manufacturing—Aluminium*".

Currently 90% of Bahrain's electricity and water is produced by the private sector. The Ministry of Works is currently upgrading the Tubli sewage treatment plant, which is expected to be completed by the end of September 2024. The Government is also encouraging private sector investment in other sectors such as utilities, education and healthcare and has privatised its public transport system. The King Hamad University Hospital, established in late 2011, is managed by the Bahrain Defence Force and will be used as a teaching hospital for the neighbouring, privately run medical university. The role of private investment in the health sector is expected to further benefit from the Supreme Council of Health's plans to establish a national health insurance system.

In 2022, the Government approved a guide regulating PPPs, which is designed to be complementary to Bahrain's sustainable development goals 2030 and Vision 2030 and applies to all partnership projects between Government entities and the private sector (other than, among other limited exceptions, certain military and security projects).

GCC Common Market

See "*—Other Services—Trade" and "Overview of The Kingdom of Bahrain—International Relations—GCC*".

Employment

Bahrain has a high proportion of non-Bahrainis among its working population (77% in 2018, 77% in 2019, 82% in 2020 and 77% in 2021). In 2022, the registered number of workers in the public sector was 58,891 and the registered number of workers in the private sector was 609,547. As at 30 June 2023, the total registered number of workers in Bahrain's workforce was 770,129. The National Economic Recovery Plan targets recruiting for 20,000 Bahraini jobs and training 10,000 Bahrainis annually until 2024.

The Government has sought to implement a policy in recent years of increasing the number of Bahraini nationals in employment, principally through specialised training. A number of different training programmes are offered in the financial services, hotel trade and technical fields and more recently, in the retail trade area. The employment of Bahraini nationals who have completed these types of training courses is encouraged by the Government.

The unemployment rate among Bahraini nationals has declined rapidly due to focused Government reforms. In 2006, the Government launched an ambitious labour market reform programme based on four pillars: the National Employment Project ("**NEP**"), the Labour Market Regulatory Authority ("**LMRA**"), the Labour Fund and the Unemployment Insurance Programme. The reform programme sought to stimulate investment and technological change, as well as education and training of the Bahraini labour force. Since the launch of the programme, the unemployment rate for Bahraini nationals has been reduced from 15.0% in 2005 to 4.3% in 2018, 4.7% in 2019, 5.9% in 2020, 5.9% in 2021, 5.4% in 2022 and 6.3% in 2023. The Government has introduced a voluntary retirement scheme for government employees as a result of which the employment of public sector Bahraini workers was reduced from 53,707 in the fourth quarter of 2018 to 49,125 in the second quarter of 2019. This scheme was offered to civil servants below director level, based on a one-time indemnity and lifetime pension, as well as the right to work in the private sector. The severance package and pensions for this scheme are funded by sources from outside of the State budget. 9,117 applicants applied for the scheme between 9 October 2018 and 8 November 2018, of which 8,711 were accepted, reducing the civil workforce by 18% in 2019. Successful applicants were transferred to retirement in five phases, ending on 31 August 2019. Bahrain launched a scheme under the NEP framework in 2019 aimed at developing the talent of its citizens and improving competition, while allowing the markets to retain the flexibility needed to attract skilled labour. Under this scheme, 24,718 citizens were employed in 2019, as compared to 19,221 in 2020. A second scheme was launched in 2021, pursuant to which 26,335 citizens were employed in 2021, 29,995 citizens were employed in 2022 and 29,533 citizens were employed in 2023. The Ministry of Labour and Social Development also established a programme aimed at employing 20,000 university graduates and training 10,000 Bahrainis annually between 2022 and 2026.

In accordance with Vision 2030, the Government aims to ensure that all residents and citizens are treated equally under the law and in accordance with human rights, including ensuring equal access to services and support for adequate job training. In addition, the Government aims to create a level playing field in the job market for Bahrainis through immigration reform and the revision of labour laws. In implementing this vision, the Government, through the Ministry of Labour and Social Development, issued a decision in April 2009 to abolish the sponsorship system for foreign employees which restricted employees from transferring into new jobs without their employer's approval. The decision, which came into effect in August 2009, allows foreign employees to transfer from one job to another independent of their sponsors and lifts all restrictions that were previously applicable to employees under the sponsorship programme.

In 2022, Bahrain launched the Golden Visa, which provides expatriates and foreign investors the opportunity to reside in Bahrain on a permanent basis and is aimed at attracting talent. In order to qualify for the Golden Visa, residents must have: (i) resided in Bahrain for not less than five years; and (ii) earned a monthly basic salary of not less than BD 2,000 during the previous five years of their residency in Bahrain.

The NEP programme uses career-related assessment, which is designed to tailor evaluation to individuals' specific attributes and to provide accurate information about a person's capabilities, desires and future career. Following establishment of the NEP, Ministry of Labour and Social Development officials have been encouraging private organisations to provide better quality training for their employees. The aim is to raise the productivity and performance of the companies. The Council of Ministers has also approved the formation of a Supreme Committee for Human Resources Development and the Ministry of Labour and Social Development also implemented a wage subsidy to private companies.

In order to provide financial support to unemployed Bahraini nationals, the Government levies a 1% fee on salaries to pay for an unemployment scheme. Deductions commenced on 1 July 2007, with unemployment benefits becoming payable to those eligible from September 2007.

The Government issued a new labour law pursuant to Legislative Decree № 36 of 2012 dated 12 August 2012 (the "**New Labour Law**"). The New Labour Law complements the provisions of Labour Law № 23 of 1976 and is aimed at increasing worker protections in a manner consistent with ILO guidance. The New Labour Law provides that all domestic workers are required to be employed under contractual terms in line with all private sector employees and have increased

annual, maternity and sick leave entitlements. Employees will now also be entitled to compensation for any delays in payment. Fines will be imposed on employers who fail to comply with the provisions of the New Labour Law.

With effect from February 2019, the Government has been implementing a new National Employment Programme. This programme consists of a number of initiatives, including: (i) an awareness campaign targeting employers; (ii) increasing certain benefits for dismissed workers and jobseekers; (iii) increasing subsidies on wages to 70% for the first year of employment; and (iv) and increasing a sponsored training programme by Tamkeen.

Certain employment policies target increasing the employability of women in the private sector, including through a part-time scheme. More than 5,000 women have been recruited in the private sector by this scheme. In 2023, 42.2% of employed jobseekers were women (as compared to 38% in each of 2021 and 2020 and 39% in 2022).

In July 2023, the Government announced its National Plan for the Labour Market 2023-2026 (the "**National Labour Plan**"), which aims to increase training and employment opportunities, as well as to attract increased investment. The National Labour Plan also targets the expansion of partnerships between the Government and the private sector by encouraging use of part-time employment and remote working to create additional employment opportunities. The National Labour Plan also targets further programmes to be launched by the Ministry of Labour to further integrate women into the labour market.

Tamkeen

Tamkeen is a public authority established in August 2006, tasked with supporting Bahrain's private sector and positioning it as a key driver of economic growth and development. Tamkeen is a cornerstone of Bahrain's national reform initiatives and Vision 2030, playing a key role in advancing national priorities and the National Economic Recovery Plan.

Tamkeen has two primary objectives: to foster the development and growth of enterprises, and to empower Bahrainis through training and employment support. To achieve these objectives, Tamkeen aims to (i) increase the competitiveness of Bahraini nationals both locally and internationally by providing them with training opportunities and supporting their entry to the job market, as well as supporting them to get global training and work experience that will further enhance their skills and (ii) support private sector competitiveness and productivity by providing co-matching grants, access to financing and other support to help enterprises achieve their business objectives according to their size and growth stage. Tamkeen has invested BD 2 billion in direct and indirect support to drive impact for the national economy and supported more than 118,000 individuals and 74,000 enterprises to reach their full potential.

In the six months ended 30 June 2023 and the year ended 31 December 2022, Tamkeen invested U.S.$61.3 million and U.S.$109.6 million, respectively, in developing and growing Bahraini human capital. In the six months ended 30 June 2023 and the year ended 31 December 2022, Tamkeen invested U.S.$39.6 million and U.S.$61.0 million, respectively, support businesses and private institutions in Bahrain. Tamkeen also directed U.S.$58.6 million of its unemployment insurance revenue in 2022 and U.S.$3.9 million of its unemployment insurance revenue in the six months ended 30 June 2023 towards individuals and businesses.

Tamkeen's strategy for 2021-2026 aims to drive economic impact and productivity, by addressing market needs, particularly regarding the growth of private sector enterprises, and the enhancement of the national workforce's professional and creative skills. This strategy is in line with the next transformative phase of the Government's post COVID-19 pandemic business and economic strategy to help accelerate the growth of businesses, with a focus on increasing productivity through digitalisation, automation, and exporting, in addition to efficiently responding to new market conditions. As part of this strategic cycle, Tamkeen's strategic priorities for the year 2023 were focused on the following pillars: facilitating the increased economic participation of Bahrainis, providing training that is aligned with labour market needs in new and emerging skills, as well as enterprise and ecosystem development, all of which drive positive economic impact and sustainable growth.

Furthermore, in alignment with the Royal Directives of His Majesty King Hamad bin Isa Al Khalifa to channel new revenue streams to integrate Bahrainis into the labour market through employment, training and wage support programmes worth BD 200 million that are being implemented by the Labour Fund, Tamkeen is working on introducing enhanced programmes and initiatives to realise His Majesty's vision in making Bahrainis the first choice of employment in the labour market.

Wages

The LMRA has developed a database of wage information (relating to Bahraini nationals only) based on ILO best practices and standards. There is no official minimum wage level in Bahrain although the concept has been debated in

the past by the LMRA. The Ministry of Labour and Social Development recommends that a Bahraini employee's minimum wage should be no less than BD 350 per month and BD 500 for Bahraini employees with a university degree.

The table below sets out the average monthly wages in Bahrain for the periods indicated.

	2018	2019	2020	2021	2022	Q3 2023
			(U.S.$)[(1)]			
Average Bahraini Wage[(2)]	2,096	2,046	2,073	2,104	2,149	2,279
Public sector	2,398	2,209	2,196	2,353	2,311	2,513
Private sector	1,923	1,969	2,014	2,008	2,074	2,168

Notes:

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

(2) Average of all Bahrain wages is equal to the total amount of monthly salaries in all sectors divided by the total number of contributors in all sectors.

Source: Social Insurance Organization

In 2022, the average Bahraini monthly wage was U.S.$2,149, as compared to U.S.$2,104 in 2021, reflecting a 2.1% increase. The average public sector monthly wage was U.S.$2,311 in 2022, as compared to U.S.$2,353 in 2021, reflecting a decrease of 1.8%. The average private sector monthly wage was U.S.$2,074 in 2022, as compared to U.S.$2,008 in 2021, reflecting an increase of 3.3%.

The average Bahraini monthly wage in the three months ended 30 September 2023 was U.S.$2,279. The average public sector monthly wage was U.S.$2,513 in the three months ended 30 September 2023, and the average private sector monthly wage was U.S.$2,168. See "*Monetary and Financial System—Inflation*".

BALANCE OF PAYMENTS AND FOREIGN TRADE

The table below sets out Bahrain's balance of payments, prepared in accordance with IMF Manual 6 methodology, for the periods indicated.

			Year ended 31 December					Nine months ended 30 September	
			2018	2019	2020	2021	2022	2022[1]	2023[1]
					(U.S.$ millions)[2][3][4]				
1.	**Current account (*a+b+c+d*)**		**(2,434.6)**	**(794.1)**	**(3,244.7)**	**2,602.4**	**6,838.6**	**5,166.8**	**2,031.4**
	a.	**Goods**	**(1,066.5)**	**856.4**	**(127.1)**	**4,905.1**	**8,244.7**	**6,484.8**	**3,355.6**
		General Merchandise							
		Exports (fob)	18,043.6	18,119.7	14,065.7	22,369.4	30,193.9	23,420.2	18,335.1
		Imports (fob)	(19,110.1)	(17,263.3)	(14,192.8)	(17,464.4)	(21,949.4)	(16,935.4)	(14,979.5)
	b.	**Services (net)**	**3,976.9**	**3,500.3**	**2,079.5**	**2,752.1**	**3,268.4**	**2,116.0**	**2,467.3**
		Maintenance	466.5	495.4	430.3	418.4	466.0	350.3	179.0
		Transportation	(1,061.2)	(1,768.6)	(1,911.2)	(1,964.4)	(2,288.8)	(1,846.8)	(1,638.0)
		Travel	2,205.1	2,495.7	1,437.8	2,166.5	3,082.4	2,128.7	2,469.9
		Construction	5.1	14.9	12.0	11.2	11.2	9.6	4.8
		Insurance	1,214.4	1,129.4	972.9	905.6	757.2	563.0	544.4
		Financial services	124.2	122.3	103.2	107.7	160.1	81.1	185.6
		Communication services	780.9	799.3	840.2	897.9	876.9	680.9	571.8
		Other business services	242.0	211.3	193.6	209.3	203.5	149.2	149.7
	c.	**Income (net)**	**(2,076.1)**	**(2,260.6)**	**(2,459.0)**	**(2,527.9)**	**(1,962.8)**	**(1,434.0)**	**(1,837.0)**
		Investment income	(2,076.1)	(2,260.6)	(2,459.0)	(2,527.9)	(1,962.8)	**(1,434.0)**	**(1,837.0)**
		Direct investment income	(755.3)	(864.2)	(854.0)	(844.4)	(1,094.9)	(775.3)	(961.7)
		Portfolio income	(1,229.0)	(1,368.8)	(1,563.3)	(1,620.2)	(576.9)	(480.9)	(366.2)
		Other investment income	(91.8)	(27.7)	(41.8)	(63.3)	(291.0)	(177.9)	(509.0)
	d.	**Current transfers (net)**	**(3,268.9)**	**(2,890.2)**	**(2,738.0)**	**(2,526.9)**	**(2,711.7)**	**(2,000.0)**	**(1,954.5)**
		Workers' remittances	(3,268.9)	(2,890.2)	(2,738.0)	(2,526.9)	(2,711.7)	(2,000.0)	**(1,954.5)**
2.	**Capital and financial account (net)(*A+B*)**		**4,079.0**	**1,867.3**	**4,631.1**	**(1,109.6)**	**(4,250.3)**	**(3,644.4)**	**51.1**
	A.	**Capital account (net)**	**795.2**	**896.3**	**779.5**	**564.1**	**472.9**	**281.9**	**0.0**
		Capital transfers	795.2	896.3	779.5	564.1	472.9	281.9	0.0
	B.	**Financial account (*I+II+III+IV*)[5]**	**3,283.8**	**971.0**	**3,851.6**	**(1,673.7)**	**(4,723.1)**	**(3,926.3)**	**51.1**
		I. Direct investment	**1,543.1**	**1,698.4**	**1,226.3**	**1,714.9**	**3.5**	**(1,482.2)**	**(1,021.0)**
		Abroad	(111.2)	197.1	205.1	(64.4)	(1,947.9)	(1,929.3)	(1,611.4)
		In Bahrain	1,654.3	1,501.3	1,021.3	1,779.3	1,951.3	447.1	590.4
		II. Portfolio investment (net)	**(1,504.3)**	**76.6**	**2,173.7**	**(1,130.3)**	**501.1**	**1,499.2**	**(871.3)**
		Assets	(2,176.6)	(1,301.9)	(1,255.9)	(3,501.1)	(909.3)	466.2	(2,337.0)
		Liabilities	672.3	1,378.5	3,429.5	2,370.7	1,410.4	1,033.0	1,465.7
		III. Other investment (net)	**2,775.8**	**726.1**	**(1,005.3)**	**258.5**	**(5,458.0)**	**(3,719.9)**	**2,175.5**
		Assets	(2,201.3)	3,453.5	(1,119.4)	(1,056.6)	(5,085.9)	(1,227.7)	4,993.6
		Liabilities	4,977.1	(2,727.4)	114.1	1,315.2	(372.1)	(2,492.3)	(2,818.1)
		IV. Reserve assets (net)	**469.2**	**(1,530.1)**	**1,456.9**	**(2,516.8)**	**230.3**	**(223.4)**	**(232.2)**
3.	**Errors and omissions**		**(1,644.4)**	**(1,073.2)**	**(1,386.8)**	**(1,492.8)**	**(2,588.3)**	**(1,522.3)**	**(2,082.4)**

Notes:

(1) Data for the nine months ended 30 September 2022 and 2023, respectively. Capital and financial account components are flows between January and September of 2022 and 2023, respectively.

(2) Trade statistics in this table are prepared on a "free on board basis," as defined in the IMF's *Balance of Payment Manual, Sixth Edition* (the "**BPM6**").

(3) The data contained in this table is structured to be consistent with the BPM6.

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

(5) A negative sign or parentheses means net outflows/increases in external assets.

Source: CBB

Current Account

Bahrain has a free market economy, with no restrictions on capital movements, foreign exchange, foreign trade or foreign investment. Bahrain's current account was in deficit in 2018 (U.S.$2,434.6 million) 2019 (U.S.$794.1 million) and 2020 (U.S.$3,244.7 million). In 2021 and 2022, the current account registered surpluses of U.S.$2,602.4 million and U.S.$6,838.6 million, respectively. For the nine months ended 30 September 2023, the current account registered a surplus of U.S.$2,031.4 million. As a percentage of current GDP, Bahrain recorded current account deficits of 6.4% in 2018, 2.1% in 2019 and 9.4% in 2020. In 2021 and 2022, the current account surplus as a percentage of GDP was 6.6% and 15.4%, respectively. The surpluses in the current account in 2021 and 2022 were primarily due to an increase in export receipts, primarily due to higher international oil prices and non-oil exports from Bahrain.

Bahrain's economy is dependent on imports, as evidenced by import/current GDP ratios of 50.5%, 44.7%, 40.9%, 44.9% and 49.5% in each of 2018, 2019, 2020, 2021 and 2022, respectively. Its principal imports are crude oil (purchased from Saudi Arabia for processing at the Sitra oil refinery) and alumina (purchased from Australia for processing at the Alba smelter).

Its principal exports are crude oil, refined oil products and aluminium (by Alba). Although aluminium prices have been less volatile than those for oil, fluctuations in recent years have affected Bahrain's trade balance.

Bahrain's services account balance has been positive in each of the preceding ten years ending 2022. The principal source of revenue in the services sector is income from financial services (including insurance) and travel. Receipts from travel services reached U.S.$2,495.7 million in 2019, an increase from U.S.$2,205.1 million in 2018. Due to the travel restrictions imposed in light of the COVID-19 pandemic, receipts from travel services decreased to U.S.$1,437.8 million in 2020. In 2021, travel services receipts were U.S.$2,166.5 million and, in 2022, travel services receipts increased to U.S.$3,082.4 million. In the nine months ended 30 September 2023, travel services receipts were U.S.$2,467.7 million.

The activities of Bahrain's significant wholesale banking industry give rise to high levels of income credits and debits. Other income debits include the repatriation of profits by foreign firms located in Bahrain.

Bahrain has a high outflow of funds as expatriate workers remit savings and earnings to their home countries. In 2018, there was a U.S.$802.9 million increase in remittances, which led to an outflow of U.S.$3,268.9 million. The increases in remittances and outflows in 2018 were primarily due to the knock-on effect of speculation regarding the peg of the Bahraini Dinar to the U.S. Dollar. Following the announcement of the U.S.$10 billion GCC support package, remittance levels have returned to more normal levels. In 2019, there was a U.S.$378.7 million decrease in remittances, which led to an outflow of U.S.$2,890.2 million in remittances. In 2020, there was a U.S.$152.2 million decrease in remittances, which led to an outflow of U.S.$2,738.0 million in remittances. In 2021, there was an outflow of U.S.$2,526.9 million in remittances. In 2022, there was an outflow of U.S.$2,711.7 million in remittances, and in the nine months ended 30 September 2023 there was an outflow of U.S.$1,954.5 million in remittances.

Capital and Financial Accounts

Within the capital and financial accounts, Bahrain has experienced gradually increasing levels of foreign direct investment. Bahraini entities are also active investors abroad. Total direct investment recorded a net inflow of U.S.$1,543.1 million in 2018, a net inflow of U.S.$1,698.4 million in 2019 and a net inflow of U.S.$1,226.3 million in 2020. The decrease in net inflows of direct investment in 2020, as compared to previous years, was primarily due to the impact of the COVID-19 pandemic. Total direct investment recorded a net inflow of U.S.$1,714.9 million in 2021 and a net inflow of U.S.$3.5 million in 2022. For the nine months ended 30 September 2023, total direct investment recorded a net outflow of U.S.$1,021.1 million.

In 2018, direct investment flows abroad were U.S.$(111.2) million while direct investment flows to Bahrain were U.S.$1,654.3 million. In 2019, direct investment flows abroad were U.S.$197.1 million while direct investment flows to Bahrain were U.S.$1,501.3 million. In 2020, direct investment flows abroad were U.S.$205.1 million while direct investment flows to Bahrain were U.S.$1,021.3 million. In 2021, direct investment flows abroad were U.S.$(64.4) million while direct investment flows to Bahrain were U.S.$1,779.3 million. In 2022, direct investment flows abroad were U.S.$(1,947.9) million while direct investment flows to Bahrain were U.S.$1,951.3 million. In the nine months ended 30 September 2023, direct investment flows abroad were U.S.$1,611.4 million while direct investment flows to Bahrain were U.S.$590.4 million.

Portfolio investments (which principally comprises debt and equity securities issued by banks) demonstrated a net outflow of U.S.$1,504.3 million in 2018, a net inflow of U.S.$76.6 million in 2019, a net inflow of U.S.$2,173.7 million in 2020, a net outflow of U.S.$1,130.3 million in 2021, and a net inflow of U.S.$501.1 million in 2022. In the nine months ended 30 September 2023, portfolio investments demonstrated a net inflow of U.S.$871.3 million.

Other investments (principally comprising bank loans and cash deposits) demonstrated a net inflow of U.S.$2,775.8 million in 2018, a net inflow of U.S.$726.1 million in 2019, a net outflow of U.S.$1,005.3 million in 2020, a net inflow of U.S.$258.5 million in 2021 and a net outflow of U.S.$5,458.0 million in 2022. In the nine months ended 30 September 2023, other investments demonstrated a net inflow of U.S.$2,175.5 million.

Balance of Payments

In 2018, Bahrain's balance of payments showed a deficit of U.S.$469.2 million, which is equivalent to 1.2% of GDP in 2018. The deficit was primarily due to an increase in the current account deficit, which increased from U.S.$1,450.0 million in 2017 to U.S.$2,434.6 million in 2018. In 2019, Bahrain's balance of payments showed a surplus of U.S.$1,530.1 million, which is equivalent to 4.0% of GDP in 2019. In 2020, Bahrain's balance of payments showed a deficit of U.S.$1,456.9 million, which is equivalent to 4.2% of GDP in 2020. In 2021, Bahrain's balance of payments showed a surplus of U.S.$2,516.8 million, which is equivalent to 6.5% of GDP. In 2022, Bahrain's balance of payments showed a deficit of U.S.$230.3 million. In the nine months ended 30 September 2023, Bahrain's balance of payments showed a surplus of U.S.$232.2 million.

Foreign Trade

Bahrain's major import is crude oil which is piped to the Sitra oil refinery from Saudi Arabia. Although in terms of volume oil imports have been relatively stable, in terms of price they have varied considerably. This variation in price reflects market-based movements in the price of oil.

See "*Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Trade*".

The table below provides details of Bahrain's crude oil imports for each of the periods indicated.

	Year ended 31 December					Nine months ended 30 September
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Imports of oil (*U.S.$ millions*)[(1)]	5,720.2	5,333.5	2,776.3	4,740.4	7,965.4	4,681.6
As a percentage of total imports *(%)*.....	29.9	30.9	19.6	27.1	36.3	31.3

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

Source: CBB

Oil imports were U.S.$4,740.4 million in 2021 and U.S.$7,965.4 million in 2022. In the nine months ended 30 September 2023, oil imports were U.S.$4,681.6 million.

The majority of Bahrain's major exports are petroleum-related, consisting of petroleum products from the Sitra oil refinery, petrochemical products from the petrochemical complex operated by GPIC and revenues derived from the sale of Bahrain's share of the crude oil produced at the Abu Saafa oil field. For a summary of oil production and refinery figures, see the tables under "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy*".

The largest non-oil export of Bahrain is aluminium (which is smelted at Alba aluminium smelter). Based on IGA foreign trade data, aluminium was 11.3% of total exports and 27.8% of total non-oil exports in 2018, 11.3% of total exports and 24.9% of total non-oil exports in 2019 and 22.1% of total exports and 34.3% of total non-oil exports in 2020. Based on IGA foreign trade data, aluminium was 36.1% of total non-oil exports in 2021. The IGA estimates that aluminium accounted for 45.4% of total non-oil exports in 2022 and 22.8% of total exports in 2022. For the six months ended 30 June 2023, the IGA estimates that aluminium accounted for 40.0% of total non-oil exports and 21.0% of total exports.

MONETARY AND FINANCIAL SYSTEM

Role of the Central Bank of Bahrain

The CBB is an independent public sector organisation constituted under its own law, the Central Bank of Bahrain and Financial Institutions Law of 2006. It was established on 7 September 2006. The CBB is responsible for maintaining monetary and financial stability in Bahrain. It succeeded the Bahrain Monetary Agency (the "**BMA**"), which had previously carried out central banking and regulatory functions since its establishment in 1973 (shortly after Bahrain secured full independence from the United Kingdom).

The CBB inherited the BMA's wide range of responsibilities. The CBB implements Bahrain's monetary and foreign exchange rate policies, manages the Government's reserves and debt issuances, issues the national currency and oversees payments and settlement systems. It is also the sole regulator of Bahrain's financial sector, covering the full range of banking, insurance, investment business and capital markets activities. The CBB performs the role of financial agent to the Government, a role which principally entails advising the Government in relation to financial matters generally, as well as administering Government debt.

The CBB is also responsible for regulating conduct in Bahrain's capital markets. In 2002, the legislative and regulatory authority and supervision of the Bahrain Bourse was transferred from the Ministry of Commerce to the BMA (now the CBB), which regulates and supervises all the Bahrain Bourse's activities. The CBB is not directly accountable to the National Assembly and is independent of the Government but is accountable to the Minister of Finance and National Economy. There are seven members of the board of directors of the CBB, including an independent chairman, each of whom is appointed by royal decree. The Governor of the CBB serves for a five-year term (the current governor was reappointed in March 2020).

In each of May, June, July, September, November and December 2022 and February, March, May and July 2023, the CBB raised interest rates concurrently with rate rises by the U.S. Federal Reserve, in an attempt to ease inflationary pressures.

Monetary and Exchange Rate Policy

Bahrain's monetary and exchange rate policy was previously managed by the BMA pursuant to the Bahrain Monetary Agency Law (Law № 23 of 1973) and is now managed by the CBB. The objective of Bahrain's monetary policy is to facilitate the fixed exchange rate regime. In 2001, the BMA formally pegged the Bahraini Dinar to the U.S. Dollar at a rate of BD 0.376 = U.S.$1.00. This rate had in fact been used in practice since 1980, even though, in principle, the Bahraini Dinar had been pegged to the IMF's special drawing rights ("**SDR**"). This policy is consistent with Bahrain's current and capital accounts and fits in with the regional framework of U.S. Dollar-pegged exchange rates as the pricing of oil and gas is in U.S. Dollars. The currencies of all GCC countries (except Kuwait) are formally pegged to the U.S. Dollar, and, in recent years, central bank governors from such countries have reaffirmed their commitment to maintain the peg of their respective currencies to the U.S. Dollar.

The CBB Monetary Policy Committee ("**MPC**") meets on a weekly basis throughout the year to closely evaluate economic and financial developments, monitor liquidity conditions in order to provide recommendations for monetary policy instruments and set interest rates on facilities offered by the CBB to the banking sector. With its regular meetings and recommendations submitted to H.E. the Governor, the MPC played a vital role in the CBB's efforts to mitigate the effects of the global financial crisis on Bahrain.

Money Supply

The following table sets out an analysis of Bahrain's domestic liquidity, as at the dates indicated. The below measures only include general government deposits and do not include the U.S.$6.3 billion debt owed to CBB by the Government.

	As at 31 December					% Change December 2022 – December 2023
	2019	2020	2021	2022	2023	
			(U.S.$ millions)[1]			*(%)*
Currency in circulation[2]	1,423.1	1,577.0	1,484.2	1,347.2	1,414.6	5.0
M1[3]	6,986.3	7,768.8	8,576.4	8,147.2	7,535.4	(7.5)
M2[4]	32,053.6	34,148.9	35,812.4	37,193.6	39,069.0	5.0
M3[5]	36,361.4	37,636.3	39,585.7	40,253.8	42,463.5	5.5

Notes:
(1) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(2) These figures exclude money held by banks.
(3) Currency in circulation plus BD-denominated private demand deposits.
(4) M1 plus private sector savings and time deposits and foreign currency private demand deposits.
(5) M2 plus government deposits.

Source: CBB

The following table sets out an analysis of Bahrain's M1, M2 and M3 money supply, as at the dates indicated.

	As at 31 December									
	2019		2020		2021		2022		2023	
	(U.S.$ millions)[1]	*(%)*[5]	*(U.S.$ millions)*[1]	*(%)*[5]	*(U.S.$ millions)*[1]	*(%)*[5]	*(U.S.$ millions)*[1]	*(%)*[5]	*(U.S.$ millions)*[1]	*(%)*[5]
M1	**6,986.3**	**(1.3)**	**7,768.8**	**11.2**	**8,576.4**	**10.4**	**8,147.2**	**(5.0)**	**7,535.4**	**(7.5)**
Total private sector deposits[2]	30,630.5	11.6	32,571.9	6.3	34,328.4	5.4	35,846.4	4.4	37,654.5	5.0
M2	**32,053.6**	**11.1**	**34,148.9**	**6.5**	**35,812.4**	**4.9**	**37,193.6**	**3.9**	**39,069.0**	**5.0**
Time and savings deposits	22,708.9	15.0	23,827.2	4.9	23,817.7	(0.0)	26,807.7	12.6	29,123.8	8.6
General government deposits[3]	4,307.8	(8.8)	3,487.4	(19.0)	3,773.4	8.2	3,060.2	(18.9)	3,394.6	10.9
M3	**36,361.4**	**8.3**	**37,636.3**	**3.5**	**39,585.7**	**5.2**	**40,253.8**	**1.7**	**42,463.5**	**5.5**
Net foreign assets[4]	796.9	—	(1,581.4)	—	(60.8)	—	(3,179.3)	—	(4,217.0)	—
Domestic assets	35,564.5	2.7	39,217.8	10.3	39,646.6	1.1	43,433.0	9.6	46,680.7	7.5

Notes:
(1) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(2) Includes demand deposits, as well as time and savings deposits
(3) Includes general government deposits with both the CBB and the retail banks
(4) Includes net foreign assets held by both the CBB and the retail banks
(5) Year on year percentage change
(6) December 2022 to November 2023 percentage change

Source: CBB

Money supply growth has been stimulated by a growth in savings. Broad money (M2) growth was mainly due to increases in private sector deposits.

As at 31 December 2023, M3 increased by 5.5%, from U.S.$40,253.8 million as at 31 December 2022 to U.S.$42,463.5 million as at 31 December 2023. General government deposits (with both the CBB and retail banks) increased by U.S.$334.4 million, or 10.9%, from U.S.$3,060.2 million as at 31 December 2022 to U.S.$3,394.6 million as at 31 December 2023. Government deposits accounted for 8.0% of M3 as at 31 December 2023. The growth in M3 is mainly due to an increase in domestic assets. Net foreign liabilities (held by both the CBB and retail banks) were U.S.$4,217.0 million as at 31 December 2023, as compared to net foreign liabilities of U.S.$3,179.3 million as at 31 December 2022.

Inflation

The CBB maintains the Bahraini Dinar's peg against the U.S. Dollar, which has provided price stability over the years and as a result managed to keep inflation relatively stable. As Bahrain has no significant domestic production, its inflation (as measured by CPI) has been mainly affected by the cost of imports. The CPI for Bahrain includes 12 broad categories of consumer goods that are representative of consumption patterns in the economy. These components are:

food and non-alcoholic beverages; alcoholic beverages and tobacco; clothing and footwear; housing, water, electricity, gas and other fuels; furnishing, household equipment and routine household maintenance; healthcare services; transport; communication; recreation and culture; education; restaurants; and miscellaneous goods and services.

Between 2016 and 2019, there was a slight inflationary trend, as consumer prices increased, with deflation in 2020 and early 2021 (due to the impact of the COVID-19 pandemic on certain economic sectors). Inflation increased globally (including in Bahrain) during 2022 and, in the twelve months ended 31 December 2022, was 3.6%. Inflation started to decrease in 2023 and, in 2023, the annual inflation rate was 0.1%. See "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—The worldwide economic effect of the COVID-19 pandemic could adversely affect Bahrain's economy*".

The table below shows the CPI and inflation for the periods indicated.

	2019	2020	2021	2022	2023
CPI (April 2019 =100)	99.9	97.6	97.0	100.5	100.6
Inflation Rate	1.0%	(2.3%)	(0.6%)	3.6%	0.1%

Source: Information eGovernment Authority

In 2019, the CPI increased by 1.0% to 99.9, primarily due to increases in the prices of food and alcoholic beverages. In 2020, the CPI decreased to 97.6 primarily due to declines in recreation and culture-related items (primarily cinemas and travel agencies), as well as restaurants, hotels and rents. In 2021, the CPI decreased to 97.0 due to declines in the cost of housing, water, electricity, gas and other fuels. In 2022, the CPI increased to 100.5 mainly due to the increase in the rate of VAT from 5% to 10% (which came into effect on 1 January 2022). Resulting in an increase in transport and food prices. The average CPI for 2023 rose to 100.6, with an annual inflation rate of 0.1%.

Inflation data is collected and calculated on a monthly basis by the IGA.

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

	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	Apr. 2023	May. 2023	Jun. 2023	Jul. 2023	Aug. 2023	Sep. 2023	Oct. 2023	Nov. 2023	Dec. 2023
CPI (April 2019=100)	100.9	100.4	100.8	100.2	100.3	99.0	100.4	100.8	101.1	101.3	101.3	100.8	100.6
Year on year change (%)	3.6	0.8	1.1	(0.1)	0.7	(1.1)	0.4	(0.1)	0.0	(0.1)	0.0	(0.4)	(0.3)

Source: Information eGovernment Authority

The inflation rate in the twelve months ended 31 December 2022 was 3.6%, which was primarily due to the increase in the rate of VAT from 5% to 10%. According to the IMF (in its October 2023 outlook), Bahrain's projected consumer price inflation rate for 2023 is 1.0% and 1.4% for 2024, (on an end of period basis), although these are susceptible to change given Bahrain's dependence on imports. The inflation rate in the twelve months ended 31 December 2023 decreased by 0.3%.

Foreign Direct Investment

Bahrain benefits from its reputation as a favourable business environment. Bahrain generally has had a stable economic history. According to figures derived from the 2020 Manpower Survey published by the CBB (the latest published), in 2020, 67.8% of its financial sector employees were Bahraini citizens, which demonstrates a level of local talent and a relative lack of reliance on the need to attract foreign expatriate workers from abroad. In 2020, the banking sector contributed to 50.9% of the total employment in the financial sector and 77.0% of employees in the banking sector were Bahraini citizens.

The cost of conducting business in Bahrain is relatively low when compared to other countries in the MENA region. There are also significant and established wholesale banking, insurance and reinsurance and fund management industries (including industries ancillary to these, such as audit firms) and an efficient and robust legal and regulatory framework.

The table below sets out Bahrain's foreign direct investment for the periods indicated.

	2018	2019	2020	2021	2022[1]	Q3 2023[1]
			(U.S.$ millions)			
Direct Investment (net)	(9,792)	(11,536)	(12,748)	(14,478)	(14,481)	(14,453)
Outward FDI Stock	19,344	19,147	18,942	19,006.6	20,954.5	21,754.5
Inward FDI Stock	29,181.1	30,683.8	31,705.1	33,484.3	35,435.6	36,207.7

Note:
(1) Preliminary figures.

Source: UNCTAD World Investment Reports and Information eGovernment Authority

The EDB promotes foreign direct investment in Bahrain in order to further diversify Bahrain's economy and encourage productivity-driven growth. Bahrain is a regional pioneer of diversification in the GCC context and derives more than 80% of its GDP from the non-oil sector, with its financial services sector particularly benefitting from foreign direct investment. The EDB is an independent public sector organisation constituted under its own law which is headed by the Crown Prince and consists of seven ministers and seven prominent business leaders. In recent years, the principal source of foreign direct investment has been reinvested earnings by Bahrain's significant offshore banking sector.

Bahrain attracted U.S.$33.5 billion of inward foreign direct investment stocks in 2021 and U.S.$35.4 billion of inward foreign direct investment stocks in 2022 (according to preliminary figures). In the nine months ended 30 September 2023, Bahrain attracted U.S.$36.2 billion of inward foreign direct investment stocks (according to preliminary figures). The financial services industry attracts significant foreign direct investment in Bahrain and a number of international financial institutions have offices in Bahrain. Bahrain's strong regulatory environment provides a base for all types of banking and financial services. A number of Islamic finance global oversight bodies are also located in Bahrain. See "*—The Banking Sector—Islamic Banks*". Additionally, manufacturing, professional and industrial services, as well as logistics, have also attracted foreign investment in Bahrain. Bahrain's central location and attractive lifestyle, supply of skilled labour, as well as bilateral trade and economic agreements, make it an attractive location for foreign investments in the above sectors.

Foreign Reserves

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

	As at 31 December				
	(U.S.$ millions)				
	2019	2020	2021	2022	2023
Foreign exchange[1]	3,393.9	1,946.8	3,905.9	3,727.7	4,024.7
SDRs	92.0	96.4	623.7	593.8	604.8
Reserve position in the IMF	188.3	196.2	190.6	181.3	183.5
Total gross foreign reserves	**3,674.2**	**2,239.4**	**4,720.2**	**4,502.7**	4,813.0
Gold	6.6	6.6	6.6	6.6	6.6
Total gross foreign reserves (including gold)	**3,680.8**	**2,246.0**	**4,726.8**	**4,509.4**	**4,819.7**

Note:
(1) Pursuant to Article 19 of the Central Bank of Bahrain and Financial Institutions Law, foreign reserves permanently maintained by the CBB shall be at least 100% of the value of the currency in circulation. As at 31 December 2023, BD 667.8 million of notes and coins were in circulation.

Source: CBB and IMF

Bahrain's foreign reserves are held abroad and primarily invested in fixed income instruments and money markets. These investments are generally U.S. Dollar-denominated and are invested in low credit risk securities such as government or government-secured instruments. Total gross foreign reserves (including gold) increased from U.S.$2,246.0 million as at 31 December 2020 to U.S.$4,726.8 million as at 31 December 2021. The increase was primarily due to a U.S.$1,959.1 million increase in foreign exchange and a U.S.$527.3 million increase in SDRs. Total gross foreign reserves (including gold) decreased to U.S.$4,509.4 million as at 31 December 2022, primarily due to a decrease in foreign exchange. As at 31 December 2023, total gross foreign reserves (including gold) were U.S.$4,819.7 million.

As at 31 December 2019, 2020, 2021, 2022 and 2023, Bahrain's gross foreign reserves (including gold) were U.S.$3,680.8 million, U.S.$2,246.0 million, U.S.$4,726.8 million, U.S.$4,509.4 million and U.S.$4,819.7 million, respectively, and as at 31 December 2019, 2020, 2021 and 2022, were estimated by the CBB to be sufficient to finance 1.3, 2.6, 1.9, 3.2 and

2.5 months of obligations in respect of imports of goods, respectively. As at 31 December 2023, Bahrain's gross foreign reserves represented 2.9 months of import coverage.

Gross foreign reserves represented 3.9 months of non-oil import coverage as at 31 December 2022. As at 31 December 2023, gross foreign reserves remained at 4.2 months of non-oil import coverage.

The Banking Sector

Prior to 2006, the BMA categorised its licensed banking institutions, being: (i) full commercial banks; (ii) offshore banking units; or (iii) investment banks. Within each of these categories an institution could choose to subscribe to a conventional or an Islamic framework. As a result, six different types of banking institutions existed. In 2006, the categories of offshore banking unit and investment banks were effectively merged into a single new category, now described as wholesale banking. The category of full commercial banks was also renamed as retail banks. The ability to subscribe to either a conventional or an Islamic framework was retained. As a result, four types of banking institutions are now in existence.

The total assets of the banking system were U.S.$204.9 billion as at 31 December 2019, U.S.$207.4 billion as at 31 December 2020, U.S.$217.5 billion as at 31 December 2021, U.S.$224.1 billion as at 31 December 2022 and U.S.$238,528.1 billion as at 31 December 2023 (of which wholesale banks' assets were U.S.$131.5 billion and retail banks' assets were U.S.$107.1 billion as at 31 December 2023).

The table below sets out the annual aggregate balance sheet of banking institutions in Bahrain (including conventional and Islamic banks).

	As at 31 December				
	2019	**2020**	**2021**	**2022**	**2023**[1]
			(U.S.$ millions)[2]		
Wholesale Banks					
Assets	110,838.2	113,078.8	118,102.7	122,372.8	131,451.8
Domestic	15,466.1	15,821.1	17,232.3	17,918.9	20,602.1
Foreign	95,372.1	97,257.7	100,870.4	104,453.9	110,849.7
Liabilities	110,838.2	113,078.8	118,102.7	122,372.8	131,451.8
Domestic	11,864.2	12,721.2	13,487.8	15,729.6	13,852.0
Foreign	98,974.3	100,357.6	104,614.9	106,643.2	117,599.8
Retail Banks					
Assets	94,068.6	94,274.8	99,399.0	101,721.9	107,076.3
Domestic	53,049.4	55,690.8	58,846.3	63,517.1	68,224.3
Foreign	41,019.2	38,584.0	40,552.7	38,204.8	38,852.0
Liabilities	94,068.7	94,274.8	99,399.0	101,721.9	107,076.3
Domestic	50,445.8	52,156.0	54,872.9	56,603.6	59,975.7
Foreign	43,622.8	42,118.9	44,526.0	45,118.3	47,100.4
Total assets	**204,906.8**	**207,353.5**	**217,501.6**	**224,094.6**	**238,528.1**

Notes:
(1) Preliminary Data.
(2) Using the fixed conversion rate of BD 0.376 = U.S.$1.00

Source: CBB

Conventional Banks

Retail Banks

The table below sets out the aggregate balance sheet of retail banks, by sector, of loans made by retail banks, as at the dates indicated.

	As at 31 December				
	2019	**2020**	**2021**	**2022**	**2023**
Number of retail banks[1]	31	30	30	30	30
of which: Islamic retail banks	*6*	*6*	*6*	*6*	*7*
Aggregate balance sheet of retail banks (*U.S.$ millions*)[3]	94,068.6	94,274.8	99,399.0	101,721.9	107,076.3
Combined foreign and local deposits of retail banks (*U.S.$ millions*)[3]	47,777.7	44,968.8	49,745.2	50,541.8	53,735.6
Business loans made by retail banks (*% of total loans*)	52.8	51.2	49.0	43.8	42.0
Loans to Government made by retail banks (*% of total loans*)	3.1	3.5	4.2	5.6	7.9
Personal loans made by retail banks (*% of total loans*)	44.1	45.3	46.9	50.6	50.1

Notes:
(1) Including Islamic retail banks
(2) As at 31 December 2023.
(3) Using the fixed conversion rate of BD 0.376 = U.S.$1.00

Source: CBB

Wholesale Banks

Wholesale banks comprise locally-incorporated banks and branches of foreign commercial and investment banks, which use Bahrain as a base. Locally-incorporated wholesale banks are subject to the capital or cash reserve requirements of the CBB and, in the case of branches of overseas banks, may operate with significant tax benefits with regard to their home jurisdiction. Wholesale banks pay the CBB an annual licence fee and, under specific conditions and limitations, may accept deposits from residents of Bahrain.

Wholesale banks, including wholesale Islamic banks, are the most important sector in Bahrain's financial services industry. As at 31 December 2019, 2020, 2021, 2022 and 2023 there were 63, 61, 59, 56 and 54 wholesale banks in Bahrain, respectively, of which 14, 12, ten, eight and eight, respectively, were wholesale Islamic banks.

The table below shows a breakdown of the assets and liabilities of wholesale banks, as at the dates indicated.

	As at 31 December									
	2019		2020		2021		2022		2023	
	Assets	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
Domestic (*U.S.$ billions*)	15.5	11.9	15.8	12.7	17.2	13.5	17.9	15.7	20.6	13.9
Foreign (*U.S.$ billions*)	95.4	99.0	97.3	100.4	100.9	104.6	104.5	106.6	110.8	117.6
Share of GCC countries (%)[1]	31.2	35.9	31.3	34.2	32.0	35.7	27.3	38.7	24.7	41.3
Share of Western Europe (%)	29.5	26.1	31.0	26.2	28.3	23.8	31.0	23.4	31.1	25.7
Share of Americas (%)	10.2	3.6	9.4	3.1	11.1	3.0	12.2	3.8	15.1	2.4
Share of Asian countries (%)	8.3	7.7	7.3	9.9	7.3	11.5	6.9	7.6	6.4	6.8
Denominated in U.S. Dollars (%)	69.0	75.8	68.6	75.7	70.8	79.2	72.3	77.9	74.1	75.6
Denominated in Euros (%)	11.2	9.4	11.0	8.6	11.7	8.3	13.0	8.6	13.1	9.1
Denominated in GCC currencies (%)[1][2]	10.2	10.3	11.6	11.0	10.4	8.0	7.9	9.5	6.3	11.1

Notes:
(1) Excluding Bahrain.
(2) Excluding the Bahraini Dinar.

Source: CBB

Islamic Banks

Bahrain is increasingly involved in the rapidly expanding Islamic banking business and hosts the industry's global oversight body, the Accounting and Auditing Organisation for Islamic Institutions, as well as the Islamic Rating Agency and the International Islamic Financial Market. The Islamic banking sector was created in Bahrain in 1978 with the establishment of the Bahrain Islamic Bank and expanded in the 1980s with the issue of four banking licences to Islamic banks. Eight further banking licences were issued to Islamic banks in the 1990s.

The number of Islamic banking licences has remained relatively stable for the past seven years and, as at 31 December 2023, there were a total of 15 Islamic banking licences, of which seven were held by retail banks and eight were held by wholesale banks.

The aggregate total assets of Islamic banks, comprised of unrestricted investments, have been relatively stable since 2019, increasing from U.S.$27,928.2 million as at 31 December 2018 to U.S.$32,082.6 million, with restricted investment accounts (which are off balance sheet items) of U.S.$2,643.9 million, as at 31 December 2019. As at 31 December 2020, the aggregate total assets of Islamic banks comprised of unrestricted investments was U.S.$31,611.4 million, and restricted investment accounts (which are off balance sheet items) amounted to U.S.$1,360.1 million. As at 31 December 2021, the aggregate total assets of Islamic banks comprised of unrestricted investments was U.S.$34,554.8 million, and restricted investment accounts (which are off balance sheet items) amounted to U.S.$1,893.4 million. As at 31 December 2022, the aggregate total assets of Islamic banks, comprised of unrestricted investments, stood at U.S.$36,065.1 million, and restricted investment accounts (which are off balance sheet items) amounted to U.S.$924.3 million. As at 31 December 2023, the aggregate total assets of Islamic banks comprised of unrestricted investments stood at U.S.$38,010.7 million, and restricted investment accounts (which are off balance sheet items) amounted to U.S.$1,261.9 million.

As at 31 December 2019, 2020, 2021, 2022 and 2023, Islamic banks' assets accounted for 15.7%, 15.2%, 15.9%, 16.1% and 16.1% of total banking sector assets, respectively.

With restricted investment accounts, the account holder may impose certain restrictions as to when and how such holder's funds are to be invested and the Islamic bank may be restricted from combining its own funds with the restricted investment account funds for investment purposes.

Credit Developments

The table below sets out the outstanding loans and advances to non-bank residents made by retail banks and their breakdown as at the dates indicated.

	As at 31 December				
	2019	**2020**	**2021**	**2022**	**2023**
	(U.S.$ millions)				
Business Sector	**13,666.5**	**14,167.2**	**14,205.2**	**13,168.8**	**13,162.6**
Manufacturing	2,840.6	3,121.9	3,436.9	3,248.1	3,614.8
Mining and Quarrying	230.7	401.0	198.6	385.8	365.3
Agriculture Fishing and Dairy	17.9	32.1	35.1	44.2	48.6
Construction and Real Estate	4,897.4	5,138.3	5,344.7	4,392.9	4,089.0
Trade	2,848.3	2,485.2	2,404.1	2,164.9	2,039.5
Non-Bank Financial	669.6	604.9	450.9	449.9	477.5
Other Sectors, of which:	2,162.0	2,383.7	2,335.2	2,483.0	2,527.9
Transportation and Communication	338.3	555.8	392.3	385.0	422.8
Hotels and Restaurants	403.2	500.3	521.7	429.1	439.1
General Government	**802.0**	**983.1**	**1,208.6**	**1,675.1**	**2,460.9**
Personal Sector	**11,426.0**	**12,546.1**	**13,592.3**	**15,204.2**	**15,704.1**
Secured by Mortgage	5,194.6	5,845.5	6,014.7	7,342.6	7,799.1
Secured by Vehicle Title	327.1	314.2	290.3	283.6	245.5
Secured by Deposit	372.6	499.0	355.5	344.0	646.6
Secured By Salary Assignment	4,195.3	4,522.2	5,141.0	5,093.1	4,278.0
Credit Card Receivables	276.7	245.1	264.6	223.9	315.0
Other	1,059.9	1,120.0	1,526.0	1,916.9	2,420.0
Total	**25,894.7**	**27,696.2**	**29,006.1**	**30,048.1**	**31,327.7**

Source: CBB

The total amount of credit given to the private sector (business sector and personal sector) by the retail banking sector was U.S.$31,327.7 million as at 31 December 2023, an increase of 4.3% compared to as at 31 December 2022. The continued credit growth was primarily a result of an increase in mortgage financing.

Total business sector credit was U.S.$13,162.6 million as at 31 December 2023, reflecting a 0.1% decrease, as compared to U.S.$13,168.8 million as at 31 December 2022. Principal contributors to business lending were the construction and real estate, manufacturing, and trade sectors, which accounted for 31.1%, 27.5% and 15.5% of total business sector credit, respectively. As at 31 December 2023, the largest increase in business credit was in the manufacturing sector, which was U.S.$3,614.8 million (reflecting a 11.3% increase, as compared to as at 31 December 2022).

Total personal sector credit was U.S.$15,704.1 million as at 31 December 2023. Personal sector loans were primarily loans secured by mortgages and salary assignments, which accounted for 49.6% and 27.2% of total personal sector credit, respectively. As at 31 December 2023, the largest increase in personal credit was credit secured by mortgages which was U.S.$7,799.1 million (reflecting a 6.2% increase, as compared to as at 31 December 2022).

Non-Performing Loans

The table below shows a breakdown of non-performing loans ("**NPLs**") as a percentage of loans issued by the banking institutions in Bahrain at the dates indicated.

	June 2018	**Dec. 2018**	**June 2019**	**Dec. 2019**	**June 2020**	**Dec. 2020**	**June 2021**	**Dec. 2021**	**June 2022**	**Dec. 2022**	**June 2023(1)**	**Sep. 2023(1)**
							(%)					
Conventional Retail Banks.	5.8	5.5	5.5	4.9	4.6	4.7	4.3	3.9	3.8	3.3	3.6	3.4
Conventional Wholesale Banks	5.3	5.7	5.3	4.5	4.7	4.1	3.6	2.8	2.5	2.3	2.1	2.3
Islamic Retail Banks	10.4	9.5	9.5	10.4	7.5	6.5	5.5	5.0	4.4	4.8	5.0	5.7
Islamic Wholesale Banks	1.8	1.3	1.1	1.1	1.4	1.6	1.8	0.7	6.3	4.8	5.3	0.9
Total Banking Sector.....	**5.6**	**5.5**	**5.2**	**4.8**	**4.5**	**4.3**	**3.8**	**3.2**	**3.3**	**3.0**	**3.1**	**3.1**

Note:
(1) Preliminary Data.

Source: CBB

Between December 2022 and September 2023, NPLs of conventional retail banks increased by 0.1%, from 3.3% to 3.4%; NPLs of conventional wholesale banks remained the same at 2.3%; NPLs of Islamic retail banks increased by 0.9%, from 4.8% to 5.7%; and NPLs of Islamic wholesale banks decreased by 3.9%, from 4.8% to 0.9%. Taken as a whole, between December 2022 and September 2023, NPLs for the total banking sector increased by 0.1%, from 3.0% to 3.1%.

Although Islamic banks have significantly reduced their NPL ratios over the past five years, their NPL ratios still remain the highest amongst other banking segments due to the nature of their financings, which involve a higher exposure to real estate. The CBB continues to work with banks in the sector to decrease their real estate exposure and NPL figures accordingly.

The table below shows a breakdown of the specific provisioning of NPLs, as a percentage of NPLs for the banking institutions in Bahrain (conventional and Islamic), at the dates indicated.

	June 2018	Dec. 2018	June 2019	Dec. 2019	June 2020	Dec. 2020	June 2021	Dec. 2021	June 2022	Dec. 2022	June 2023[1]	Sep. 2023[1]
						(%)						
Conventional Retail Banks	54.3	63.8	66.0	66.1	66.2	70.0	69.6	71.9	73.2	74.3	66.7	66.6
Conventional Wholesale Banks	66.6	67.9	74.3	74.3	72.3	74.3	73.9	72.8	69.6	67.0	61.1	59.6
Islamic Retail Banks	43.5	39.4	38.0	36.7	40.7	42.9	51.8	56.4	59.0	54.8	49.6	40.4
Islamic Wholesale Banks	85.3	79.6	91.7	93.8	78.6	87.6	78.6	92.0	86.7	94.9	81.5	88.7
Total Banking Sector	**58.2**	**61.3**	**64.7**	**62.0**	**64.8**	**68.0**	**68.9**	**70.1**	**69.9**	**68.5**	**61.8**	**58.1**

Note:
(1) Preliminary Data.

As at 30 September 2023, provisions for NPLs of the entire banking sector were 58.1%, provisions for NPLs of conventional retail banks decreased to 66.6%, provisions for NPLs of conventional wholesale banks decreased to 59.6%, provisions for NPLs of Islamic retail banks decreased to 40.4%, and provisions for NPLs of Islamic wholesale banks decreased to 88.7%.

Provisions for NPLs of Islamic retail banks are generally lower than the conventional retail segment largely because Islamic bank lending is mostly asset-backed. The Shari'a based financing instruments are backed by underlying tangible assets and are, therefore, considered secured by assets that can be used as collateral.

Throughout the COVID-19 pandemic, provisioning levels in the banking sector were increased in order to absorb potential NPL shocks, with the CBB requesting all licenced banks to provide accurate classifications of credit exposures and to identify any potential deterioration in credit as a result of any changes in the economic environment and the financial impact of the COVID-19 pandemic on customers in order to determine any potential additional provision required. At present, banks in Bahrain are operating at a healthy average of capital adequacy levels and provisioning levels.

Capital Adequacy

The table below shows a breakdown of the Capital Adequacy Ratios ("**CAR**") by the banking institutions in Bahrain (conventional and Islamic) at the dates indicated.

	As at 31 December					As at 30 Sept 2023[1]
	2018	2019	2020	2021	2022	
			(%)			
Conventional Retail Banks	20.9	21.1	20.0	20.6	21.5	21.7
Conventional Wholesale Banks	18.1	18.6	17.8	17.1	17.5	17.2
Islamic Retail Banks	17.8	18.3	20.3	21.7	21.2	20.5
Islamic Wholesale Banks	17.9	18.2	16.4	15.8	16.9	18.0
Total Banking Sector	**18.9**	**19.4**	**18.6**	**18.7**	**19.5**	**19.4**

Note:
(1) Preliminary Data.

Source: CBB

The CAR for the entire banking sector decreased by 0.1%, from 19.5% as at 31 December 2022 to 19.4% as at 30 September 2023. The CAR of conventional retail banks increased by 0.2%, from 21.5% as at 31 December 2022 to 21.7% as at 30 September 2023, while the CAR of conventional wholesale banks decreased by 0.3%, from 17.5% to 17.2% during the same period. The CAR of Islamic retail banks decreased by 0.7%, from 21.2% as at 31 December 2022 to

20.5% as at 30 September 2023. The CAR of Islamic wholesale banks increased by 1.1%, from 16.9% to 18.0% during the same period.

In 2021, Bahraini banks were observed to have maintained adequate capital, and the levels of NPLs declined. As part of CBB's measures taken to alleviate the impact of the COVID-19 pandemic, Bahraini banks were asked to apply certain repayment moratoria, with such measures extended on a number occasions until they expired in July 2022. Such measures did not result in a significant adverse impact on asset quality, as the affected loans continued to accrue interest and they were considered to be performing during the moratorium period. However, following the expiration of these measures there has been an increase in requests to restructure loans.

Bank Supervision

The CBB is the sole regulator of Bahrain's financial sector, covering the full range of banking, insurance, investment business and capital markets activities. The CBB's wide scope of responsibilities allows a consistent policy approach to be applied across the whole of Bahrain's financial sector. It also provides a straightforward and efficient regulatory framework for financial services firms operating in Bahrain.

Under the Central Bank of Bahrain and Financial Institutions Law of 2006, the CBB is authorised, among other things, to grant licences to persons wishing to undertake regulated services, determine the types of business which banks may or may not conduct, establish capital requirements for banks, conduct inspections of banks, stipulate reserve and liquidity ratios for banks and, in certain circumstances, to take over the administration of banks and liquidate them.

The CBB has five offsite supervision directorates which undertake supervision of retail banks, wholesale banks, nonbank financial institutions, Islamic financial institutions and insurance firms, respectively. The principal objectives of these directorates are to ensure that the institutions remain adequately capitalised, have effective risk management and internal controls in place, maintain adequate liquidity and operate with integrity and skill. Supervision is conducted by these directorates in a number of ways, including through prudential meetings with banks and their auditors, monitoring of the regular reporting of banks and ensuring their compliance with a range of regulatory requirements.

A separate inspection directorate, carries out onsite examinations of banks, including Islamic financial institutions. This directorate has introduced a risk-based approach whereby a particular institution's risk profile will determine the nature and frequency of inspections. A separate directorate, the compliance directorate, investigates suspicious financial transactions, money laundering, terrorist financing and unauthorised business.

In 2016, the CBB (together with the IMF) conducted a Financial Sector Assessment Programme (the "**FSAP**"), aimed at ensuring that international standards and best practices have been implemented and applied across the CBB's financial sector operations and activities. On 26 June 2016, the IMF published a comprehensive report in respect of Bahrain's financial sector, which included a number of recommendations for the development of the legislative and regulatory frameworks adopted by the CBB, as well as detailed technical reports of, amongst other topics, banking supervision, inspection, insurance, financial stability and macro-prudential policy, contingency planning and anti-money laundering. The CBB has implemented many of these recommendations, including establishing the Financial Stability Committee tasked with creating a macroprudential policy framework for the CBB, making changes to the deposit protection scheme and to the risk modules in the CBB rulebook for conventional and Islamic Banks and signing a memorandum of understanding with the MOFNE, acknowledging the importance of cooperation during financial crises and the need for information exchange and consultation regarding financial stability and crisis management and is continuing to work on the implementation of certain other recommendations.

Conventional Banks and Bank Financial Institutions

The retail and wholesale banking supervision directorates are responsible for the offsite supervision of all conventional banks, financing companies and ancillary service providers. The financial institutions supervision directorate is responsible for all non-Islamic non-bank financial institutions (including money changers and money and foreign exchange brokers).

The banking supervision directorates deal with the prudential supervision of banks, financing companies and ancillary service providers and require the published accounts of all licensees under its supervision, whether locally incorporated or branches of foreign banks, to comply with International Financial Reporting Standards. Locally incorporated banks and branches of foreign banks operating under a commercial bank licence in Bahrain are required to publish their financial statements on a quarterly basis and semi-annual basis, respectively. The year-end financial statements of all banks and financing companies must be audited by external auditors and the interim financial statements must be reviewed by the external auditors. In addition, all banks operating in Bahrain are required to submit prudential information returns on a quarterly basis and statistical returns on a monthly basis to the CBB.

As the banking regulator, the CBB sets and monitors capital requirements on both a consolidated (group) basis and on a solo (parent company only) basis. The CBB implemented the new standards for capital and liquidity requirement proposed by the Basel Committee on Banking Supervision ("**Basel III**") in Bahrain starting from 1 January 2015. Local banks or banking groups are required to maintain a minimum capital adequacy ratio of 12.5% (on a consolidated basis) and 8% (on a stand-alone basis) which exceeds the minimum ratio requirements set by Basel III. All Bahraini banks are currently following the standardised approach to Credit Risk under Pillar One of Basel III. The basic indicator and standardised approaches are permitted for operational risk, while the standardised and internal model approaches are permitted for market risk. As part of Basel III implementation, new and more extensive Pillar Three Disclosure requirements came into effect for all locally-incorporated banks' financial statements dated 30 June 2015 onward. In compliance with Basel III, the CBB has since required all banks to comply with liquidity coverage ratio ("**LCR**") and net stable funding ratio ("**NSFR**") requirements. LCR is reported to the CBB on a monthly basis and NSFR on a quarterly basis. Banks are also required to disclose the ratios in their quarterly and annual financial statements.

The CBB has established a Deposit and Unrestricted Investment Account Protection Scheme (the "**Scheme**") for compensating eligible depositors (any natural person holding an eligible account with a conventional bank or an Islamic bank in Bahrain) when conventional retail and Islamic banks licenced by the CBB are unable, or are likely to be unable, to satisfy claims against them. A new pre-funded Scheme was established by the CBB at the beginning of 2011 to replace the old post-funded Scheme. The new Scheme creates two funds (one conventional and one Islamic), which will be used to compensate eligible depositors in the event that their bank defaults.

The body established to operate and administer the Scheme is the Deposit and Unrestricted Investment Account Protection Board. The Deposit Protection Board will consider if and when compensation will be available in relation to a particular bank, set out the procedures and rules of operation of the Scheme and be responsible for calculating the amounts of compensation payable.

The Scheme applies to eligible deposits held with the Bahrain offices of CBB licensees, whether in Bahraini Dinars or other currencies, held by persons who are either residents or non-residents of Bahrain. In the event of default, such deposits are protected up to a maximum of BD 20,000 (U.S.$53,191.50).

Islamic Banking

As the charging of interest is prohibited under *Shari'a* rules and regulations, Islamic banking institutions operate, *inter alia*, on the principle of profit and loss sharing. Rather than charging interest, they participate in the yield resulting from use of the funds. Depositors also share in the profits of the bank according to a predetermined ratio.

Due to the different way in which Islamic banking operates and the specific risks inherent in the system, the CBB has developed a regulatory framework separate from that for the conventional banking system for Islamic banks. This was first implemented in March 2002 with the introduction of the Prudential Information and Regulatory Framework for Islamic banks ("**PIRI**") by the Islamic financial institutions directorate. The objective of the PIRI is to provide an Islamic banking regulatory framework which is based on the Basel III standards and addresses the specific features of Islamic financial products.

Among other measures, PIRI requires Islamic banks to maintain a 12.5% consolidated capital adequacy ratio (8.0% on a solo basis) and to take a capital charge equal to 30% of assets financed by unrestricted profit sharing investments accounts in order to calculate the capital adequacy requirements. Islamic banks, like conventional banks, must also submit prudential returns on a quarterly basis. The Basel III capital adequacy requirements are applicable to Islamic banking institutions; however, such requirements are customised to fit the nature of the Islamic banking in accordance with Islamic Financial Services Board ("**IFSB**") requirements. The deposit protection scheme described above also applies in respect of deposits held with Islamic banks licenced by the CBB.

Banking Sector Liquidity

The impact of the global financial crisis on the Bahraini financial system was relatively modest so the Government and the CBB have not considered it necessary to resort to some of the exceptional measures adopted elsewhere in the world such as unlimited deposit or interbank guarantees or asset purchases by the state. Nonetheless, the CBB introduced two measures to improve market liquidity: opening a new foreign exchange swap facility and the acceptance of a wider range of collateral. These adjustments helped to ensure that short-term financial assistance was available to banks at reasonable rates against a wider range of collateral and allowed banks to obtain Bahraini Dinars in return for U.S. Dollars, as required. The CBB enhanced its monitoring of bank liquidity during the financial crisis, requiring all locally-incorporated banks to report their liquidity positions on a daily basis and to report their risk exposures on a weekly basis.

As part of its implementation strategy of Basel III, the CBB is assessing the readiness of banks in Bahrain in complying with the new liquidity requirements. The CBB is considering introducing new liquidity requirements to enhance its regulatory framework and, in January 2018, issued a consultation paper in respect of its liquidity management module in the CBB rulebook for conventional and Islamic licensees. Comments to the consultation paper were received from licencees at the end of February 2018. Currently, the CBB receives *pro forma* Basel III ratios (liquidity coverage ratio and net stable funding ratio) on a quarterly basis.

Insurance

In light of substantial infrastructure investments anticipated in the GCC over the next decade, opportunities for growth of the insurance industry are considered to be significant. This growth in regional infrastructure spending is expected to result in an increase in insurance activity, in turn, resulting in a growth in gross premiums of the insurance industry in the region. As an economy with a relatively strong insurance sector, the Government believes that Bahrain is well-placed in terms of market position, regulatory quality and structure to handle and capitalise on this anticipated demand for insurance services, both domestically and regionally.

A significant number of insurance companies and organisations have a presence in Bahrain. The table set out below sets out the number of insurance companies and gross premiums of the insurance market as at the dates indicated.

	As at 31 December					As at 30 September
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Insurance companies and organisations registered in Bahrain[(1)]	151	149	144	141	138	136
Gross premiums of the insurance market (U.S.$ millions)[(2)].....	755.4	764.4	736.4	733.9	743.2	578.4
Gross premiums of the insurance market (% change year on year).....	5.7	1.2	(3.6)	(0.3)	1.3	6.1

Notes:
(1) Includes representative offices and ancillaries.
(2) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.

Source: CBB

Since 2002, the responsibility for the regulation of the insurance sector rests with the insurance directorate of the CBB. The insurance directorate conducts its offsite supervision in a manner broadly equivalent to the banking and financial institutions supervision directorates, although insurance firms are now obliged to report to the CBB on a quarterly basis. All legal, regulatory and supervisory insurance frameworks follow the essential criteria of the International Association of Insurance Supervisors core principles and methodology.

As part of the efforts towards enhancement and improvement of the regulatory framework, the CBB introduced its revised and enhanced Operational and Solvency framework for the *Takaful* and *Retakaful* industry in 2014 after undergoing deliberations and consultations with the industry and all the stakeholders.

Anti-Money Laundering

In 2001, Bahrain passed its first anti-money laundering law (Legislative Decree № (4) of 2001). Bahrain has formulated national anti-money laundering ("**AML**") and combating the financing of terrorism ("**CFT**") policies and strategies to mitigate existing and evolving money laundering and terrorism financing risks. Bahrain is a member of the Financial Action Task Force (the "**FATF**"), an anti-money laundering and anti-terrorism financing association which also includes the 29 OECD countries, through Bahrain's membership of the GCC. Bahrain is also a founding member of the regional MENAFATF and has hosted its secretariat since 2004.

In order to achieve consistency with international standards, a number of AML and CFT laws and regulations have been introduced, including: (i) Legislative Decree № (4) of 2001 with respect to the prevention and prohibition of money laundering; (ii) Law № 54 of 2006, which amended certain provisions of the 2001 decree to incorporate FATF's recommendations concerning the financing of terrorism; (iii) Legislative Law № (25) of 2013, which further amended certain provisions of the 2001 decree to reflect new FATF recommendations introduced in 2012; (iv) Decree Law № (36) of 2017, which further incorporated AML and CFT provisions in line with the international standards; (v) Decree Law №

(57) of 2018, which further amended the 2001 decree; and (vi) Decree Law № (29) of 2020, which introduced further amendments to the 2001 decree.

Supervisory authorities in Bahrain have formulated and mandated additional rules, regulations and guidelines to be followed by their respective reporting entities. The CBB is the financial institutions' supervisory and regulatory authority in accordance with Article (39) of the CBB Law. The CBB monitors licensees' compliance with applicable AML/CFT laws and the Financial Crime Module of the CBB Rulebook where the CBB sets clear guidelines and requirements for all licensees in accordance with the FATF 40 Recommendations. It is a requirement that all CBB licensees undertake risk assessments on a regular basis to identify and mitigate money laundering and terrorism financing risks to their institution based on the nature and size of their business. The Compliance Directorate of the CBB is tasked with leading AML/CFT efforts in the financial sector.

Capital Markets

The Bahrain Bourse (formerly known as the Bahrain Stock Exchange) commenced operations in June 1987; and in late 2010 by the Royal Decree № (60) of 2010, it was converted into a joint stock company and renamed the Bahrain Bourse (BHB).

As at 31 December 2023, a total of 42 companies were listed on the Bahrain Bourse with a total market capitalisation of U.S.$20.6 billion. Bonds (both corporate and government) and mutual funds are also listed on the exchange.

The Bahrain All Share Index stood, as at 31 December 2023, at 1,971.5. The value of shares traded in the ten months ended 31 December 2023 was U.S.$559.1 million, while the number of shares traded in the corresponding period was 780.7 million. A number of transactions were concentrated in the financial sector, which represented 46.3% of the total value of shares traded and 77.1% of the total volume of shares traded as at 31 December 2023. Bahraini investors accounted for 61.1% of the total value of traded shares, while non-Bahraini investors accounted for 38.9% in 2023.

The table below sets out certain data relating to the Bahrain Bourse transactions as at and for the periods indicated.

	As at and for the year ended 31 December				
	2019	**2020**	**2021**	**2022**	**2023**
Companies listed on the Bahrain Bourse.....	44	43	44	43	42
Total market capitalisation (*U.S.$ billion*)[(1)]	27.0	24.7	28.8	30.3	20.6
Growth rate (*%*).....	23.6	(8.5)	16.6	5.2	(32.0)
Bahrain All Share Index close.....	1,610.2	1,489.8	1,797.3	1,895.3	1,971.5
Volume of shares traded (*millions of shares*).....	1,157.3	1,209.3	1,018.3	536.9	780.0
Value of shares traded (*U.S.$ million*)[(1)]	761.2	566.0	520.4	451.6	559.1
Bahrain All Share index (*points*).....	1,610.2	1,489.8	1,797.3	1,895.3	1,971.5
Number of listed Bahraini companies[(2)]	41	40	42	41	41

Notes:
(1) Using the fixed conversion rate of BD 0.376 = U.S.$1.00.
(2) Excludes companies listed on the Bahrain Bourse under cross-listing arrangements and closed companies.

Source: Bahrain Bourse

In order to open up Bahrain's economy, the Government relaxed ownership restrictions in 1999 which has had the effect of improving the performance of the Bahrain Bourse. In the mid-1980s, GCC nationals were permitted to own up to 49% of a listed firm and, in 1999, this level was increased to 100%. At the same time, a rule was introduced allowing non-GCC nationals to own 49% of the Bahrain Bourse listed firms.

The CBB regulates the Bahrain Bourse. The issuing of broking licences, changes to listing and trading rules (which are contained in the Capital Markets Rulebook) and market supervision is carried out by the CBB through the capital markets supervision directorate which has adopted a single regulatory model in line with that of the other central bank directorates. The CBB has also commenced custodial services and settlement procedures through a new central depositary system.

PUBLIC FINANCE

Despite a smaller budget deficit in 2022, Bahrain's budget deficit has grown in recent years due to a counter cyclical policy of continued diversification of investment and public support during low oil price periods, and in 2020, due to the COVID-19 pandemic.

The Government initially introduced a number of initiatives between 2015 and 2017 to streamline expenditure, increase revenues and redirect government subsidies. Following such initiatives, in late 2018, the Government announced the FBP, which sets out a roadmap for addressing Bahrain's fiscal challenges over the medium-term, with the overall objective to achieve a balanced budget by 2022, which target has subsequently been revised to 2024 to reflect the impact of the COVID-19 pandemic and the lower international oil price environment in 2019 and 2020. To achieve this goal, initiatives were introduced aimed at: (i) reducing Government operational expenditures; (ii) introducing a voluntary retirement scheme for government employees; (iii) balancing the Electricity and Water Authority's expenditures and revenue; (iv) streamlining the distribution of cash subsidies to citizens in need; (v) improving the efficiency of Government expenditure; and (vi) simplifying Government processes and increasing non-oil revenue.

Under these broad targets, the FBP aims to strengthen the Kingdom's fiscal and economic foundations to ensure the sustainability of resources for future generations, including through: (i) further developing the provision of sustainable government services in education, health and social services; (ii) continuing the provision of subsidised electricity and water services to citizens in their primary residences; (iii) creating quality job opportunities for citizens and ample support to do business; (iv) establishing rules for the sustainable use of resources; (v) enhancing the efficiency and fairness of direct government support to citizens; (vi) continuing funding development and infrastructure projects; (vii) streamlining and improving the provision of government services to citizens and investors; and (viii) improving Bahrain's credit rating, thereby reducing the cost of financing for citizens and investors.

The Government's policy includes further developing non-oil streams of revenue and involves the introduction of new fees and charges across a number of sectors. To date, the Government has approved and implemented increases to the fee for services provided by the Supreme Council of the Environment, fees for the registration of medical devices, university tuition fees and fees for services provided by the Urban Planning and Development Authority. See "*—Fiscal Policy*" for more information on Bahrain's fiscal policy.

Prior to the impact of the COVID-19 pandemic in 2020, the Government was making good progress with the implementation of the FBP, with a meeting of the Minister of State for Financial Affairs of the UAE, the Minister of Finance of the State of Kuwait, the Minister of Finance and National Economy of the Kingdom and the Assistant Minister for International Financial Affairs and Macro-Fiscal Policies of Saudi Arabia in September 2019 noting that progress was being made and the positive outcomes achieved under the FBP had led to a decline in the actual deficit in the first half of 2019 by 37.8% and an increase of non-oil revenues by 47%, as compared to the corresponding period in 2018.

The COVID-19 pandemic and the prolonged low international oil price environment in 2019 and 2020 negatively affected Bahrain's economy, resulting in higher actual and budgeted overall budget deficits than originally targeted by the FBP. The 2021/2022 budget, which included an oil price estimate of U.S.$50 per barrel, provided for a budgeted overall budget deficit of U.S.$3.3 billion for 2021 and U.S.$3.2 billion for 2022 (although the actual overall budget deficit for 2022 was lower at U.S.$494 million), as compared to budget deficits of U.S.$422.9 million for 2021 and U.S.$58.5 million for 2022 targeted by the FBP launched in 2018. Accordingly, the Government reviewed the forecasts set out in the FBP and revised certain expected outcomes, including extending the target to achieve an overall fiscal balance by two years, to 2024.

In October 2021, the Ministers of Finance of Kuwait, the UAE and Saudi Arabia, together with the Arab Monetary Fund (in an advisory capacity), met with the Minister of Finance and National Economy of the Kingdom to discuss the FBP in light of the effects of the COVID-19 pandemic and reiterated their support for the FBP and the Kingdom's efforts to enhance fiscal stability and strengthen sustainable economic growth.

The revised FBP targets and related measures are in line with the principles set out in the original 2018 FBP. The key components of the revised FBP include: (i) increasing VAT to 10% with effect from 1 January 2022; (ii) increasing annual contributions to the budget from Government-owned entities from 2023 (to include increased contributions from nogaholding, Mumtalakat, Eskan Bank and the Telecommunications Regulatory Authority, as well as new contributions from the Bahrain Tourism & Exhibitions Authority); (iii) introducing new Government services revenue initiatives, including a newly-established Revenue Development Taskforce to drive non-oil revenue growth and the introduction of new fees and services; (iv) restructuring ministries and Government entities to streamline resources and increase manpower efficiency; (v) reducing recurrent non-manpower expenditure; (vi) reducing project spend (without impacting major projects); (vii) establishing a mechanism to review and adjust commodities prices on a periodic basis to ensure they are in line with market prices; and (viii) streamlining the distribution of cash subsidies to citizens.

The 2023/2024 budget includes an oil price estimate of U.S.$60 per barrel and for a budgeted overall budget deficit of U.S.$1,383 million in 2023 (according to the original budget law) and a budgeted overall deficit of U.S.$429 million in 2024.

The following table summarises the Government budget and the revised FBP targets for the years indicated.

	2020 Budget	2020 Actual	2021 Adjusted Budget	2021 Actual	2022 Budget	2022 Actual[1]	2023 Decree Law Budget[2]	2023 Actual[1]	2023 FBP[3]	2024 Budget	2024 FBP[3]
Revenue	**7,836**	**5,538**	**6,399**	**6,956**	**6,535**	**9,425**	**8,254**	**8,425**	**8,418**	**9,227**	**9,168**
Oil	5,575	3,279	4,036	4,743	4,073	6,440	5,096	5,303	5,056	5,710	5,708
Non-Oil	2,261	2,260	2,363	2,213	2,462	2,986	3,158	3,121	3,363	3,517	3,460
Expenditure	**9,985**	**9,981**	**9,745**	**9,489**	**9,685**	**9,919**	**9,637**	**10,616**	**9,028**	**9,656**	**9,149**
Primary Surplus/(Deficit)	**(353)**	**(2,674)**	**(1,464)**	**(677)**	**(1,137)**	**1,465**	**654**	**48**	**1,387**	**1,666**	**2,013**
Surplus/(Deficit)	**(2,148)**	**(4,443)**	**(3,347)**	**(2,533)**	**(3,150)**	**(494)**	**(1,383)**	**(2,191)**	**(610)**	**(429)**	**18**

Notes:
(1) Preliminary figures. Certain figures in this table differ from previously published figures.
(2) Original Decree Law (unadjusted) budget. See "*—Government Budget—Budget revenues and expenditures—2023/2024 Budget*".
(3) The revised FBP forecasts do not include potential additional revenue from targeted increases in corporate income tax.

Government Budget

Bahrain prepares budgets on a biennial basis, taking into account the key priority areas of Vision 2030 during each budgeting process. See "*Overview of The Kingdom of Bahrain—Vision 2030*". The budget is built around a two-year cycle, but separate budgets are also prepared for each calendar year. The financial year commences on 1 January and ends on 31 December of each year.

Bahrain's budget is not consolidated. Local authorities are funded by transfers from the Government budget to cover any shortfall in their own budgets. Local authorities are not permitted to borrow funds in their own name.

Two holding companies, Mumtalakat and nogaholding, were established by Royal Decrees in June 2006 and August 2007, respectively. Mumtalakat is an independent holding company for the Government's non-oil and gas assets, while nogaholding is a holding company for the Government's oil and gas assets. Prior to the establishment of these two holding companies, the Government received income from the assets they now hold directly. See "*—Revenue—Mumtalakat*" and "*—Revenue—nogaholding*".

Bahrain's budget is presented on a modified cash basis. See "*Certain Defined Terms and Conventions—Fiscal Data*" and "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain's fiscal deficit and debt ratio may not be fully reflective of all of the Government's obligations*".

Budget revenues and expenditures

The following table summarises the execution of the Government budget for the periods indicated.

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual[1]	2023 Adjusted Budget[2]	2023 Actual[1]	2024 Budget
	(U.S.$ millions, except percentages)							
Revenues[3]	**7,381**	**7,719**	**5,538**	**6,956**	**9,425**	**8,254**	**8,425**	**9,227**
Oil and gas	6,080	5,559	3,279	4,743	6,440	5,096	5,303	5,710
Non-oil and gas	1,301	2,160	2,260	2,213	2,986	3,158	3,121	3,517
Expenditures[3]	**9,762**	**9,537**	**9,981**	**9,489**	**9,919**	**9,922**	**10,616**	**9,656**
Recurrent expenditure [4]	8,891	8,867	8,994	8,661	9,126	9,058	9,885	9,058
Emergency expenditure	—	—	402	296	172	—	—	—
Projects expenditure	871	670	585	532	621	864	731	598
Surplus/(deficit)	**(2,380)**	**(1,818)**	**(4,443)**	**(2,533)**	**(494)**	**(1,668)**	**(2,191)**	**(429)**
Primary surplus/(deficit)	**(735)**	**(105)**	**(2,674)**	**(677)**	**1,465**	**369**	**48**	**1,666**
Overall Budget Deficit to GDP Ratio *(%)*	(6)	(5)	(13)	(6)	(1)	(4)	(5)	(1)
Primary Budget Surplus/(Deficit) to GDP Ratio (*%*)	(2)	(0.3)	(8)	(2)	3	1	0.1	4

Notes:
(1) Preliminary figures.
(2) Includes rollover budget of U.S.$285 million. See "*—Government Budget—2023/2024 Budget*".
(3) Certain figures in this table differ from previously published figures.
(4) Includes debt service and part of the Economic Stimulus Package related to the payment of the electricity and water bills.

Source: Ministry of Finance and National Economy

2017/2018 Budget

In 2018, an actual deficit of U.S.$2,380 million was recorded (compared to a budgeted deficit of U.S.$3,597 million and reflecting a decrease of 33% compared to the actual deficit in 2017 and a decrease of 45% compared to the actual deficit in 2016), with recurrent expenditure reaching U.S.$8,891 million (compared to budget recurrent expenditure of U.S.$8,854). In 2018, the actual deficit was lower than the budgeted deficit primarily due to a lower budgeted oil price (of U.S.$55 per barrel) compared to the 2018 actual average oil price (of U.S.$69.65 per barrel). Recurrent expenditures were higher in 2018, as compared to budgeted recurrent expenditures, primarily due to higher than budgeted debt interest costs.

A number of fiscal consolidation measures were introduced in the 2017/2018 budget, including:

- *Manpower Expenditure Measures:* a 75% decrease in civil sector promotions (as compared to 2016), a reduction in cash incentives to civil servants and further reductions in the overtime and training budgets (by 50% and 75%, respectively); and

- *Other Recurrent Expenditures of Ministries and Government Entities:* a reduction of line ministries' and semi-government entities' budgets by a maximum of 15%.

Total revenues for 2018 were U.S.$7,381 million, of which U.S.$6,080 million was comprised of oil and gas revenues.

The 2017/2018 budget did not include the expected revenues to be derived from the introduction of VAT.

2019/2020 Budget

The 2019/2020 budget was the first budget cycle to implement the FBP.

In 2019, an actual deficit of U.S.$1,818 million was recorded (compared to a budgeted deficit of U.S.$1,971 million and reflecting a decrease of 23.6% compared to the actual deficit in 2018 and a decrease of 48.8% compared to the actual deficit in 2017) with recurrent expenditures reaching U.S.$8,867 million (compared to budgeted recurrent expenditures of U.S.$8,716). In 2019, the actual deficit was lower than the budgeted deficit primarily due to an increase in oil prices which resulted in higher oil revenue. In addition to this, actual non-oil revenue exceeded the budgeted non-oil revenue due to the implementation of various initiatives used to improve revenue collection, such as the adoption of pre-payments. Furthermore, in 2019, VAT collection was U.S.$692 million, which exceeded the estimated revenue from VAT by U.S.$293 million for this period.

In July 2020, Decree № 22 for the year 2020 was issued, which authorised emergency expenditures of BD 177 million to fund the Government's efforts to combat COVID-19. These additional expenditures were included in the final accounts for 2020.

In addition, Decree № 23 for the year 2020 was issued to permit the Government to withdraw U.S.$450 million from the Future Generations Fund on a one-time basis to support the state budget for the year 2020 and temporarily halt the allocation of oil revenues to the Future Generations Fund in 2020.

In the 2020 adjusted budget, total revenue was budgeted at U.S.$7,836 million for 2020, total expenditure was budgeted at U.S.$9,985 million for 2020, and the budget deficit was budgeted at U.S.$2,148 million for 2020. Non-oil revenues were budgeted at U.S.$2,261 million for 2020.

In 2020, an actual deficit of U.S.$4,443 was recorded (compared to a budgeted deficit in the adjusted 2020 budget of U.S.$2,148 million) and reflecting an increase in the deficit of 144.3% compared to the actual deficit in 2019, and the recurrent expenditures without the emergency expenditure reaching U.S.$8,994 million (compared to budgeted recurrent expenditures of U.S.$8,835 million in the 2020 adjusted budget). In 2020, actual emergency expenditure of U.S.$402 million was recorded (compared to budgeted emergency expenditures of U.S.$472 million). Oil and gas revenues were below budgeted oil and gas revenues, primarily due to lower international oil prices, as well as the impact of the COVID-19 pandemic.

Key changes in fiscal consolidation measures in the 2019/2020 budget, as compared to previous budgets, included: (i) measures to implement the FBP in addition to the 2019-2022 Government Plan; (ii) the introduction of VAT; (iii) the continued implementation of excise tax; (iv) a natural increase in supply and demand; and (v) the continued implementation of certain revenue development initiatives. The 2019/2020 budget assumed an average oil price of U.S.$60 per barrel.

2021/2022 Budget

The 2021/2022 budget was approved in March 2021 by Parliament and signed by the King as Law № 9 of 2021 in April 2021. The 2021/2022 budget took into account the Government's continued commitment in achieving the targets set out in the FBP, in particular, non-oil revenue and non-interest expenditure targets, while stimulating economic recovery and creating opportunities for citizens. Moreover, in October 2021, the revised FBP targets were announced for the period 2022-2024 and include additional measures to be introduced in line with the principles set out in the original 2018 FBP.

In 2021, an actual deficit of U.S.$2,533 million was recorded (compared to a budgeted deficit in the adjusted 2021 budget of U.S.$3,347 million) reflecting a decrease in the deficit of 43% compared to the actual deficit in 2020, with total expenditure reaching U.S.$9,489 million (compared to budgeted total expenditure of U.S.$9,745 million in the 2021 adjusted budget) reflecting a decrease of 5% compared to the actual total expenditure in 2020. The 2021/2022 budget assumed an average oil price of U.S.$50 per barrel.

In 2022, according to preliminary figures, an actual deficit of U.S.$494 million was recorded (compared to a budgeted deficit of U.S.$3,150 million) reflecting a decrease in the deficit of 81% compared to the actual deficit in 2021. According to preliminary figures, total expenditure was U.S.$9,919 million (compared to budgeted total expenditure of

U.S.$9,865 million). In 2022, the actual deficit was lower than the budgeted deficit primarily due to an increase in oil prices, which resulted in higher oil revenues.

2023/2024 Budget

The 2023/2024 budget was approved in May 2023 by Parliament and signed by the King as Law № 5 of 2023 in June 2023. The 2023/2024 budget targets total revenue of U.S.$8,254 million for 2023 and U.S.$9,227 million for 2024 (reflecting an increase in budgeted oil revenues in 2024). The oil price estimate is set at U.S.$60 per barrel. In terms of expenditure, the 2023/2024 budget targets total expenditure of U.S.$9,637 million for 2023 (subsequently increased to U.S.$9,922 million in the adjusted budget, which presents the budget law figures plus a rollover budget from 2022) and U.S.$9,656 million for 2024. The 2023/2024 budget demonstrates a continued commitment to achieving the targets set out in the FBP, with the budgeted budget deficit to GDP ratio set at below 1% of GDP for 2024.

See "*—Fiscal Policy*".

Non-budget expenditures

In March 2011, the Foreign Ministers of the GCC announced the establishment of the GCC Development Fund to be provided as a grant and distributed between Bahrain and Oman, with Bahrain receiving U.S.$7.5 billion to be distributed over a ten-year period. See "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain's economy is dependent on economic and other conditions of Saudi Arabia in particular, as well as the GCC countries*". GCC Development Fund proceeds are expected to be utilised towards the achievement of Vision 2030's developmental goals. For more information on this economic strategy, see "*Overview of The Kingdom of Bahrain—Vision 2030*".

The Government has identified specific priority projects to be financed through the GCC Development Fund in the following sectors.

	Saudi Arabia	Kuwait	UAE	Total
		(U.S.$ millions)		
Housing	460	996	890	2,346
Roads and Sewerage	785	470	210	1,465
Electricity and Water	581	940	50	1,571
Airport	—	—	1,013	1,013
Health	69	—	250	319
Education	85	—	10	95
Social	—	62	—	62
Industry	—	32	—	32
Youth and Sports	477	—	—	477
Others (Administration Fees)	—	—	50	50
To be allocated in next phase	43	—	27	70
Total	**2,500**	**2,500**	**2,500**	**7,500**

Source: Ministry of Finance and National Economy

In 2023, the Government continued to interact with the various funding agencies with regard to the progress of GCC Development Fund projects. The Government is in discussions as to the possible utilisation of the remaining amount of U.S.$43 million in the Saudi tranche and U.S.$27 million in the UAE tranche.

As of 30 November 2023, an amount of U.S.$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.$5.4 billion had been certified as paid from the GCC Development Fund. Contracts in an amount of U.S.$6.1 billion had been awarded in respect of 48 projects. 20 projects had been completed and 28 projects are ongoing.

Fiscal Policy

Bahrain's budget deficit has grown in recent years due to a counter cyclical policy of continued diversification in investment and public support during low oil prices and during the COVID-19 pandemic.

The main objectives of Bahrain's general budget for the years 2023-2026 are:

- implementation of the Government Plan 2023-2026 (see "*Overview of The Kingdom of Bahrain—Vision 2030—Government Plan 2023 – 2026*");

- implementation of the FBP initiatives;
- implementing fiscal consolidation measures in connection with:
    - developing new non-oil revenue streams;
    - recovering costs on existing Government fees and services;
    - reducing Government expenditures; and
    - redirecting Government subsidies to target lower-income segments of the population.

Although oil continues to play an important role in Bahrain's economy, the Government continues to focus on: (i) reducing subsidies; and (ii) further increasing non-oil revenues through various initiatives. Developing non-oil streams of revenue has involved the introduction of new fees and charges across a number of sectors. Since 30 December 2017, excise tax has been imposed on additional commodities and, between 1 January 2019 and 1 January 2022, VAT of 5% was charged on goods and services. In 2019, 2020 and 2021 VAT collection exceeded the estimated revenue for such years. Since 1 January 2022, the VAT rate has increased to 10%. According to preliminary figures, in 2022, VAT receipts increased by BD 300 million, as compared to 2022.

The following table sets forth the key initiatives that were implemented in 2021 and 2022.

Initiative	Implementation Date	Estimated Revenue/Savings for a one-year cycle from the implementation date
Update registration of medical devices fees by NHRA	March 2021	U.S.$3 million in 2022
Update the fees of the Supreme Council for the Environment	April 2021	U.S.$2 million in 2022
University of Bahrain Initiatives	September 2021	U.S.$5 million in 2022
Amend Urban Planning and Development Authority fees	November 2021	U.S.$3 million in 2023
Determining the license application fee for the private executor and the license renewal fee	January 2022	U.S.$0.1 million in 2022
Value Added Revenue (from the increase in the rate of VAT to 10%)	January 2022	U.S.$728 million in 2022
Proposal for the provision of commercial records data	July 2022	U.S.$1 million in 2022
Revenue development initiative to regulate the accounting and auditing profession	November 2022	U.S.$0.1 million in 2023
Higher Education Council revenue development initiative	November 2022	U.S.$0.8 million in 2023
Worker card issuance fees	December 2022	U.S.$6.9 million in 2023
Amending passport issuance fees	March 2023	U.S.$1.83 million in 2024
PSI in Salmaniya Medical Complex Parking	March 2023	U.S.$0.6 million in 2024

Bahrain is a member of the "OECD/G20 Inclusive Framework on BEPS". As part of this framework and with effect from 31 August 2021, Bahrain has agreed to the "Statement on a Two–Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy" pursuant to which member countries have pledged to enact laws to, *inter alia*, help ensure a global minimum corporate income tax of 15% with effect from 2023. In doing so, the Kingdom intends to comply with international best practices on combating base erosion and profit shifting, while remaining an attractive destination for foreign direct investment.

Subsidies

The Government has been active in realigning public subsidies so that they target those most in need. Working in conjunction with the World Bank, the Government has identified the best options to redirect food subsidies by introducing a means-tested monthly financial transfer, saving up to U.S.$13 million in the year ended 31 December 2022, as compared to the year ended 31 December 2015.

It has also raised unified gas prices. Effective 1 April 2015, gas prices increased from U.S.$2.25 per mmbtu (gross heating value) to U.S.$2.50 per mmbtu and were thereafter to increase at a rate of U.S.$0.25 per mmbtu (gross heating value) per year until the price reached U.S.$4.00 per mmbtu on 1 April 2021. In order to support local industries affected by the COVID-19 pandemic, the Government decided not to increase the price to U.S.$4.00 in April 2021. The gas price increased to U.S.$4.00 per mmbtu on 1 April 2022. On 17 August 2023, Alba announced that the natural gas supply agreement had been extended for an additional five-year period and the price will remain at U.S.$4.00 per mmbtu.

In addition, the re-categorisation of utilities subsidies has generated savings. The reduction of subsidies has contributed and may continue to contribute to an increase of some components affecting inflation. While inflation has been low in recent years, with an inflation rate of 1.0% in 2019 and deflation rates of 2.3% in 2020 and 0.6% in 2021, inflation has increased globally in 2022 and 2023, with an annual inflation rate of 3.6% recorded in Bahrain in 2022 and 0.1% recorded in Bahrain in 2023. See "*Monetary and Financial System—Inflation*". Any persistent levels of high inflation may require further targeted subsidies.

Since 2018, the Government has been looking to reform and streamline its subsidy system, to consolidate payments and redirect a larger proportion of subsidies to the poorest citizens. Part of these reforms includes transitioning to an income-contingent system. The redirection of subsidies and the reform of the subsidy criterion aims to reduce subsidy expenditure, while ensuring that eligible individuals benefit from overall higher subsidies.

The Government introduced the following initiatives between 2018 and 2023 that have focused on increasing revenue and realigning public subsidies so that they target those most in need.

- *Oil and gas*: Since 2015, local diesel prices have been gradually revised to BD 0.180 per litre and have been maintained at this level since 2019. In addition, gasoline and quality and premium gasoline selling prices have been revised to BD 0.140 and BD 0.200 per litre, respectively.

- *Social subsidies*: In 2023, a committee was formed to represent the Government in joint meetings with legislative authorities aimed at developing appropriate mechanisms to target a fairer and more efficient provision of social subsidies.

Efficiency savings are also being introduced to streamline the size and cost of the Government. Several ministerial working committees have been established to reduce bureaucracy costs of running government departments and organisations, as well as investing in sophisticated information technology to achieve increased productivity. A centralised procurement platform is now operational and is intended to promote effective and efficient government procurement practices and systems.

In order to control growth of current public spending, the Government has launched the design and implementation of a fiscal sustainability framework and strategy. This process includes the design of a medium-term fiscal strategy and funding plan, a fiscal reform plan and implementation plan and the creation of a fiscal reform unit in charge of implementing the fiscal reform plan and overseeing and monitoring the implementation of fiscal reforms.

The Government has also established seven ministerial teams, which seek to revise and reduce the recurrent expenditures in the following areas:

- Government Buildings and Facilities Maintenance and Equipment Task Force, headed by the Minister of Works, Municipalities and Urban Planning;

- Travel and Transport Task Force, headed by the Minister of Transportation and Telecommunications;

- Rentals and Government Facilities Task Force, headed by the Minister of Industry, Commerce and Tourism;

- Information Technology Task Force, headed by the Chief Executive of the Information and eGovernment Authority;

- Health and Environment Resources Task Force, headed by the Minister of Health;

- Educational Services and Training Task Force, headed by the President of the Civil Service Bureau; and
- Other Operational Expenditures Task Force, headed by the Minister of Housing.

Revenue

The actual total revenues for the years ended 31 December 2018, 2019, 2020, 2021 and 2022, as well as budgeted revenues for 2023 and preliminary revenues for 2023, are set forth below.

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual[1]	2023 Decree Law Budget[2]	2023 Actual(1)
				(U.S.$ millions)			
Oil and gas	**6,080**	**5,559**	**3,279**	**4,743**	**6,440**	**5,096**	**5,303**
Non-oil and gas[2]	**1,301**	**2,160**	**2,260**	**2,213**	**2,986**	**3,158**	**3,121**
Of which:							
Taxation and fees	780	1,471	1,276	1,434	2,322	2,356	2,394
Government goods and services	228	205	194	164	191	213	194
Government investment and properties	186	367	680	499	365	480	461
Grants	—	—	—	—	—	—	—
Fines, penalties and misc	107	117	108	115	105	106	70
Sale of capital assets	1	1	1	1	3	2	2
Total	**7,381**	**7,719**	**5,538**	**6,956**	**9,425**	**8,254**	**8,425**

Notes:
(1) Preliminary figures. Certain figures in this table differ from previously published figures.
(2) See "*—2023/2024 Budget*" for further details of the 2023 adjusted budget.
(3) Includes grants.

The principal source of revenue since 2018 has been the oil and gas industry, which is highly dependent on world oil prices. In 2018, 2019, 2020, 2021 and 2022, revenues from the oil and gas industry represented 82.4%, 72.0%, 59.2%, 68.2% and 68.3%, respectively, of total revenue. The share of non-oil and gas revenues to total revenues has generally been increasing over the five years ending 31 December 2022. In 2018, 2019, 2020, 2021 and 2022, non-oil revenues represented 17.6%, 28.0%, 40.8%, 31.8% and 31.7%, respectively, of total revenues.

In 2018, 2019, 2020, 2021 and 2022 taxation and fees revenue represented 10.6%, 19.1%, 23.0%, 20.6% and 24.6%, respectively, of total revenue.

Other significant sources of revenue include custom duty, primary health care services fees, visa fees, residence permits, car licences, company registration fees and fees for employment permits and, as of 1 January 2019, VAT. Revenue from Government goods and services (the other significant non-oil contributor to total revenue) are principally comprised of port charges, airport taxes and airspace use fees.

Revenue from Government investments and properties are principally comprised of dividends earned on the Government's shareholdings The Government's major domestic shareholdings, as at 30 June 2023, were its 100% shareholding in each of its holding companies, Mumtalakat, Bapco Energies (formerly, nogaholding) and Eskan Bank. A summary of the Government's equity holdings in various local and foreign companies is set forth below.

Mumtalakat

Mumtalakat is the investment arm of Bahrain and was established in June 2006 by Royal Decree as an independent holding company for the Government's key commercial assets. Mumtalakat was created to align and implement the execution of the Government's initiatives to improve governance and transparency, pursue value-enhancing opportunities and help achieve operational excellence for its key state-owned commercial assets. The company is wholly-owned by the Government through the Ministry of Finance and National Economy.

On 29 June 2006, the Government transferred its interest in 29 commercial assets to Mumtalakat, including its interest in Alba, Beyon (formerly, Batelco), Edamah, Gulf Air and NBB. Mumtalakat owns stakes in strategic commercial assets of Bahrain, which are significant contributors to the Bahraini economy and support directly and indirectly many other businesses in the country and the region.

Mumtalakat's portfolio of companies includes a wide variety of commercial entities across a broad range of industry sectors, including industrial manufacturing, financial services, telecommunications, real estate, aviation, tourism and food production. Companies such as Alba, Gulf Air, Beyon and NBB, represent some of the largest and most established businesses in Bahrain, with multiple decades of operating history and a track record of leadership and innovation within their industries.

Mumtalakat manages its portfolio of companies with the objective of enhancing their performance and returns. Furthermore, it actively seeks to invest in commercially sound and sustainable opportunities locally, regionally and internationally.

As at 30 June 2023, Mumtalakat held minority and majority stakes in over 50 companies across various sectors, including real estate and tourism, financial services, industrial manufacturing, food and agriculture, logistics, aviation, education, consumer services, healthcare, telecommunications, media and technology and general services, across the MENA region, Europe and North America. The portfolio also includes assets in six publicly listed companies (Alba, Bahrain Flour Mills, Beyon, Delmon Poultry Company, Gulf Hotels Group and NBB).

The following companies were subsidiaries of Mumtalakat as at 30 June 2023.

	Equity holding
	(%)
Aluminium Bahrain B.S.C. (Alba)	69.4
Bahrain Flour Mills Company B.S.C. (c)	65.7
Bahrain National Dredging Company B.S.C. (c)	100.0
Bahrain Institute for Pearls and Gemstones (DANAT) B.S.C. (c)	100.0
BIC Holding Company B.S.C. (c)[(1)]	100.0
Bahrain Real Estate Investment Company (Edamah) B.S.C (c)	100.0
General Poultry Company B.S.C. (c)	100.0
Gulf Air Group Holding B.S.C. (c)[(2)]	100.0
MAZAD B.S.C. (c)	100.0
Southern Tourism Company B.S.C. (c)	100.0
McLaren Group Limited	59.9
Khairat Al Bahrain 1 Holding W.L.L.	100.0
Khairat Al Bahrain 2 Holding W.L.L.	100.0
H Al Dhaen Boats W.L.L.	90.0
Radio Bahrain Company B.S.C. (c)	100.0
Lash HQ LLC	95.0
Prodrive International Company B.S.C. (c)	65.0
Bahrain Investment Holding Company – Istithmar B.S.C. (c)	100.0

Notes:
(1) BIC Holding Company B.S.C. (c) owns 100% stakes in Bahrain International Circuit Company W.L.L. and Al Dana Amphitheatre B.S.C. (c).
(2) Gulf Air Group Holding B.S.C. (c) owns 100% stakes in Gulf Air B.S.C. (c), Bahrain Airport Company W.L.L. and Gulf Aviation Academy B.S.C. (c).

Source: Mumtalakat

Mumtalakat also holds equity stakes in other companies in various industries around the world (of which 75% are located in the MENA region, 16% are located in Europe and 9% are located in the United States).

In 2022, Mumtalakat recorded a consolidated net loss of BD 54 million, as compared to a consolidated net profit of BD 329 million in 2021. The consolidated net loss in 2022 was primarily due to impairment losses of BD 147 million recorded in 2022 on goodwill as a result of a conservative outlook due to higher inflation, rising interest rates and recessionary concerns. In 2022, Mumtalakat recorded consolidated operating profits of BD 251 million, as compared to BD 345 million in 2021. In the six months ended 30 June 2023, Mumtalakat recorded a consolidated net loss of BD 29 million, as compared to a consolidated net profit of BD 289 million in the corresponding period in 2022. The consolidated net loss in the six months ended 30 June 2023 was primarily due to lower profits recorded by Alba, as well as impairment recognised on certain U.S. real estate assets.

In 2022, Mumtalakat's consolidated revenue increased by 22%, from BD 2.2 billion in 2021 to BD 2.7 billion in 2022. This increase was primarily due to increased profits of Alba, in turn, due to record production levels (of 1.6 billion metric tonnes), as well as an increase in Gulf Air group's revenue as a result of increased customer demand following the removal of almost all COVID-19-related travel restrictions. In the six months ended 30 June 2023, Mumtalakat's consolidated revenue decreased by 11% from BD 1,328 million in the six months ended 30 June 2022 to BD 1,185 million in the six months ended 30 June 2023. This decrease in revenue was primarily due to lower LME prices, which, in turn, negatively affected Alba's revenues, partially offset by a 30% increase in Gulf Air group's revenues in the six months ended 30 June 2023, as compared to the corresponding period in 2022.

Mumtalakat's principal associates, NBB and Beyon (formerly, Batelco) continued to report positive results. In 2022, Mumtalakat's share of profits from Beyon and NBB were BD 25.2 million and BD 28.5 million, respectively, as compared to BD 22.6 million and BD 21.9 million, respectively, in 2021.

In July 2021, McLaren completed a £550 million capital raise in the form of a £400 million issuance of preference shares to Ares Management Corporation and the Saudi Public Investment Fund and a £150 million issuance of convertible preference shares subscribed for by existing shareholders, including Mumtalakat. In July 2021, McLaren also issued U.S.$620 million in senior secured notes. Proceeds from the debt and equity capital raises were used, *inter alia*, to redeem McLaren's existing senior secured notes, repay an existing revolving credit facility and add cash to McLaren's balance sheet. In July 2022, McLaren completed a £125 million capital raise in the form of an issuance of convertible preference shares, payable in tranches, subscribed for by existing shareholders, including Mumtalakat. Proceeds from the capital raise are expected to be used by McLaren to improve its liquidity position supporting its growth plans as a global luxury supercar and elite motorsport business. In 2022, in order to help manage the impact on liquidity of delays to wholesale deliveries of the McLaren Artura, McLaren sold certain heritage cars to a principal shareholder for £100 million. Following this sale, the group had been in active discussions with its shareholders regarding an ongoing recapitalisation process and, in 2023, shareholders provided £370 million in additional funding. In June 2023, Mumtalakat purchased the preference shares in McLaren from Ares Management Corporation and the Saudi Public Investment Fund. In December 2023, the shareholders of McLaren unanimously approved a full recapitalisation of the group, which is intended to introduce s simplified share structure and streamline governance process.

In September 2023, the current board of directors of Mumtalakat was appointed for a four-year term. In May 2023, Shaikh Abdulla bin Khalifa Al Khalifa replaced Khaled Omar Alromaihi as the Chief Executive Officer of Mumtalakat. Prior to joining Mumtalakat, Shaikh Abdulla bin Khalifa al Khalifa served as Chief Executive Officer of Osool Asset Management, the investment arm of the Social Insurance Organisation, and has more than 22 years' of experience in the banking and financial Services industry. Shaikh Abdulla has also served as Chairman of the Board of Directors of Beyon (formerly Batelco) since June 2018.

As part of the Government's initiative to increase non-oil revenue, Mumtalakat began paying dividends in 2017. Mumtalakat paid dividends to the Government in an amount of BD 10.0 million (U.S.$26.6 million) for each of the fiscal years 2017 and 2018, BD 30.0 million (U.S.$79.8 million) for each of the fiscal years 2019 and 2020, BD 20.0 million (U.S.$53.2 million) for each of the fiscal years 2021 and 2022 and BD 40.0 million (U.S.$106.4 million) for the fiscal year 2023.

Alba

Alba is one of Mumtalakat's key portfolio companies and a significant economic contributor to Bahrain. In November 2010, Mumtalakat conducted an offering of a portion of its ordinary shares in Alba (the "**Alba Offering**"). The Alba Offering enabled Mumtalakat, as selling shareholder, to sell ordinary shares ("**Alba Ordinary Shares**") that it owned in Alba, representing 10.0% of Alba's total issued, fully paid and outstanding share capital. The Alba Ordinary Shares are listed on the Bahrain Bourse and global depositary receipts are listed on the London Stock Exchange. As a consequence of the Alba Offering, Mumtalakat holds a 69.38% equity shareholding in Alba. SABIC continues to hold a 20.62% equity shareholding in Alba.

Bahrain's largest non-oil export is aluminium, estimated by the IGA to have accounted for 11.5% of total exports and 27.8% of total non-oil exports in 2018, 11.3% of total exports and 24.9% of total non-oil exports in 2019, 22.1% of total exports and 34.3% of total non-oil exports in 2020, 20.0% of total exports and 36.1% of total non-oil exports in 2021 and 22.8% of total exports and 45.4% of non-oil exports in 2022.

Line 6 commenced production on 13 December 2018. In July 2019, the Line 6 expansion project was completed, increasing Alba's annual production capacity by 540,000 tonnes, bringing Alba's total production capacity to 1.6 million tonnes of aluminium per year. With full ramp-up of Line 6, Alba is the world's largest single-site producer (excluding China) of aluminium by individual smelter capacity. The capital expenditure for the construction of Line 6, as well as replacing and expanding the power capacity of the existing power plant facilities, was approximately U.S.$3 billion, which Alba financed without Government assistance. In October 2016, Alba entered into a U.S.$1.5 billion syndicated term-loan facility, comprising of a conventional facility and an Islamic facility. In April 2017, Alba secured commitments of approximately U.S.$700 million from ECA supported facilities. In October 2019, Alba successfully refinanced its U.S.$1.5 billion syndicated loan facility with a larger syndicate of banks at a lower interest rate and an eight year tenor. In April 2022, Alba refinanced its outstanding U.S.$1.25 billion syndicated loan facility. The sustainability-linked loan has an eight-year tenor and carries a lower interest margin than the previous syndicated loan facility of 235 basis points *per annum* above the sum of the Secured Overnight Financing Rate and credit adjustment spread. The margin is subject to an adjustment on an annual basis by an aggregate amount of up to 2.5 basis points tied to three sustainability-linked key performance indicators: Total Waste Recycled (Solid Waste), Training Hours and Lost Time Injury Frequency's

Incident Count. See "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Manufacturing—Aluminium*."

Following the completion of Line 6, Alba's strategic focus remains on high value-added products, such as extrusion billets, foundry alloys and rolling slabs, which comprised 44%, 63% and 66% of Alba's product mix for the years ended 31 December 2020, 31 December 2021 and 31 December 2022, respectively and 67% of Alba's product mix for the six months ended 30 June 2023. Following completion of the full ramp up of Line 6, Alba's production efficiencies have been optimised, and Alba believes it is well-positioned to compete in current market conditions on the basis of (amongst other factors) operating efficiencies, pro-active cost improvement programmes and self-sufficient power producing assets.

Gulf Air

Since the commencement of a restructuring programme in Gulf Air in 2012, the amount of funding from the Government and Gulf Air Group to Gulf Air totalled U.S.$2.0 billion as at 30 June 2023. In 2022, Gulf Air recorded a net loss of BD 83.8 million (U.S.$222.9 million), as compared to a net loss of BD 93.0 million (U.S.$247.3 million) in 2021. In the six months ended 30 June 2023, Gulf Air recorded a net loss of BD 35.8 million (U.S.$95.2 million), as compared to a net loss of BD 48.8 million (U.S.$129.8 million) in the corresponding period in 2022.

The suspension of flights and travel restrictions arising from the COVID-19 pandemic significantly impacted the revenue and results of operations of Gulf Air in 2020 and 2021. In 2022, Gulf Air gradually resumed its pre-pandemic network of operations and launched a number of new destinations. In the six months ended 30 June 2023, Gulf Air further expanded its network and increased its operations.

In October 2022, a new board of directors was appointed to manage Gulf Air, which includes two new members with international experience, and Captain Waleed Al Alawi was appointed as Chief Executive Office of Gulf Air. In January 2023, Dr. Jeffrey Goh was appointed as the Chief Executive Office of the Gulf Air Holding Company.

During the second half of 2015, Gulf Air ordered 29 Airbus A320 aircrafts (including 17 A321neo, 12 A320neo aircrafts) and 10 B787 aircraft from Boeing, in line with its goals to modernise its fleet to more fuel-efficient aircrafts. The airline took delivery of five B787 aircraft and one A320neo aircraft in 2018, two additional B787 aircraft and four additional A320neo aircraft in 2019, one additional A320neo aircraft and one additional A321neo aircraft in 2020, three additional A321neo aircraft during 2021, one additional A321neo aircraft in 2022 and one additional B787 aircraft and two additional A321neo aircraft in the six months ended 30 June 2023. As of 30 June 2023, Gulf Air operated a fleet of 33 aircraft comprising of 25 narrow-bodied aircraft and eight wide-bodied aircraft.

Bapco Energies

NOGA was formed in 2005 out of the structural reform of Bahrain's oil and gas industry and was entrusted with the responsibilities of the former Supreme Oil Council, the former Gas Committee and the former Ministry of Oil, including to act as the oil and gas industry regulator and propose and implement Government policy for the sector. On 26 September 2021, pursuant to Royal Decree № 99/2021, NOGA was effectively abolished and renamed the Ministry of Oil. The structure of the nogaholding group, its operations, financial arrangements and obligations remained otherwise unchanged, with the Government continuing to own 100% of nogaholding and nogaholding continuing to own 100% of Bapco.

In April 2021, Royal Decree № 53/2021 was issued amending the royal decree establishing nogaholding and authorising the amendment of nogaholding's articles of association to provide for its direct holding by the Government (rather than as a subsidiary of NOGA, as was the case prior to April 2021).

In May 2023, His Royal Highness the Crown Prince and Prime Minister inaugurated Bapco Energies as the new brand identity of nogaholding. Under Bapco Energies, the existing group companies, including Bapco, Banagas, Tawseah, Bahrain Avaiation Fueling Company ("**BAFCO**"), Tatweer Petroleum and Bapco Retail Company ("**Tazweed**") are expected to be integrated and rebranded into seven businesses over the next three years.

Bapco Energies is subject to the supervision of the Higher Committee for Energy and Natural Resources, which is chaired by the Prime Minister. Bapco Energies is an investment holding company which invests in various oil and gas companies in which the Government has a strategic interest and oversees the activities of its various portfolio companies (details of which are set out in the table below).

By Royal Decree on 23 April 2021, His Majesty the King appointed His Highness Sheikh Nasser Bin Hamad Al Khalifa as Chairman of the Board of Directors of Bapco Energies. The remainder of the current Board of Directors was appointed by Royal Decree on 15 June 2021 (comprising Sheikh Salman Bin Khalifa Al Khalifa (Deputy Chairman), Khalid Amro Al-Rumaihi (Member), H.E. Dr. Mohammed Mubarak Bindaina (Member), Faisal Mohammed Al-Mahroos (Member),

Abdulla Jehad Al-Zain (Member), Hadyah Mohammed Fathalla (Member), Lord Edmund John Phillip (Member), Bob Warren Dudley (Member) and Tony Hayward (Member)). His Excellency Dr Mohammed Mubarak Bin Daina was appointed Special Envoy for Climate Affairs, Chief Executive Officer of the Supreme Council for Environment and Acting Managing Director of Bapco Energies. Mark Thomas has served as Bapco Energies's Chief Executive Officer since 19 September 2021.

On 20 October 2021, His Majesty, the King, issued Royal Decree № 108/2021, amending Royal Decree № 105/2021 to provide that Bapco Energies shall be the competent authority responsible for: (i) appointing the boards of directors of companies wholly-owned by the state that carry out business related to the oil industry; and (ii) selecting Government representatives for the boards of directors and general assemblies of companies in which the state contributes a share in their capital.

Portfolio companies have a track record of paying annual dividends to Bapco Energies. In 2012, Bapco Energies (then nogaholding) received dividends totalling U.S.$253.6 million and paid a dividend of U.S.$150 million to the Ministry of Finance. In 2014, Bapco Energies (then nogaholding) received a U.S.$146 million aggregate dividend and paid a dividend of U.S.$150.0 million to the Government. In 2015, although dividends were declared, Bapco Energies (then nogaholding) did not receive a cash dividend from its operating companies Banagas and Tawseah, due to falling oil prices and the equity requirements of their portfolio companies, however, it paid a U.S.$150 million dividend to the Government. Given the medium- to long-term nature of the ongoing projects, as well as in respect of any future projects and the need to fund its respective equity requirements, Bapco Energies (then nogaholding) did not pay dividends in 2016. Dividends declared in 2016 (in respect of 2015) are expected to be set off against outstanding receivables from the Government. In 2017, Bapco Energies (then nogaholding) paid a U.S.$150 million dividend to the Government (for 2016). In 2019, Bapco Energies (then nogaholding) declared a U.S.$150.0 million dividend to the Government (for 2018). In 2022, a dividend of U.S.$300 million was declared for the years 2020 and 2021, which was set off against outstanding receivables from the Government.

During 2020, Bapco Energies' portfolio companies were mainly impacted by: (i) the COVID-19 pandemic, following a decrease in consumption levels in April and May 2020 and the construction industry being unable to operate at full capacity with workers encouraged to work from home; and (ii) a decrease in international oil prices during the first quarter of 2020.

As of 31 December 2022, Bapco Energies (then nogaholding) had outstanding debt of U.S.$5 billion, Bapco Gas Expansion (then Tawseah) had outstanding debt of U.S.$553 million, and Bapco Refining (then Bapco) had outstanding debt of U.S.$2.6 billion. Bapco Energies has also granted a letter of credit in respect of its associate, Bahrain LNG, for an amount of U.S.$4.2 million in 2022.

In March 2016, Bapco Energies obtained a multi-bank Murabaha Financing Facility of U.S.$570 million from a group of ten international, regional and local banks. The proceeds from the facility were utilised to fund the construction of the oil pipeline between Saudi Arabia and Bahrain and other projects. Bapco Energies' portfolio companies are currently involved in a number of major projects. Bapco Gas (formerly, Banagas) undertook a significant expansion project (Bahrain Gas Plant Project—CGP III) to further increase gas processing capacity within Bahrain for the production of marketable natural gas liquids. Also, Bapco Energies entered into a joint venture for development of a LNG import terminal project for Bahrain. The project comprised an offshore receiving and regasification facility, gas pipeline and onshore gas receiving facility. Both the LNG import terminal and the Bahrain Gas Plant Project have been completed. This facility was replaced by a U.S.$1.4 billion Murabaha facility arrangement signed in 2019 with a consortium of banks, with part of the proceeds from the facility being utilised to fund the construction of the AB4 pipeline and the remainder being used to make equity contributions and to assist with funding the projects currently being undertaken by Bapco Gas Expansion and for general corporate purposes. In July 2021, Bapco Energies increased this facility by U.S.$200 million to fund capital expenditures in relation to Bapco Upstream's field expansion and development programme and to meet Bahrain's future domestic natural gas requirements.

In February 2021, Bapco Energies (then nogaholding) accessed the international capital markets through a U.S.$250 million tap issuance of bonds maturing in 2024 (increasing the aggregate principal amount of the bonds to U.S.$750 million). In April 2021, Bapco Energies (through nogaholding Sukuk Limited) issued U.S.$600 million of trust certificates. In January 2022, Bapco Energies (then nogaholding) entered into an uncommitted overdraft facility of BD 25 million which has not been drawn down.

On 26 April 2022, Bapco Energies (then nogaholding) entered into sustainability-linked conventional and Islamic facilities with a syndicate of lenders, arranged by Gulf International Bank (B.S.C.) and Mashreqbank psc and in an aggregate amount of U.S.$2.2 billion, of which U.S.$1.6 billion has been utilised to settle its Shari'a compliant murabaha facilities originally entered into in 2019 (as described above). The sustainability-linked facilities, which include a number of customary information covenants, positive covenants, negative covenants and events of default, are repayable in September 2026 at an interest rate and a profit rate (respectively) of 2.1% plus Secured Overnight Financing Rate and

credit adjustment spread and were Bapco Energies first sustainability-linked corporate financing facilities, utilising sustainability-linked key performance indicators related to greenhouse gas emissions reduction, as well as safety measures, including lost-time injury frequency rate.

On 14 October 2022, Bapco Energies (then nogaholding) signed a U.S.$300 million push facility with the Italian Export Credit Agency ("**SACE**"). The facility has a tenor of ten years, comprising (i) a 12-month availability period, (ii) a 12-month grace period (principal repayment moratorium) and (iii) an eight-year repayment period. The rate of interest payable by Bapco Energies under the facility is the secured overnight financing rate ("**SOFR**"), plus a 1.75% margin, payable semi-annually. The facility benefits from a SACE guarantee covering 80% of principal and interest amounts.

On 22 December 2022, Bapco Energies (then nogaholding) signed a syndicated U.S.$200 million uncommitted revolving credit (Murabaha) facility with a syndicate led by Albaraka Islamic Bank and with participation from Khaleeji Commercial Bank, Bahrain Islamic Bank and National Bank of Kuwait. The facility is expected to be utilised for general corporate purposes and has a tenor of five years. The rate of interest payable by Bapco Energies under the facility is term SOFR, plus a 2% margin *per annum*.

In May 2023, Bapco Energies (then nogaholding) (through nogaholding Sukuk Limited) issued U.S.$750 million of trust certificates with a profit rate of 6.625%. Bapco Energies also completed a cash tender offer with respect to its outstanding U.S.$750 million notes maturing in November 2024, with approximately U.S.$478 million in principal amount (63.7% of the then-outstanding notes) repurchased.

In November 2023, Bapco Energies completed an amendment and extension of its U.S.$2.2 billion dual tranche sustainability-linked conventional and Islami facilities (as described above), with an additional U.S.$300 million green shoe option, which remains unutilised as of the date hereof. Under the amended facilities, the maturity dates have been extended to November 2026 and certain amortisation structures have been included. A repricing exercise was also conducted, with an interest rate and profit rate (respectively) of 1.95%, plus SOFR. The sustainability-linked performance indicators have also been amended to further align with best practices, as well as the definitions used by the International Association of Oil & Gas Producers.

Bapco Energies has further plans to increase access to natural gas in order to meet increased natural gas requirements resulting from the possible expansion of GPIC, Alba and the Bahrain oil refinery.

With respect to natural gas, Bapco Upstream (formerly Tatweer Petroleum) is responsible for developing drilling projects and infrastructure at Bahrain Field required to support Bapco Energies' natural gas production capacity and meet the demand for Khuff natural gas. Offshore and deep drilling projects are ongoing, but alternate plans such as importing natural gas from overseas, implementing energy conservation measures purchasing electricity from the GCC grid and leveraging sustainable energy sources are also either underway or being developed.

The table below sets out companies in which Bapco Energies held equity as at 31 December 2018, 2019, 2020, 2021 and 2022 and as at 30 September 2023.

	As at 31 December					As at 30 September
	2018	2019	2020	2021	2022	2023
			(%)			
Company						
Bapco Refining	100	100	100	100	100	100
Bapco Gas	75	75	75	75	75	75
Bapco Gas Expansion	100	100	100	100	100	100
Bapco Air Fuelling	60	60	60	60	60	60
GPIC	33	33	33	33	33	33
Bapco Lube Base Oil	55	55	55	55	72.5	72.5
Bapco Upstream	100	100	100	100	100	100
Bahrain LNG W.L.L.	30	30	30	30	30	30
BAC Jet Fuel Company	50	50	50	50	50	50
Bapco Gasoline Blending	85	85	85	85	85	85
Saudi Bahrain Pipeline Company	100	100	100	100	100	100
Trident Logistics Bahrain CO. W.L.L.	49	49	49	49	49	49
Aromatics Petchem Company W.L.L.	100	100	100	100	100	100
Bapco Tazweed	—	100	100	100	100	100
Arab Shipbuilding and Repair Yard Co. B.S.C. (c) [(1)]	—	36.96	36.96	36.96	36.96	36.96

Note:
(1) Bapco Energies acquired its 36.96% interest in Arab Shipbuilding and Repair Yard Co. B.S.C. (c) in October 2019.

Source: Bapco Energies

Bapco Refining (formerly, Bapco)

In July 2019, Sheikh Mohammed bin Khalifa bin Ahmed Al Khalifa, Minister of Oil, issued Resolution № (9) of 2019 to restructure the Board of Directors of Bapco Refining (formerly, Bapco). Dr. Dawood Nassif was appointed as the Chairman of the Board of Directors of Bapco Refining.

On 21 October 2021, His Highness Shaikh Nasser bin Hamad Al Khalifa approved the further restructuring of the Board of Directors of Bapco Refining (then Bapco). His Excellency Abdulla Jehad Al-Zain was appointed as Chairman of the Board of Directors, and Mr. Mark Thomas was appointed Deputy Chairman. His Excellency Yusuf Abdulla Ali Humood, Mr. Yusuf Abdulla Mohamed Taqi, Dr. Ashok Krishna, Mr. Saeed Husain Abdulrahman Husain and Mr. Ahmed Yusuf Taleb Abdulghani were appointed as Bapco Refining board members for a three-year term. Dr. Abdulrahman Jawahery was appointed as Chief Executive Officer of Bapco.

In October 2022, Dr. Ashok Krishna ceased to be a member of the Board of Directors of Bapco Refining. On 1 July 2023, Dr. Ayham Ammora was appointed as a member of the Board of Directors of Bapco Refining.

Following the rebranding of nogaholding as Bapco Energies in May 2023, Bapco has been rebranded as Bapco Refining.

Bapco Upstream (formerly, Tatweer)

In January 2020, His Excellency Sheikh Mohamed bin Khalifa bin Ahmed Al Khalifa was appointed as the Chairman of the Board of Directors of Bapco Upstream (formerly, Tatweer Petroleum) pursuant to Resolution № (3) of 2020. Dr. Fayez Hashim Abdullatif Al Sadah and Mr. Faisal Mohamed Hasan Al Mahroos were also appointed to the Board.

On 20 October 2021, the Board of Directors of Bapco Upstream (then Tatweer) was replaced pursuant to Resolution № (2) of 2021. Mr. Faisal Mohamed Hasan Al Mahroos was appointed as Chairman and Mr. Mark Thomas, Mr. Mazen Mohamed Ahmed Matar, Mr. Ghassan Ali Muhanna Mohamed Almuhanna, Mr. Isa Ali Abdulrahman Janahi and Mr. Ali Habib Ahmed Qassim were appointed by Bapco Energies as Board Members for a two-year term. Dr. Rainer Seele was subsequently appointed by Bapco Energies as a Board Member to Bapco Upstream's Board of Directors on 7 November 2021.

Following the rebranding of nogaholding as Bapco Energies in May 2023, Tatweer has been rebranded as Bapco Upstream.

On 21 October 2023, the Board of Directors of Bapco Upstream was replaced pursuant to Resolution № (5) of 2023. Mr. Faisal Mohamed Hasan Al Mahroos was appointed as Chairman and Mr. Mark Thomas, Dr. Rainer Seele, Mr. Ali Habib Ahmed Qassim and Mr. Johann Pleininger (who also serves as Bapco Upstream's Chief Executive Officer) were appointed by Bapco Energies as Board Members for a one-year term.

Bapco Gas (formerly, Banagas) and Bapco Gas Expansion

On 21 March 2022, His Highness Shaikh Nasser bin Hamad Al Khalifa, the Chairman of the Board of Bapco Energies, appointed representatives of Bapco Energies (then nogaholding) to the Board of Directors of Bapco Gas (then Banagas) (Mr. Mark Thomas was appointed as Chairman of the Board of Bapco Gas and Shaikh Mohammed bin Abdulrahman Al Khalifa was appointed as his Deputy; Mr. Abdulrazaq Abdul Hussain Jawahery, Mr. Abdullah Al Bastaki and Ms. Hala Mafiz were appointed Board members) and re-established the Board of Directors of Bapco Gas Expansion Company. Mr. Mark Thomas was appointed as Chairman of the Board of Bapco Gas Expansion and Shaikh Mohammed bin Abdulrahman Al Khalifa was appointed as his Deputy. Mr. Abdulrazaq Abdul Hussain Jawahery, Mr. Abdullah Al Bastaki and Ms. Hala Mafiz were appointed as Board members.

Following the rebranding of nogaholding as Bapco Energies in May 2023, Banagas has been rebranded as Bapco Gas.

Bapco Energies owns 75% of Bapco Gas and is represented by five of the seven members of the Board of Directors.

Arab Shipbuilding and Repair Yard

On 27 January 2022, His Highness Shaikh Nasser bin Hamad Al Khalifa appointed Mr. Youssef Isa Bubshait and Mr. Mazen Mohammed Matar as Bapco Energies representatives on the Board of Arab Shipbuilding and Repair Yard ("**ASRY**"). Mr. Youssef Isa Bubshait serves as Chairman of the Board of ASRY. Mr. Mazen Mohammed Matar serves as Board Member and Managing Director.

Recurrent Expenditure

The following table shows the structure of the Government's recurrent expenditure budget (which includes debt service) for the years indicated.

	2018	2019	2020	2021	2022	2023	2023
	Actual	Actual	Actual	Actual	Actual	Adjusted Budget[1]	Actual[3]
	(U.S.$ millions)						
Manpower	3,849	3,720	3,696	3,753	3,931	3,516	3,739
Services	628	656	590	591	646	586	668
Consumables	409	398	355	343	401	144	269
Assets	72	70	40	30	48	50	42
Maintenance	163	132	132	115	111	101	114
Transfers	1,340	1,333	1,529	1,042	1,011	1,650	1,587
Grants, subsidies and payment[2]	2,431	2,558	2,652	2,788	2,978	3,009	3,467
Emergency Expenditure	—	—	402	296	172	—	—
Total	**8,891**	**8,867**	**9,396**	**8,957**	**9,298**	**9,058**	**9,885**

Notes:

(1) Adjusted budget (including rollover budget of U.S.$19.4 million). See "*—2023/2024 Budget*" for further details of the 2023 adjusted budget.

(2) Includes debt service and part of the Economic Stimulus Package related to the payment of the electricity and water bills. Payments on interest constitute the major part of recurrent expenditure under the heading "*Grants, subsidies and payment of interest*". Payments on interest constituted 67.7% of grants, subsidies and payments of interest expenditure in 2018, 67.0% in 2019, 66.7% in 2020, 66.6% in 2021 and 65.8% in 2022.

(3) Preliminary figures.

Source: Ministry of Finance and National Economy

Recurrent expenditure on manpower (principally comprising wages and pension contributions) is the most significant part of Government recurrent expenditure. In 2018, 2019, 2020, 2021 and 2022, manpower expenditure comprised 43.3%, 42.0%, 39.3%, 41.9% and 42.3%, respectively, of total recurrent expenditure.

Services expenditure covers, *inter alia*, rent, expenditure on utilities such as, electricity, water, telephones, postage, insurance, communication, travel and the staging of conferences and exhibitions. Consumables include fuel, medical supplies, general supplies and materials and printing and stationery. The major consumers of services are the Ministries

of Health, Education, Defence and Interior, which among them accounted for 51.0% in 2018, 51.2% in 2019, 49.4% in 2020, 46.6% in 2021 and 48.0% in 2022 of total consumption of services.

The Electricity and Water Authority (which commenced independent accounting operations in January 2009 and was formerly known as the Ministry of Electricity and Water) accounted for approximately 4% of recurrent expenditure in 2019. The major users of consumables in 2018, 2019, 2020, 2021 and 2022 were the Ministries of Health, Defence, Interior, Sheikh Mohamed bin Khalifa Specialist Heart Centre, the King Hamad Hospital and Bahrain Oncology Centre and which between them accounted for 94.1%, 95.0%, 96.2%, 95.3% and 96.3% of total consumables in 2018, 2019, 2020, 2021 and 2022, respectively.

The principal transfers are to the local authorities in Bahrain, the Electricity and Water Authority, Bahrain University, Bahrain Polytechnic and, accounts and government contributions. Transfers to the Electricity and Water Authority amounted to 37% in 2018, 28% in 2019, 21% in 2020 and 10% in 2021. There were no transfers made to the Electricity and Water Authority in 2022.

In accordance with Vision 2030, and as articulated in the FBP, the Government aims to reduce its dependence on oil revenues for funding recurrent expenditure. It aims to achieve this by generating additional sources of revenue and cutting inefficient spending. Subsidies for water, electricity, gasoline and food will be targeted to reduce costs. See "*Fiscal Policy*" above. By funding the majority of its day-to-day expenditure from recurrent revenue (independent of oil), the Government believes it will be able to apply oil revenues for the benefit of future generations.

Project Expenditure

The following table shows the structure of the Government's project expenditure for the years indicated.

	2018	2019	2020	2021	2022	2023	2023
	Actual	Actual	Actual	Actual	Actual	Adjusted Budget[1]	Actual[2]
	(U.S.$ millions)						
Infrastructure	435.9	359	332.4	269.4	325	437	437.5
Social services	114.9	87.5	66.5	80.1	82.5	124.8	97.8
Economic services	20.2	91.6	15.7	16.6	16.8	10.9	22.6
Administrative services	62.8	49.5	57.2	92.7	72.5	91.7	45.0
Others	236.7	82.8	113.1	72.8	123.7	200.0	128.5
Total	**870.5**	**670.4**	**584.9**	**531.7**	**620.5**	**864.4**	**731.4**

Note:
(1) Adjusted budget (includes rollover budget of U.S.$266.0 million). See "*—2023/2024 Budget*" for further details of the 2023 adjusted budget.
(2) Preliminary figures.

Source: Ministry of Finance and National Economy

The project expenditure is financed through the general budget. In 2022, actual project expenditure was U.S.$620.5 million, as compared to U.S.$531.7 million in 2021 and U.S.$584.9 million in 2020. In 2023, actual project expenditure, according to preliminary figures, was U.S.$731.4 million.

Project expenditure with Government funds principally consist of housing projects, road improvements and maintenance and construction of new roads, the improvement and development of storm-water and waste-water networks and construction and healthcare projects. A number of projects are funded from the GCC Development Fund, including housing, road and other major infrastructure projects. See "*—Government Budget—Budget revenues and expenditures—Non-budget expenditures*". Planned project expenditures in the next ten years are expected to be funded by Government funds with other sources of project financing, including PPPs, grants, soft loans from regional funding entities, export credit agencies and Islamic and commercial financing.

Housing: Since 2012, Bahrain has entered into a series of PPPs for the development of major housing projects. These projects include the construction and development of housing units including the Al Madina Al Shamaliya, the East Hidd, the East Sitra and the Al Dur (Southern Governorate) housing projects. The estimated cost of these projects is approximately U.S.$3.3 billion, of which U.S.$1.4 billion is expected to be funded through the budget (with the remainder to be funded through GCC funding). The Government's land development programme consists of Government land being developed by private developers. A pilot project in Al Lawzi for the construction of 132 housing units was completed and the Government has a number of other planned projects under its land development programme, including (among others) six phases of the Al Ramli project for the construction of 1,620 housing units, the Madinat Salman Island 11 projects for

the construction of 1,440 housing units, the Isa Town Block 813 project for the construction of 528 housing units and the Madainat Salman Island 14 West project for the construction of 546 housing units.

Roads and Transport: Since 2014, Bahrain has implemented a series of road projects aimed at developing Bahrain's main road network, focusing on projects complementing the traffic and connectivity requirements generated by new and future housing projects. Since 2014, various road projects have commenced relating to the improvement and upgrade of the Sh Khalifa bin Salman Highway, the Sh Jaber Al Ahmed Al Sabah Highway, the Muharraq ring road, Jasra interchange, Saar interchange and Shaikh Zayed Highway. In the third quarter of 2023, part of the tunnel in the Al Dateh Street development project was opened, with other segments of the project to be opened gradually once they are completed. Further projects are being planned in relation to the Bahrain Northern Highway (with the tender for the fourth package of the North Muharraq Highway Project launched in November 2023), Budaiya Highway and Sh Isa bin Salman Highway.

Bahrain has also taken steps to improve transport and international connectivity. For example, construction of the new passenger terminal building at Bahrain International Airport, which was completed in 2020 and opened in January 2021. The project is a part of the airport modernisation programme, a comprehensive development plan designed to improve the infrastructure and services at the airport to cater to future aviation needs. See "*Economy of The Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Transport and Construction*".

Water: Bahrain has taken steps to improve the quality of its water and sanitation. The Tubli Sewage Treatment Plant expansion project, which is expected upon completion to double the processing capacity of the plant to 400,000 cubic meters per day, is estimated to cost U.S.$229 million (with certain funding provided by the GCC Development Fund). As at 31 December 2023, this project was estimated to be 77% completed. However, receipt of the funding to be provided by the GCC Development Fund has been delayed until 31 March 2025.

Healthcare: Additionally, Bahrain is in the process of expanding its healthcare industry with the aim of becoming a leading healthcare destination in the region through planned projects for the development of state of the art oncology and cardiac treatment centres. The planned projects include the launch of new specialised medical centres managed by world renowned experts using the latest treatments, medical techniques and technology available to enhance medical care in Bahrain and in the region as a whole. Improving the health sector is amongst the Government's top priorities and aligns with Bahrain's fiscal policy of economic diversification.

INDEBTEDNESS

The CBB manages the issue of foreign and domestic debt for, and on behalf of, MOFNE.

The Certificates offered by this Base Prospectus are authorised under Decree Law № (13) of 2023 (the "**2023 Decree**"). The 2023 Decree establishes Bahrain's debt ceiling in respect of certain borrowings at U.S.$42,553.2 million in principal amount outstanding at any time (as increased in September 2023), of which U.S.$38,926.1 million was utilised, and U.S.$3,627.1 million remained available as at 30 November 2023. Certain additional amounts have been authorised pursuant to separate decrees that do not apply towards the ceiling. See "*—External Government Debt*" and "*—Domestic Government Debt*".

As at 30 November 2023, Bahrain's total outstanding debt (comprising its total external debt and its total domestic debt, but excluding debt of the government related entities) amounted to U.S.$46,081.2 million, of which U.S.$14,601.0 million was denominated in Bahraini dinars and U.S.$31,480.2 million was denominated in foreign currencies.

During the past 15 years, Bahrain has paid all principal and interest payments in respect of its outstanding borrowings when they fell due and has not entered into any restructuring arrangements with its creditors to defer the repayment of its borrowings.

The principal strengths noted by the rating agencies include the Kingdom's continued financial sector stability and potential for wider current account surpluses, as well as continued fiscal reform implementation, support from partners in the GCC and high GDP per capita and human development indicators. See "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain is subject to a number of on-going domestic political risks*" and "*Risk Factors—Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme—Risk factors relating to the Kingdom—Bahrain's sovereign credit ratings are subject to revision and downgrade*".

	As at 31 December					As at 30 November
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
	(U.S.$ millions, except where indicated)					
Outstanding external debt	18,752.7	21,741.8	25,439.9	29,982.7	29,892.2	31,480.2
Outstanding gross domestic debt[(1)]	14,335.1	14,335.1	14,335.1	14,867.0	14,601.0	14,601.0
Total outstanding Government debt[(1)]	**33,087.8**	**36,076.9**	**39,775.0**	**44,849.7**	**44,493.2**	**46,081.2**
Outstanding external debt as a percentage of GDP.....	49.8%	56.5%	73.3%	76.3%	67.4%	70.3%
Outstanding Government debt as a percentage of GDP[(1)].....	87.5%	93.3%	114.5%	114.1%	100.2%	102.9%

Note:

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

Source: Ministry of Finance and National Economy

External Government Debt

The majority of the Government's outstanding external borrowing comprises international Islamic certificates and international bonds.

The following table sets out the breakdown of the Government's outstanding external borrowing, as at the dates indicated, by lender.

	As at 31 December					As at 30 November
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
			(U.S.$ millions)			
GCC Development Funds[1]	2,617.9	4,041.8	4,989.9	6,507.7	7,067.2	7,155.2
The Kuwait Fund	*61.1*	*51.9*	*128.5*	*232.8*	*221.4*	*312.8*
Arab Fund for Economic and Social Development	*107.5*	*86.3*	*79.2*	*68.7*	*56.6*	*50.0*
The Saudi Fund	*1,146.4*	*1,876.4*	*2,431.0*	*3,031.0*	*3,325.6*	*3,325.6*
The Abu Dhabi Fund	*1,155.5*	*1,890.0*	*2,223.4*	*3,045.5*	*3,341.0*	*3,340.2*
Qatar Fund for Development	*70.0*	*70.0*	*70.0*	*70.0*	*70.0*	*70.0*
Islamic Development Bank	*77.4*	*67.2*	*57.8*	*59.7*	*52.6*	*56.6*
International bonds Issue № 1 (2010)	1,250.0	1,250.0	—	—	—	—
International Islamic Certificates Issue № 2	—	—	—	—	—	—
International bonds Issue № 2 (2012)	1,500.0	1,500.0	1,500.0	1,500.0	—	—
International bonds Issue № 3 (2013)	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	—
International bonds Issue № 4 (2014)	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
International bonds Issue № 5 (2015)	700.0	700.0	700.0	—	—	—
International bonds Issue № 6 (2015)	800.0	800.0	800.0	800.0	800.0	800.0
International bonds Issue № 7 (2016)	275.0	275.0	275.0	—	—	—
International bonds Issue № 8 (2016)	325.0	325.0	325.0	325.0	325.0	325.0
International Islamic Certificates Issue № 3	435.0	—	—	—	—	—
International bonds Issue № 9 (2016)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 4	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 10 (2017)	600.0	600.0	600.0	600.0	600.0	600.0
International bonds Issue № 11 (2017)[2]	500.0	500.0	500.0	500.0	—	—
International bonds Issue № 12 (2017)	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
International bonds Issue № 13 (2017)	900.0	900.0	900.0	900.0	900.0	900.0
International Islamic Certificates Issue № 5 (2017)	850.0	850.0	850.0	850.0	850.0	850.0
International Islamic Certificates Issue № 6 (2018)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 14 (2018)[2]	500.0	500.0	500.0	500.0	500.0	—
International Islamic Certificates Issue № 7 (2018)[2]	500.0	500.0	500.0	—	—	—
International bonds Issue № 15 (2019)	—	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 8 (2019)	—	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 16 (2020)	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 9 (2020)	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 17 (2020)	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 10 (2020)	—	—	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 18 (2021)	—	—	—	500.0	500.0	500.0
International bonds Issue № 19 (2021)	—	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 20 (2021)	—	—	—	500.0	500.0	500.0
International Islamic Certificates Issue № 11 (2021)[2]	—	—	—	500.0	500.0	500.0
International Islamic Certificates Issue № 12 (2021)	—	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 21 (2021)	—	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 22 (2022)[2]	—	—	—	—	500.0	500.0
International bonds Issue № 23 (2022)[2]	—	—	—	—	500.0	—
International Islamic Certificates Issue № 13 (2022)[2]	—	—	—	—	350.0	350.0
International bonds Issue № 24 (2023)[2]	—	—	—	—	—	1,000.0
International Islamic Certificates Issue № 14 (2023)[2]	—	—	—	—	—	1,000.0
International bonds Issue № 25 (2023)[2]	—	—	—	—	—	500.0
International bonds Issue № 26 (2023)[2]	—	—	—	—	—	1,000.0
International bonds Issue № 27 (2023)[2]	—	—	—	—	—	500.0
Total outstanding external debt	**18,752.7**	**21,741.8**	**25,439.9**	**29,982.7**	**29,892.2**	**31,480.2**

Notes:

(1) "GCC Development Funds" is the total borrowing from the six funds listed below it. U.S.$31,480.2 million outstanding is including the loans from GCC under the Fiscal Balance Programme in addition to the previous long-term loans from regional development funds and institutions as at 30 November 2023, all these loans are not included in the calculation of Bahrain's current debt ceiling as issued under several different decrees over the years.

(2) Conducted as a private placement.

Source: Ministry of Finance and National Economy

Each of the loans from the International Development Funds set forth in the above table relates to one or more specific projects and has typically included a significant grace period before any payments under it are required to be made. None of the loans are secured.

The following table sets out the total external debt maturing in each of the years stated as at 30 November 2023.

	Amount of debt to be re-paid in each year	**Total External Debt**
	(U.S.$ millions)	
As at 30 November 2023	—	31,480.2
Remainder of 2023	2.7	31,477.5
2024	2,018.6	29,458.9
2025	2,413.8	27,045.1
2026	2,805.9	24,239.2
2027	2,226.1	22,013.2
2028	2,726.6	19,286.6
2029	2,552.7	16,733.9
2030	2,312.8	14,421.1
2031	1,312.8	13,108.3
2032	1,312.8	11,795.5
2033	2,312.8	9,482.6
2034	1,312.8	8,169.8
2035	1,312.8	6,857.0
2036	312.8	6,544.2
2037	312.8	6,231.3
2038	310.2	5,921.2
2039	307.5	5,613.7
2040	304.8	5,308.8
2041	304.8	5,004.0
2042	304.8	4,699.1
2043	304.8	4,394.3
2044	1,554.8	2,839.4
2045	304.8	2,534.6
2046	296.9	2,237.7
2047	1,263.4	974.4
2048	241.0	733.4
2049	126.7	606.7
2050	65.5	541.2
2051	528.2	13.0
2052	13.0	0.0

Source: Ministry of Finance and National Economy

The total outstanding external debt as at 30 November 2023 was U.S.$31,480.20 million. The majority of the Government's external debt as at 30 November 2023 was denominated in GCC currencies and in U.S. Dollars. The average maturity of the external debt as at 30 November 2023 was approximately 11.3 years.

Domestic Government Debt

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

	As at 31 December					As at 30 November
	2018	2019	2020	2021	2022	2023
	(U.S.$ millions)					
Treasury bills (three month)	1,861.7	1,861.7	1,861.7	1,861.7	1,861.7	1,861.7
Treasury bills (six month)	558.5	558.5	558.5	558.5	558.5	558.5
Treasury bills (12 months)	3,191.5	3,191.5	3,191.5	3,191.5	2,925.5	3,191.5
Al Salam Islamic securities (three month)	343.1	343.1	343.1	343.1	343.1	343.1
Islamic certificates	2,210.1	2,210.1	2,210.1	1,944.1	1,944.1	1,944.1
Development bonds	6,170.2	6,170.2	6,170.2	6,968.1	6,968.1	6,702.1
Gross domestic debt	**14,335.1**	**14,335.1**	**14,335.1**	**14,867.0**	**14,601.0**	**14,601.0**
Held by SIO and pension funds	416.8	235.4	256.9	215.4	463.0	532.0
Net domestic debt	**13,918.3**	**14,099.7**	**14,078.2**	**14,651.6**	**14,138.0**	**14,069.0**

Source: Ministry of Finance and National Economy

Bahrain's gross domestic debt amounted to U.S.$14,335.1 million as at 31 December 2018 (38.0% of Bahrain's 2018 GDP at current prices), U.S.$14,335.1 million as at 31 December 2019 (37.3% of Bahrain's 2019 GDP at current prices), U.S.$14,335.1 million as at 31 December 2020 (41.3% of Bahrain's 2020 GDP at current prices), U.S.$14,867.0 million as at 31 December 2021 (37.8% of Bahrain's 2021 GDP at current prices) and U.S.$14,601.0 million as at 31 December 2022 (32.9% of Bahrain's 2022 GDP at current prices). Bahrain's gross domestic debt amounted to U.S.$14,601.0 million as at 30 November 2023 (32.6% of Bahrain's estimated 2023 GDP at current prices).

This debt is principally in the form of short-term treasury bills and Islamic securities, medium- and long-term development bonds, medium-term Islamic certificates and two long-term syndicated loans.

The following table sets out the average interest rates payable as at each of dates indicated in relation to Bahrain's domestic debt.

	As at 31 December			As at 30 November
	2020	2021	2022	2023
	(%)			
Short-Term Domestic Debt				
Treasury bills (three month)	2.2	1.4	5.2	6.1
Treasury bills (six month)	2.6	1.5	5.0	6.2
Treasury bills (12 months)	2.8	1.8	4.4	6.3
Al Salam Islamic securities (three month)	2.2	1.4	5.1	6.1
Islamic certificates (six month)	2.6	1.5	4.6	6.2
Overall Short-Term Domestic Debt Average Interest Rate	**2.5**	**1.5**	**4.9**	**6.2**
Long-Term Domestic Debt				
Development bonds	5.3	4.5	4.5	4.9
Islamic certificates	5.0	5.1	5.0	5.0
Overall Long-Term Domestic Debt Average Interest Rate	**5.2**	**4.8**	**4.8**	**5.0**

Source: Ministry of Finance and National Economy

Bahrain's treasury bills have maturities of three, six and 12 months and its short-term Islamic securities have maturities of three and six months. These securities are issued by the CBB and are used as a tool to manage liquidity. Bahrain uses the proceeds of its Islamic certificates for funding projects.

A significant proportion of Bahrain's domestic debt is held by commercial banks, Bahrain's Social Insurance Organisation and by Government pension funds. As a result, Bahrain's net domestic debt amounted to U.S.$13,918.3 million as at 31

December 2018, U.S.$14,099.7 million as at 31 December 2019, U.S.$14,078.2 million as at 31 December 2020, U.S.$14,651.6 million as at 31 December 2021 and U.S.$14,138.0 million as at 31 December 2022. Bahrain's net domestic debt amounted to U.S.$14,069.0 million as at 30 November 2023.

The Government has no contingent liabilities in respect of its domestic debt. None of Bahrain's short-term trade finance is recorded as domestic debt and the outstanding debt amounts set out in this Base Prospectus do not include any borrowings from the CBB. The borrowings from the CBB are for cash management purposes; the introduction of the FBP and other initiatives is expected to reduce reliance on CBB funding over time. The 1977 Decree establishes a debt ceiling in respect of development bonds, treasury bills and financing instruments that are Shari'a compliant. On 26 September 2023, pursuant to the 2023 Decree, the Government raised the debt ceiling from BD 15,000 million to BD 16,000 million, of which U.S.$38,926.1 million was utilised, and U.S.$3,627.1 million remained available as at 30 November 2023.

Public Debt Management

In 2018, as part of Government efforts to promote public debt management and support debt sustainability and economic growth, a senior debt management consultant was hired as an advisor to MOFNE. In October 2018, a decree on public debt was issued, which emphasised the importance of debt management functions by creating a Debt Management Office that reports directly to the Minister of Finance and National Economy.

One of the main objectives of the Debt Management Office is to build capacity for existing debt management staff and to provide necessary training in order to enhance the Middle Office's ability to analyse macro costs and risks to the public debt portfolio, including interest rate risk, exchange rate risk and refinancing risk.

On 27 April 2021, a new director was appointed to manage the Debt Management Office and tasked with implementing strategy and managing investor relations in respect of the Kingdom's public debt affairs. In addition, the Treasury Directorate was split into two dedicated Directorates one of which is focused on running the operations of all matters related to public financing (Financing Operations Directorate) and the other is focused on the collection of revenues and payments of expenditures (Payments and Collection Directorate).

In partnership with the IMF, in December 2018, a training session was conducted by the IMF team in the form of technical assistance. This training focused on improving the cost and risk analysis of the debt portfolio, as well as building a medium term debt strategy.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection from the registered office of the Trustee and the specified office of the Principal Paying Agent. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this section.

Master Head Lease Agreement, as supplemented by each Supplemental Head Lease Agreement

The Master Head Lease Agreement was entered into on 10 October 2022 between the Kingdom (in its capacity as Head Lessor), the Trustee (in its capacity as Head Lessee) and the Delegate and will be governed by the laws of Bahrain. A Supplemental Head Lease Agreement (together with the Master Head Lease Agreement, the "**Head Lease Agreement**") between the Head Lessor, the Head Lessee and the Delegate will be entered into on the Issue Date of each Tranche and will also be governed by the laws of Bahrain.

Pursuant to each Head Lease Agreement, the Head Lessor will lease to the Head Lessee the Assets or the Additional Assets, as the case may be, for a lease term of 100 years commencing on the Issue Date in consideration for the Advance Rental, which shall be payable on the Issue Date.

Master Sub-Lease Agreement, as supplemented by each Supplemental Sub-Lease Agreement

The Master Sub-Lease Agreement was entered into on 10 October 2022 between the Trustee (in its capacity as Sub-Lessor), the Kingdom (in its capacity as Sub-Lessee) and the Delegate and will be governed by the laws of Bahrain. A Supplemental Sub-Lease Agreement (together with the Master Sub-Lease Agreement, the "**Sub-Lease Agreement**") between the Sub-Lessor, the Sub-Lessee and the Delegate will be entered into on the Issue Date of each Tranche and will also be governed by the laws of Bahrain.

Pursuant to the Sub-Lease Agreement, the Sub-Lessor may lease to the Sub-Lessee, and the Sub-Lessee may lease from the Sub-Lessor, the Assets during renewable rental periods (which shall coincide with Return Accumulation Periods) commencing on the Lease Commencement Date (which shall be the Issue Date) and extending to the Scheduled Dissolution Date (unless: (a) the sub-lease is terminated earlier in accordance with its terms; or (b) the sub-lease is extended in accordance with the terms of the Purchase Undertaking) in consideration for periodic payments of Rental.

Pursuant to the Sub-Lease Agreement, no later than the first day of each rental period (other than the first rental period) the Sub-Lessor (or its agent) shall send a renewal notice to the Sub-Lessee. Each such notice shall be irrevocable and the Sub-Lessee will agree that, unless it rejects such notice on such day when such notice is given (in which case it acknowledges that it will be in breach of its undertaking to irrevocably and unconditionally lease from the Sub-Lessor for the lease term and that such breach will constitute a Kingdom Event) it will be deemed to have accepted each such notice as and when delivered. Where there is any delay or failure by the Sub-Lessor in delivering a renewal notice, the Rental for the relevant rental period shall accrue at the same rate as the Rental for the immediately preceding rental period.

On each date on which the Service Agent submits to the Sub-Lessor or its agent a notice in writing requesting the Sub-Lessor's approval of the Service Agent incurring or paying any proposed liability comprising an additional servicing agency expense (the date of such notice, being an "**Additional Service Agency Expense Request Date**"), the Sub-Lessor (or its agent) shall submit to the Sub-Lessee a notice in writing requesting payment by the Sub-Lessor to the Sub-Lessor on the first business day of the rental period commencing immediately after such Additional Service Agency Expense Request Date an amount of additional supplementary rental in respect of that rental period (as shall also be specified in the relevant renewal notice) equal to the relevant additional servicing agency expenses. Such notice shall be irrevocable and the Sub-Lessee will agree that, unless it rejects such notice on such Additional Service Agency Expense Request Date (in which case it acknowledges that such rejection will constitute a Kingdom Event), it will be deemed to have approved such notice as and when submitted and agreed to pay the requested amount of additional supplementary rental in accordance with such notice and the relevant renewal notice.

The Sub-Lessee will agree in the Sub-Lease Agreement to use the Assets at its own risk. Accordingly, the Sub-Lessee shall, from the date of the Sub-Lease Agreement, bear the entire risk of loss of or damage to the Assets or any part thereof arising from the usage or operation thereof by the Sub-Lessee to the extent that such loss or damage has resulted from the Sub-Lessee's gross negligence, wilful default, actual fraud or breach of its obligations under the Sub-Lease Agreement. In addition, the Sub-Lessor shall not be liable (and the Sub-Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Sub-Lessee's use or operation of the Assets, save to the extent that such loss or damage has resulted from the Sub-Lessor's gross negligence, wilful default, actual fraud or breach of its obligations under the Sub-Lease Agreement.

Pursuant to the Sub-Lease Agreement, following the occurrence of a Partial Loss Event, the Sub-Lessee will promptly give notice thereof (such notice, being a "**Partial Loss Event Notice**") to the Sub-Lessor and the Delegate providing:

(a) the date of the occurrence of the Partial Loss Event (the "**Partial Loss Event Date**"); and

(b) details together with proper evidence of the occurrence of the Partial Loss Event and the deprivation of benefit from the Assets as a result thereof, including, without limitation, the certificate obtained from a recognised industry expert certifying the occurrence of such Partial Loss Event.

By no later than the 31st day after the Partial Loss Event Date, the Sub-Lessee may request a proportionate reduction in Rental by way of reimbursement of the Rental applicable to the period from and including the Partial Loss Event Date to but excluding the earlier of: (a) the relevant Replacement Date; and (b) the 61st day after the Partial Loss Event Date to take into account the loss and/or impairment suffered by the Sub-Lessee in relation to the impaired Assets (the "**Rental Reimbursement Amount**") (such request, being a "**Rental Reimbursement Request**"). If a Rental Reimbursement Request is made in accordance with this paragraph, the Sub-Lessor shall procure the payment of the Rental Reimbursement Amount by the Service Agent (on its behalf) to the Sub-Lessee from only:

(a) the proceeds of any insurances paid in accordance with the Service Agency Agreement and standing to the credit of the Collection Account; and/or

(b) (to the extent the proceeds of such insurances (if any) are insufficient) any Loss Shortfall Amount paid in accordance with the terms of the Service Agency Agreement,

on the 61st day after the Partial Loss Event Date. For the avoidance of doubt, if the Sub-Lessee does not make a Rental Reimbursement Request on or prior to the 31st day after the Partial Loss Event Date, or it expressly waives such right, it shall be not be entitled to exercise such right thereafter.

Furthermore, for the avoidance of doubt if, following the occurrence of a Partial Loss Event, the Sub-Lease is not terminated in accordance with the Sub-Lease Agreement, and whether or not a Rental Reimbursement Request is made, the terms of the Supplemental Sub-Lease Agreement and the Sub-Lease, including the amount of Rental payable by the Sub-Lessee, shall continue on the same terms which applied prior to the occurrence of the Partial Loss Event.

The Sub-Lessee will undertake in the Sub-Lease Agreement, in relation to each Series, that it shall maintain actual or constructive possession, custody or control of all of the Assets from the date of the Sub-Lease Agreement until the satisfaction in full of all of its obligations (acting in any capacity) under the Transaction Documents to which it is a party.

The Sub-Lessee will agree in the Sub-Lease Agreement to be responsible, at its own cost and expense, for the performance of all ordinary maintenance and repair required for any Asset. The Sub-Lessor shall be responsible for the performance of all major maintenance and structural repair and insuring the Assets in accordance with the terms of the Service Agency Agreement. The Sub-Lessee will acknowledge in the Sub-Lease Agreement that the Sub-Lessor may procure that the Service Agent, in accordance with the terms and conditions set out in the Service Agency Agreement, shall perform, or shall procure the performance of, the major maintenance and structural repair and the insurance of the Assets, on behalf of the Sub-Lessor.

The Sub-Lease Agreement will provide that the Sub-Lessee shall pay:

(a) each Rental (less any supplementary rental and additional supplementary rental) by no later than the Payment Business Day immediately preceding the relevant rental payment date (corresponding to the relevant Periodic Distribution Date);

(b) any supplementary rental (corresponding to the relevant service charge amount in replenishment of the All Expenses Reserve Amount payable by the Sub-Lessor to the Service Agent pursuant to the Service Agency Agreement) on the first business day of the rental period commencing immediately after the services invoice date;

(c) any additional supplementary rental (corresponding to the relevant additional service agency expenses payable by the Sub-Lessor to the Service Agent pursuant to the Service Agency Agreement) on the first business day of the rental period commencing immediately after the Additional Service Agency Expense Request Date;

(d) the initial supplementary rental (corresponding to the relevant All Expenses Reserve Amount payable by the Sub-Lessor to the Service Agent pursuant to the Service Agency Agreement) on the lease commencement date corresponding to the Issue Date of the first Tranche of Certificates relating to the relevant Series,

in each case, by crediting such amounts to the Collection Account relating to the relevant Series and without any prior notice or demand.

The Sub-Lessee will agree in the Sub-Lease Agreement that all payments by it under the Sub-Lease Agreement must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In such event, the Sub-Lease Agreement provides for the payment by the Sub-Lessee of all additional amounts as will result in the receipt by the Sub-Lessor of such net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Sub-Lessee will undertake to pay to the Sub-Lessor or such other persons as the Sub-Lessor may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Sub-Lease Agreement.

The Sub-Lessee will covenant and undertake in the Sub-Lease Agreement that its payment obligations under the Sub-Lease Agreement are (subject to Condition 5) direct, unconditional and unsecured obligations of the Sub-Lessee and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Sub-Lessee, from time-to-time outstanding, provided, further, that the Sub-Lessee shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Sub-Lease Agreement and *vice versa*.

For these purposes, "**Rental**" means for each rental period means an amount equal to the aggregate of:

(a) the product of:

  (i) the rental rate (corresponding to the relevant Profit Rate) for such rental period;

  (ii) the aggregate face amount of the Certificates then outstanding; and

  (iii) (only if the Rental is to be calculated in respect of a period of less than a full rental period) the Day Count Fraction; plus

(b) the supplementary rental (if any); plus

(c) the additional supplementary rental (if any); less

(d) if applicable, the Murabaha Instalment Profit Amount payable in respect of such rental period.

Service Agency Agreement

The Service Agency Agreement will be entered into on 2 February 2024 between the Trustee (in its capacity as Sub-Lessor) and the Kingdom (in its capacity as Service Agent) and will be governed by English law.

Pursuant to the Service Agency Agreement, the Service Agent will agree to undertake on behalf of the Sub-Lessor the services relating to the Assets in respect of major maintenance and structural repair, effecting of all appropriate insurances in respect of such Assets, appointment of the Shari'a Adviser and maintenance of the Tangible Asset Ratio.

Pursuant to the Service Agency Agreement, the Service Agent will undertake to the Sub-Lessor that the Service Agent shall, wherever applicable, carry out all major maintenance and structural repair in respect of the Assets on behalf of the Sub-Lessor and in so doing the Service Agent shall:

(a) ensure that accurate and current records are kept of all major maintenance and structural repair activities;

(b) conduct regular and proper inspection of the Assets and ensure that major maintenance and structural repair is carried out with the proper quality of materials and workmanship; and

(c) ensure that major maintenance and structural repair is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Service Agent on an arm's length basis and in order to fully maintain the Value of the Assets.

The Service Agent will also undertake to the Sub-Lessor that in relation to the Assets applicable to each Series:

(a) subject always to paragraph (c) below, the Service Agent will (on behalf of the Sub-Lessor):

(i) ensure that such Assets, so long as any Certificates of the relevant Series are outstanding, are at all times properly insured through brokers and with such reputable insurance companies in good financial standing, in respect of such Assets, and, in addition, against a Loss Event. The Service Agent undertakes to ensure that the insured amount relating to each Loss Event will, at all times, be at least equal to the Full Reinstatement Value;

(ii) promptly make a claim in respect of each loss relating to such Assets in accordance with the terms of the insurances and diligently pursue such claims; and

(iii) ensure that in the event of a Loss Event occurring, all the insurance proceeds against a Loss Event are in an amount equal to the Full Reinstatement Value and are credited in the Specified Currency to the Collection Account by no later than the 60th day after the occurrence of the Loss Event and that the relevant insurer(s) will be directed accordingly;

(b) if, by no later than the 59th day after the occurrence of a Loss Event and provided that, in the case of a Partial Loss Event, a Partial Loss Termination Notice has not been delivered by the Sub-Lessee or the Sub-Lessee has expressly waived the right to deliver such Partial Loss Termination Notice, in each case pursuant to the Sub-Lease Agreement, the Service Agent receives notice from the Kingdom of the availability of replacement real estate assets located in Bahrain (i) that are not subject to any existing encumbrance, (ii) that are capable of being leased by the Head Lessee pursuant to the terms of the Head Lease Agreement, and (iii) the aggregate Value as at the date of replacement (the "**Replacement Date**") of which is not less than the aggregate Value of the replaced Assets, the Service Agent shall notify the Trustee of the same. Immediately following such notice, the Trustee may require the Head Lessor to enter into a replacement Supplemental Head Lease Agreement for the lease by the Head Lessor to the Head Lessee of the replacement Assets in consideration for an advance rental to be paid by the Service Agent on behalf of the Trustee using the insurance proceeds credited to the Collection Account pursuant to paragraph (a) (iii) above (or the assignment of the rights to such proceeds) to or to the order of the Head Lessor;

(c) wherever the Service Agent procures insurances in accordance with the terms of the Service Agency Agreement (including the renewal of any insurances in existence on the lease commencement date corresponding to the Issue Date of the first Tranche of such Series), it shall use its reasonable endeavours to obtain such insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms. If no such *takaful* insurance is available on commercially viable terms, the Service Agent must procure conventional insurance; and

(d) if within 60 days of the Issue Date of the first Tranche of such Series and for any reason, the Service Agent is not in compliance with its insurance obligations set out it in paragraph (a)(i) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof.

The delivery of the notice referred to in paragraph (d) above to the Trustee and/or the Delegate in relation to non-compliance with its insurance obligations set out it in paragraph (a)(i) above shall constitute a Kingdom Event.

If, following the occurrence of a Loss Event;

(a) the notice referred to in paragraph (d) above has not been delivered by the Service Agent to the Trustee and the Delegate within 60 days of the Issue Date of the first Tranche of such Series and prior to the occurrence of such Loss Event;

(b) the Assets have not been replaced in accordance with paragraph (b) above; and

(c) the amount (if any) credited to the Collection Account pursuant to paragraph (a)(iii) above is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Collection Account, being the "**Loss Shortfall Amount**"),

the Service Agent undertakes to (i) transfer the amounts (if any) credited to the Collection Account in accordance with paragraph (a)(iii) above; and (ii) pay directly (in same day, freely transferable, cleared funds) the Loss Shortfall Amount, in each case to the Transaction Account by no later than close of business in London on the 61st day following the occurrence of a Loss Event. Subject to transferring such amounts (if any) credited to the Collection Account in accordance with paragraph (a)(iii) and/or paying such Loss Shortfall Amount in accordance with this paragraph, there will be no

further claim against the Service Agent for failing to comply with its insurance obligations pursuant to the terms of this Agreement.

In relation to each Series, the Service Agent shall also ensure at all times from the Issue Date of the first Tranche of such Series the appointment of a Shari'a Adviser to monitor the compliance by the Kingdom (acting in any capacity) with the terms of the Transaction Documents to which it is a party.

Pursuant to the Service Agency Agreement, the Service Agent shall ensure that the Tangible Asset Ratio is, at all times at least 51%, and, if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Loss Event, falls below:

(a) 51% (but is at least 33%), the Service Agent shall take any and all steps (in consultation with the Shari'a Adviser), as may be required to ensure such Tangible Asset Ratio is restored to at least 51% within the time period determined by the Shari'a Adviser; and

(b) 33% (such event being a "**Tangibility Event**"), the Service Agent shall, within five business days of the Service Agent becoming aware of the occurrence of the Tangibility Event, notify the Trustee and the Delegate of such occurrence and request the Trustee to promptly deliver a Tangibility Event Notice to the relevant Certificateholders in accordance with Condition 9(c).

In relation to each Series (A) if, as a result of a Partial Loss Event the ratio of (a) the Value of the Assets (which for this purpose shall exclude any impaired Assets) to (b) the aggregate of the Value of the Assets and, if applicable for such Series, the aggregate amounts of outstanding Deferred Sale Price applicable to such Series at such time, falls below 33%; or (B) following the occurrence of a Total Loss Event, each with respect to the Assets of such Series, the Service Agent shall request the Trustee to, and upon such request, the Trustee shall promptly deliver a Trading Notice to the relevant Certificateholders in accordance with Condition 19 specifying (a) the occurrence of such event; and (b) that from the date of the Trading Notice, and until any further notice from the Trustee, in consultation with the Shari'a Adviser, stating otherwise, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Following replacement of the Assets in accordance with paragraph (b) above, the Service Agent shall notify the Trustee and the Delegate of the same and the Trustee shall promptly, following receipt of such notice from the Service Agent and in consultation with the Shari'a Adviser, deliver a notice to the relevant Certificateholders in accordance with Condition 19 that from the date of that notice the Certificates may be traded at any price.

In addition, the Service Agent will also be responsible for maintaining a Collection Account in relation to each Series. The Service Agency Agreement will provide that, on the Payment Business Day immediately preceding each Periodic Distribution Date, amounts (excluding any amounts of initial supplementary rental and/or supplementary rental) standing to the credit of the Collection Account relating to each Series will be applied by the Service Agent on behalf of the Trustee, by paying an amount equal to the Required Amount directly into the Transaction Account. The Service Agent shall be entitled pursuant to the Service Agency Agreement to deduct amounts (excluding any initial supplementary rental, supplementary rental and/or any insurance proceeds referred to above) standing to the credit of the Collection Account relating to each Series at any time during the sub-lease term and use such amounts for its own account, provided that it shall immediately re-credit all such amounts to the Collection Account:

(a) on the Payment Business Day immediately preceding a Periodic Distribution Date, if so required to fund a shortfall between the (i) the amount standing to the credit of the Transaction Account (after the application of amounts standing to the credit of the Collection Account pursuant to the Service Agency Agreement); and (ii) the Required Amount payable on such Periodic Distribution Date; or

(b) upon the occurrence of a Dissolution Event, a Potential Dissolution Event, a Tangibility Event or a Loss Event.

In consideration of the Service Agent acting as agent of the Sub-Lessor, the Service Agent shall receive a fee of U.S.$100 in relation to each sub-lease, payable on the date of the relevant Supplemental Sub-Lease Agreement (the receipt and adequacy of which the Service Agent will acknowledge in the Service Agency Agreement). In relation to each Series, as an advance payment to the Service Agent for service charge amounts to be paid or incurred by it in respect of the services to be performed in relation to the Assets, the Sub-Lessor shall procure that an amount equal to a pre-agreed reserve amount being (the "**All Expenses Reserve Amount**") is credited to the Collection Account on the lease commencement date corresponding to the Issue Date of the first Tranche of such Series and is replenished in accordance with the Service Agency Agreement and as described below.

Notwithstanding any other provision in the Service Agency Agreement, the Service Agent shall not incur or pay any liability in any rental period in respect of the services to be performed in relation to the Assets which, individually or in the aggregate, would exceed the All Expenses Reserve Amount (the amount by which such liability exceeds the All Expenses Reserve Amount, being the "**additional service agency expenses**") unless:

(a) a notice requesting such incurrence or payment of additional service agency expenses has been submitted by the Service Agent to the Sub-Lessor in accordance with the paragraph below; and

(b) following such request, the Sub-Lessee has agreed to pay to the Sub-Lessor an amount of additional supplementary rental equal to such additional service agency expenses on the first business day of the rental period commencing immediately after the Additional Service Agency Expense Request Date in accordance with the relevant Supplemental Sub-Lease Agreement.

If, during any rental period, the Service Agent incurs or pays such liability without first satisfying the conditions in (a) and (b) above, then it shall be deemed to have unconditionally agreed to satisfy, donate and pay all such liabilities from its own account and the Sub-Lessor shall have no responsibility whatsoever in connection with such liability.

Pursuant to the Service Agency Agreement, the Service Agent will submit to the Sub-Lessor or its agent the invoice or receipt for (or other evidence of payment or incurrence of) each liability comprising the service charge amount, as soon as practicable after the payment or incurrence thereof and, in any case, an invoice or receipt consolidating (or other evidence of payment or incurrence of) all liabilities comprising the service charge amount paid or incurred during a rental period on the fifth business day preceding the immediately following rental payment date (the "**services invoice date**"). In addition, the Service Agent will submit to the Sub-Lessor or its agent a notice in writing requesting the Sub-Lessor's approval of the Service Agent incurring or paying any proposed liability comprising an additional service agency expense prior to incurring or paying such proposed liability. Subject to the terms of the relevant Sub-Lease Agreement and the paragraph above:

(a) the Sub-Lessor will procure that an amount equal to the service charge amount notified to it in accordance with the above paragraph is credited to the Collection Account on the first business day of the Rental Period commencing immediately after the services invoice date; and

(b) the Sub-Lessor will procure the reimbursement of the Service Agent for each additional service agency expense approved in accordance with the paragraph above by crediting such amount to the Collection Account on the first business day of the rental period commencing immediately after the Additional Service Agency Expense Request Date or, if the relevant sub-lease is terminated prior to such date, on the date of termination of such sub-lease.

For the avoidance of doubt, no replenishment of the Collection Amount in an amount equal to the relevant service charge amount shall be made unless the Service Agent evidences the payment or incurrence of each liability comprising such service charge amount in accordance with the Service Agency Agreement.

The Service Agent will agree in the Service Agency Agreement that all payments by it under the Service Agency Agreement must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In such event, the Service Agency Agreement provides for the payment by the Service Agent of all additional amounts as will result in the receipt by the Sub-Lessor of such net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Service Agent will undertake to pay to the Sub-Lessor or such other persons as the Sub-Lessor may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Service Agency Agreement.

The Service Agent will covenant and undertake in the Service Agency Agreement that its payment obligations under the Service Agency Agreement are (subject to Condition 5) direct, unconditional and unsecured obligations of the Service Agent and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Service Agent, from time-to-time outstanding, provided, further, that the Service Agent shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Service Agency Agreement and *vice versa*.

For these purposes, "**Full Reinstatement Value**" means, in relation to each Series, an amount in the Specified Currency equal to the aggregate of:

(a) in the case of a Total Loss Event:

(i) the aggregate face amount of the Certificates then outstanding; plus

(ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(iii) an amount equal to the Periodic Distribution Amounts relating to such Certificates, which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on, but excluding, the 61st day after the occurrence of the Total Loss Event; plus

(iv) to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to any outstanding additional service agency expenses in respect of which an appropriate corresponding additional supplementary rental payment has not been made in accordance with the Sub-Lease Agreement; plus

(v) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents to which it is a party (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 6(b)(i)); plus

(vi) without double counting, any other amounts payable on redemption of the Certificates as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement); less

(vii) the aggregate amounts of Deferred Sale Price then outstanding (if any) on the relevant Dissolution Date;

and

(b) in the case of a Partial Loss Event:

(i) the aggregate Value of the impaired Assets; plus

(ii) an amount equal to any Rental Reimbursement Amount payable to the Sub-Lessee in accordance with the Sub-Lease Agreement.

Purchase Undertaking

The Purchase Undertaking was executed as a deed on 10 October 2022 by the Kingdom (in its capacity as Obligor) in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking, in relation to each Series, provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Assets have been replaced in accordance with the Service Agency Agreement), the Obligor will irrevocably grant to the Trustee and the Delegate (for and on behalf of the Certificateholders) the following rights:

(a) provided that a Dissolution Event has occurred and is continuing and the Delegate has received a Dissolution Notice in accordance with the Conditions, to require the Obligor to purchase on the Dissolution Event Redemption Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the remaining lease term of the head lease over the Assets at the Exercise Price specified in the relevant exercise notice;

(b) to require the Obligor on the Scheduled Dissolution Date to purchase all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the remaining lease term of the Head Lease over the Assets at the Exercise Price specified in the relevant exercise notice; and

(c) provided that: (i) a Tangibility Event has occurred; and (ii) one or more Certificateholders have exercised the Tangibility Event Put Right in accordance with the Conditions, to require the Obligor on the Tangibility Event Put Date to purchase all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the remaining lease term of the Head Lease over the Tangibility Event Assets at the Tangibility Event Exercise Price specified in the relevant exercise notice,

in each case, on an "as is" basis but free from any encumbrance (without any warranty express or implied as to acquire, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

The Purchase Undertaking will provide that, pursuant to the exercise of any such rights, the Obligor will undertake to immediately purchase all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the remaining lease term of the head lease over the Assets or the Tangibility Event Assets, as the case may be, at the Exercise Price or the Tangibility Event Exercise Price, respectively, which shall be paid into the Transaction Account (in the Specified Currency by wire transfer for same day value):

(a) (in the case of paragraph (a) above) on the Dissolution Event Redemption Date;

(b) (in the case of paragraph (b) above) on the Payment Business Day immediately preceding the Scheduled Dissolution Date; and

(c) (in the case of paragraph (c) above) on the Payment Business Day immediately preceding the Tangibility Event Put Date.

The Obligor will covenant and undertake in the Purchase Undertaking that:

(a) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy, remains in actual or constructive possession, custody or control of all or any part of the Assets or the Tangibility Event Assets, as the case may be; and

(b) if, following delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price or the Tangibility Event Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Certificates to be redeemed on the Tangibility Event Put Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price or the Tangibility Event Exercise Price, as the case may be.

The Obligor will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In such event, the Purchase Undertaking provides for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Obligor will undertake to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Purchase Undertaking.

The Obligor will covenant and undertake in the Purchase Undertaking that its payment obligations under the Purchase Undertaking are (subject to Condition 5) direct, unconditional and unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Obligor, from time-to-time outstanding, provided, further, that the Obligor shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Purchase Undertaking and *vice versa*.

For these purposes, "**Exercise Price**" means, in relation to each Series, an amount in the Specified Currency equal to the aggregate of:

(a) the aggregate face amount of the Certificates then outstanding on the relevant Dissolution Date; plus

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(c) to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to any outstanding additional service agency expenses in respect of which an appropriate corresponding additional supplementary rental payment has not been made in accordance with the Sub-Lease Agreement; plus

(d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents to which it is a party (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 6(b)(i) provided that, without prejudice to the indemnity in favour of the Delegate in clause 14.5 of the Master Trust Deed, the Obligor has received notification from the Delegate of such costs and expenses by not later than the third business day prior to (or, in the case of a Dissolution Event, on) the date on which the exercise notice is delivered); plus

(e) without double counting, any other amounts payable on redemption of the Certificates as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement); less

(f) in the case of a Dissolution Event arising as a result of a Partial Loss Dissolution Event only, any insurance proceeds and/or Loss Shortfall Amount paid in respect of a Partial Loss Event in accordance with the terms of the Service Agency Agreement and standing to the credit of the Transaction Account less any (i) amount of Rental Reimbursement Amount; or (ii) other reimbursement or refund of Rental, in each case paid or payable in accordance with the terms of the Sub-Lease Agreement; less

(g) the aggregate amounts of Deferred Sale Price then outstanding (if any) on the relevant Dissolution Date.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking was executed as a deed on 10 October 2022 by the Trustee in favour of the Kingdom and will be governed by English law.

In relation to each Series, provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Assets have been replaced in accordance with the Service Agency Agreement), the Trustee will irrevocably grant to the Obligor the following rights:

(a) provided that the Obligor Dissolution Right is specified as applicable in each applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement), to require the Trustee to sell, transfer, assign and convey to the Kingdom on the Optional Dissolution Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the remaining lease term of the head lease over the Assets at the Exercise Price specified in the relevant exercise notice, provided that: (i) no exercise notice has otherwise been delivered under the Sale and Substitution Undertaking in respect of the remaining lease term of the head lease over the Assets where such exercise notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions; (ii) no exercise notice has been delivered under the Purchase Undertaking in respect of the remaining lease term of the head lease over the Assets where such exercise notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions; and (iii) no Dissolution Event or Potential Dissolution Event has occurred and is continuing in respect of the relevant Series;

(b) to require the Trustee to transfer, assign and convey to the Kingdom on any substitution date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining lease term of the head lease over the substituted assets against the exercise by the Trustee of its right pursuant to, and in accordance with, the Head Lease Agreement to require the Head Lessor to enter into a replacement Supplemental Head Lease Agreement for the lease of the new assets by the Head Lessor to the Head Lessee and such (if any) of the Assets as have not been substituted on such substitution date, provided that: (i) the new assets are of a Value which is not less than the Value of the substituted assets; (ii) no exercise notice has otherwise been delivered under the Sale and Substitution Undertaking in respect of the remaining lease term of the head lease over the substituted assets where such exercise notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions; (iii) no exercise notice has been delivered under the Purchase Undertaking in respect of the remaining lease term of the head lease over the substituted assets where such exercise notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions; and (iv) no Dissolution Event or Potential Dissolution Event has occurred and is continuing; and

(c) following delivery of the relevant Certificates to the Registrar for cancellation pursuant to Condition 9(g), to require the Trustee to transfer, assign and convey to the Kingdom on the cancellation date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under, the remaining lease term of the head lease over the cancellation Assets, provided that: (i) the cancellation Assets are of a Value which is not greater than the aggregate face amount of the cancelled Certificates less the relevant proportion of the aggregate amounts of the Deferred Sale Price (which, for the purposes of this paragraph (c), shall exclude all Murabaha Instalment Profit Amounts forming part of such Deferred Sale Price) then outstanding; (ii) no exercise notice has otherwise been

delivered under the Sale and Substitution Undertaking in respect of the remaining lease term of the head lease over the cancellation Assets where such exercise notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions; (iii) no exercise notice has been delivered under the Purchase Undertaking in respect of the remaining lease term of the head lease over the cancellation Assets where such exercise notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions; and (iv) no Dissolution Event or Potential Dissolution Event has occurred and is continuing in respect of the relevant Series,

in each case, on an "as is" basis but free from any encumbrance (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale and Substitution Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement was entered into on 10 October 2022 between the Trustee (in its capacity as Seller), the Kingdom (in its capacity as Buyer) and the Delegate and will be governed by English law.

Pursuant to the Master Murabaha Agreement, and in connection with each relevant Tranche of Certificates, the Seller may enter into a Commodity Murabaha Investment with the Buyer using a portion of the issue proceeds of the relevant Tranche as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) (being no more than 49% of the aggregate face amount of the Certificates of that Tranche). In accordance with the Master Murabaha Agreement, on receipt of a duly completed Notice of Request to Purchase from the Buyer, the Seller (acting through the commodity agent) may purchase the relevant Commodities on the relevant Issue Date from a commodity supplier on a spot basis at the relevant Commodity Purchase Price.

Upon completion of the purchase of the Commodities by the Seller and the Seller gaining title thereto and (actual or constructive) possession thereof, the Seller may deliver to the Buyer a duly completed Offer Notice by no later than 1.00 p.m. (London time) (or such other time as may be agreed in writing by the Buyer and the Seller) on the relevant Issue Date.

Provided that the Buyer has delivered a duly completed Notice of Request to Purchase in accordance with the terms of the Master Murabaha Agreement and it wishes to enter into a Murabaha Contract, the Buyer will accept the terms of, countersign and deliver to the Seller any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and purchase the relevant Commodities acquired by the Seller for the relevant Deferred Sale Price (to be paid in the Specified Currency and on the dates and in the amounts as specified in the Offer Notice), in each case no later than 2.00 p.m. (London time) (or such other time as may be agreed between the Buyer and the Seller) on the relevant Issue Date.

As soon as the Buyer has accepted the Seller's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Seller and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement and ownership (including, without limitation, the right of ownership from a Shari'a perspective) of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

The Buyer will agree in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In such event, the Master Murabaha Agreement provides for the payment by the Buyer of all additional amounts as will result in the receipt by the Seller of such net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Buyer will undertake to pay to the Seller or such other persons as the Seller may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Master Murabaha Agreement.

The Buyer will covenant and undertake in the Master Murabaha Agreement that its payment obligations under the Master Murabaha Agreement are (subject to Condition 5) direct, unconditional and unsecured obligations of the Buyer and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Buyer, from time-to-time outstanding, provided, further, that the Buyer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Master Murabaha Agreement and *vice versa*.

Trust Deed

The Master Trust Deed will be entered into on 2 February 2024 between the Trustee, the Kingdom and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties shall be entered into on the Issue Date of each Tranche and shall also be governed by English law.

Upon issue of a Series of Certificates, the Master Trust Deed, as supplemented by each relevant Supplemental Trust Deed, shall together constitute the Trust declared by the Trustee in relation to such Series (the Master Trust Deed, as supplemented by each relevant Supplemental Trust Deed for each Series, the "**Trust Deed**").

The Trust Assets in respect of each Series shall comprise:

(a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Assets;

(c) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Transaction Documents (excluding the covenant given to the Trustee pursuant to clause 14.1 of the Master Trust Deed);

(d) all monies standing to the credit of the Transaction Account from time-to-time; and

(e) all proceeds of the foregoing.

Pursuant to the relevant Trust Deed, the Trustee will, in relation to each Series of Certificates, amongst other things, hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries *pro rata* according to the face amount of Certificates of that Series held by each Certificateholder and act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the relevant Trust Deed. Pursuant to the Master Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate (a) to be its attorney and in (b) its name, on its behalf and as its act and deed, to:

(a) execute, deliver and perfect all documents; and

(b) exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed and the Certificates,

that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, (i) exercise all of the rights, powers, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Conditions and the Trust Deed (together the "**Delegation**" of the "**Relevant Powers**"), provided that (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, authority or discretion to dissolve the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee will undertake in the Master Trust Deed to ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of its powers pursuant to the Delegation.

The Delegation is to be made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders, subject to the terms of the Conditions and the Trust Deed. Each of the Kingdom and the Trustee will confirm in the Master Trust Deed that the Delegate may consult with or request and rely on (without liability to any person for so doing) the advice of any lawyer, valuer, banker, broker, accountant or other expert in exercising the rights, powers or actions delegated to it under the Master Trust Deed.

In addition to the Delegation of the Relevant Powers, certain powers, rights, authorities and discretions under the Master Trust Deed will be vested solely in the Delegate, including, amongst other things, the power to call and conduct meetings at the request of Certificateholders, to determine the occurrence of a Dissolution Event or a Potential Dissolution Event, to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall

not be treated as such, and the power to consent to certain types of amendments to any Transaction Document, in each case as more particularly described in the Master Trust Deed.

The Kingdom will covenant and undertake in the Master Trust Deed as follows:

(a) to comply with all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the negative pledge provisions described in Condition 5;

(b) to comply with the terms of the Transaction Documents;

(c) to maintain actual or constructive possession, custody or control of all of the Assets; and

(d) that it shall forthwith notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or any Potential Dissolution Event and/or any Loss Event, in each case promptly upon becoming aware of its occurrence.

The Kingdom will acknowledge in the Master Trust Deed that the Kingdom Events applicable to it are set out in full in the Conditions, that it is fully aware of and understands the terms thereof and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions.

The Obligor will also covenant and undertake in the Master Trust Deed that, in relation to any Series:

(a) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy, remains in actual or constructive possession, custody or control of all or any part of the Assets or the Tangibility Event Assets, as the case may be; and

(b) if, following delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price or the Tangibility Event Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Certificates to be redeemed on the Tangibility Event Put Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price or the Tangibility Event Exercise Price, as the case may be.

The Kingdom will also covenant and undertake in the Master Trust Deed that, in relation to any Series, if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Kingdom shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

In addition, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11, the Kingdom will covenant and undertake in the Master Trust Deed that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 11.

If and to the extent the Trustee has exercised its rights under Condition 20 to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that the Head Lease over the relevant Additional Assets (in respect of the issuance of the additional Certificates) and the Assets as in existence immediately prior to the creation and issue of such additional Certificates and, if applicable, each Commodity Murabaha Investment made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect thereto) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

Agency Agreement

The Agency Agreement will be entered into on 2 February 2024 in relation to the Certificates between, amongst others, the Trustee, the Kingdom, the Delegate, the Principal Paying Agent and the Registrar. The Agency Agreement will govern the arrangements between the Trustee and the agents named therein for the issuance of Certificates and the making of payments in respect thereof. The Agency Agreement will be governed by English law.

Shari'a Compliance

Each Transaction Document to which it is a party provides that each of CBB International Sukuk Programme Company W.L.L. and The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy agrees that it has accepted the Shari'a compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of Shari'a;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari'a compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Shari'a.

TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms or, as the case may be, the applicable Pricing Supplement (as defined below) shall be applicable to the Certificates in definitive form (if any) issued in exchange for the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such definitive Certificates. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Certificates. References in the Conditions to "**Certificates**" are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme.*

CBB International Sukuk Programme Company W.L.L. (in its capacity as issuer and in its capacity as trustee, the "**Trustee**") has established a programme (the "**Programme**") for the issuance of trust certificates (the "**Certificates**").

The Certificates are constituted by an amended and restated master trust deed dated 2 February 2024 between the Trustee, The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy (the "**Kingdom**") and Citibank N.A., London Branch (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under the Master Trust Deed) (the "**Master Trust Deed**") as supplemented by a supplemental trust deed entered into on or before the date of issue of the relevant Certificates (the "**Issue Date**") in respect of the relevant Tranche (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**").

An amended and restated agency agreement (the "**Agency Agreement**") dated 2 February 2024 has been entered into in relation to the Certificates between the Trustee, the Kingdom, the Delegate, Citibank N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent), as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and Citibank Europe plc as registrar (the "**Registrar**", which expression shall include any successor registrar). The Principal Paying Agent, the Exchange Agent, the Transfer Agents, the Paying Agents, the Calculation Agent (if any is specified in the applicable Final Terms) and the Registrar are together referred to as the "**Agents**".

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of: (a) the Trust Deed, which includes the form of Certificates referred to below; (b) the Agency Agreement; and (c) the remaining Transaction Documents (as defined below). The Certificateholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents.

The final terms for this Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Certificate which complete these Conditions or, if this Certificate is a Certificate for which no prospectus is required to be published under Regulation (EU) № 2017/1129 or the Financial Services and Markets Act 2000, as the case may be (an **Exempt Certificate**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Certificate. References to the "**applicable Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the relevant Certificate. Any reference in these Conditions to **applicable Final Terms** shall be deemed to include a reference to applicable Pricing Supplement where relevant.

Copies of the Transaction Documents are available for inspection by Certificateholders during normal business hours from the registered office of the Trustee and the specified office of the Principal Paying Agent.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the proceeds of the issue of the Tranche of the Certificates in accordance with the terms of the Transaction Documents; and (b) to enter into, and perform its obligations under and in connection with, each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

1. Interpretation

Unless defined herein or the context otherwise requires, any capitalised words and expressions used but not defined herein shall have the meaning given to them in the Trust Deed and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

"**Additional Assets**" has the meaning given to it in the Master Head Lease Agreement;

"**Assets**" has the meaning given to it in the Master Head Lease Agreement or the Master Sub-Lease Agreement, as the context so requires;

"**Broken Amount**" means the amount specified as such in the applicable Final Terms;

"**Business Day**" has the meaning given to it in Condition 8(i);

"**Calculation Amount**" means the amount specified as such in the applicable Final Terms;

"**Cancellation Notice**" means a cancellation notice given pursuant to the terms of the Trust Deed;

"**Certificateholder**" or "**holder**" has the meaning given to it in Condition 2;

"**Day Count Fraction**" has the meaning given to it in Condition 8(i);

"**Deferred Sale Price**" has the meaning given to it in the Master Murabaha Agreement;

"**Delegation**" has the meaning given to it in Condition 17(a);

"**Dispute**" has the meaning given to it in Condition 22(b);

"**Dissolution Date**" means, as the case may be:

(a) the Scheduled Dissolution Date;

(b) any Optional Dissolution Date;

(c) the Tangibility Event Put Date;

(d) the Total Loss Dissolution Date; or

(e) any Dissolution Event Redemption Date;

"**Dissolution Distribution Amount**" means, in relation to each Certificate:

(a) the sum of:

(i) the outstanding face amount of such Certificate; and

(ii) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or

(b) such other amount specified in the applicable Final Terms as being payable upon any Dissolution Date (and any other amount payable following a Total Loss Event pursuant to the Service Agency Agreement);

"**Dissolution Event**" means a Trustee Event or a Kingdom Event;

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 13(a);

"**Dissolution Notice**" has the meaning given to it in Condition 13(a);

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed;

"**Fixed Amount**" means, in respect of a Series in respect of which Fixed Periodic Distribution Provisions is specified as applicable in the applicable Final Terms, the amount specified as such in the applicable Final Terms;

"**Fixed Rate Certificates**" means a Series in respect of which Fixed Periodic Distribution Provisions is specified as applicable in the applicable Final Terms;

"**Floating Rate Certificates**" means a Series in respect of which Floating Periodic Distribution Provisions is specified as applicable in the applicable Final Terms;

"**Head Lease Agreement**" means the Master Head Lease Agreement, as supplemented, in relation to each Series, by each relevant Supplemental Head Lease Agreement, as the same may be replaced from time-to-time in accordance with the terms of the Master Head Lease Agreement;

"**IMF**" means the International Monetary Fund or any of its successor entities;

"**Kingdom Event**" means each of the following events or circumstances:

(a) default is made by the Kingdom in the payment of any amount payable by it pursuant to any Transaction Document and the failure continues for a period of 14 days; or

(b) a Partial Loss Dissolution Event occurs;

(c) the Kingdom (acting in any capacity): (i) delivers a notice to the Trustee and/or the Delegate pursuant to clause 4.1(d) of the Service Agency Agreement; or (ii) defaults in performance or observance of or compliance with any of its other obligations or undertakings in respect of the Transaction Documents (including those set out in clauses 3.1, 3.2 and 3.3 of the relevant Supplemental Sub-Lease Agreement but other than its obligations as set out in (A) clause 4.1 of the Service Agency Agreement, and (B) clause 7 of the Service Agency Agreement (save for the delivery of the Tangibility Event Trustee Notice)) and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 30 days after service by the Delegate on the Kingdom of written notice requiring the same to be remedied; or

(d) any Relevant Indebtedness of the Kingdom shall become due and payable prior to the stated maturity thereof following a default or any security therefor becomes enforceable or the Kingdom fails to make repayment of any such Relevant Indebtedness at the maturity thereof or at the expiration of any grace period originally applicable thereto or any guarantee of any Relevant Indebtedness of any other person shall not be honoured when due and called upon and, in any such case, the amount of the Relevant Indebtedness shall be greater than U.S.$30,000,000 (or its equivalent in any other currency or currencies); or

(e) if a moratorium is declared on the payment of all or any Relevant Indebtedness of the Kingdom, or the Kingdom repudiates all or any of its Relevant Indebtedness or is, or admits that it is, unable to pay all or any of its Relevant Indebtedness as it falls due, or the Kingdom commences negotiations or proceedings with a view to the general adjustment of all or any of its Relevant Indebtedness; or

(f) (i) the validity of any of the Transaction Documents is contested by the Kingdom or the Kingdom shall deny any of its obligations under the Transaction Documents or as a result of any change in, or amendment to, the laws or regulations in the Kingdom of Bahrain, which change or amendment takes place on or after the date on which agreement is reached to issue the first Tranche of the Certificates, (ii) it becomes unlawful for the Kingdom to perform or comply with any of its obligations under or in respect of any of the Transaction Documents or (iii) any of the obligations of the Kingdom under or in respect of any of the Transaction Documents becomes unenforceable or invalid; or

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

(h) there is, or there will be, a compulsory acquisition, confiscation or expropriation of all or any part of the Assets by a governmental authority which, in any such case, renders the head lease granted under the Head Lease Agreement and/or the sub-lease granted under the Sub-Lease Agreement null and void; or

(i) the Trustee ceases to be wholly-owned by the Central Bank of Bahrain or the Kingdom.

"**LCIA**" has the meaning given to it in Condition 22(b);

"**Loss Event**" means a Partial Loss Event and/or a Total Loss Event, as the context so requires;

"**Master Head Lease Agreement**" means the amended and restated master head lease agreement dated 10 October 2022 between the Trustee, the Kingdom and the Delegate;

"**Master Murabaha Agreement**" means the amended and restated master murabaha agreement dated 10 October 2022 between the Trustee, the Kingdom and the Delegate;

"**Master Sub-Lease Agreement**" means the amended and restated master sub-lease agreement dated 10 October 2022 between the Trustee, the Kingdom and the Delegate;

"**Murabaha Percentage**" means, the percentage specified as such in the applicable Final Terms, which shall be no more than 49% of the aggregate face amount of the Certificates;

"**Optional Dissolution Date**" means, in relation to any exercise of the Optional Dissolution Right, the date(s) specified as such in the applicable Final Terms and which must (if the Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

"**Optional Dissolution Right**" means the right specified in Condition 9(b);

"**outstanding**" shall have the meaning given to it in the Trust Deed;

"**Partial Loss Dissolution Event**" means the termination of the sub-lease of the Assets in accordance with the Sub-Lease Agreement on the 61st day after the date of occurrence of the Partial Loss Event as a result of either: (a) provided that the Assets have not been replaced in accordance with the Service Agency Agreement, the delivery by the Kingdom of a Partial Loss Termination Notice to the Sub-Lessor within 30 days after the date of occurrence of the Partial Loss Event in accordance with the Sub-Lease Agreement; or (b) the failure by the Kingdom to replace the Assets within 60 days after the date of occurrence of the Partial Loss Event in accordance with the Service Agency Agreement;

"**Partial Loss Event**" means the partial impairment of one or more Assets in a manner that substantially deprives the Sub-Lessee from the benefits expected from the whole of the Assets, as determined by the Sub-Lessee and the occurrence of which (a) has been certified in writing by a recognised independent industry expert; (b) has not arisen as a result of the Sub-Lessee's negligence or misconduct; and (c) does not constitute a Total Loss Event;

"**Partial Loss Termination Notice**" has the meaning given to it in the Sub-Lease Agreement;

"**Periodic Distribution Amount**" has the meaning given to it in Condition 8(a) or 8(b), as applicable;

"**Periodic Distribution Date**" means the date(s) specified as such in the applicable Final Terms;

"**Periodic Distribution Period**" means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date;

"**Potential Dissolution Event**" means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

"**Profit Amount**" means:

(a) in respect of a Return Accumulation Period, the amount of profit payable per Calculation Amount for that Return Accumulation Period and which, in the case of Fixed Rate Certificates, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Amount or Broken Amount specified in the applicable Final Terms as being payable on the Periodic Distribution Date ending on the Periodic Distribution Period of which such Return Accumulation Period forms part; and

(b) in respect of any other period, the amount of profit payable per Calculation Amount for that period;

"**Profit Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms;

"**Profit Period Date**" means each Periodic Distribution Date unless otherwise specified in the applicable Final Terms;

"**Profit Rate**" means the profit rate payable from time-to-time in respect of the Certificates and that is either specified in the applicable Final Terms or calculated in accordance with the provisions hereof;

"**Profit Rate Determination Date**" means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Final Terms or, if none is so specified (a) the first day of such Return Accumulation Period, if the Specified Currency is sterling or (b) the day falling two Business Days for the Specified Currency prior to the first day of such Return Accumulation Period, if the Specified Currency is neither sterling nor Euros, or (c) the day falling two T2 Business Days prior to the first day of such Return Accumulation Period, if the Specified Currency is Euro;

"**Purchase Undertaking**" means the amended and restated purchase undertaking dated 10 October 2022 executed by the Kingdom in favour of the Trustee and the Delegate;

"**Record Date**" has the meaning given to it in Condition 10(a);

"**Reference Banks**" means four major banks selected by the Kingdom in the inter-bank market that is most closely connected with the Reference Rate;

"**Reference Rate**" means EURIBOR, as specified in the applicable Final Terms;

"**Register**" has the meaning given to it in Condition 2;

"**Relevant Date**" has the meaning given to it in Condition 11;

"**Relevant Financial Centre**" means the financial centre specified as such in the applicable Final Terms and, if no such financial centre is specified, the financial centre most closely connected with the relevant Reference Rate;

"**Relevant Indebtedness**" means (i) any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, debentures, notes or other similar instruments; or (ii) any present or future obligations (whether incurred as principal or surety and including, for the avoidance of doubt, any such obligation which is (or is intended to be) in compliance with the principles of Shari'a) in respect of monies borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments (including Shari'a-compliant certificates)) which, in each case, for the time being are, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and are denominated or payable, or which at the option of the relevant holder thereof may be payable, in a currency other than the lawful currency of the Kingdom of Bahrain;

"**Relevant Powers**" has the meaning given to it in Condition 17(a);

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" means the time specified as such in the applicable Final Terms;

"**Return Accumulation Period**" means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

"**Rules**" has the meaning given to it in Condition 22(b);

"**Sale and Substitution Undertaking**" means the amended and restated sale and substitution undertaking dated 10 October 2022 executed by the Trustee in favour of the Kingdom;

"**Scheduled Dissolution Date**" means the date specified as such in the applicable Final Terms;

"**Series**" means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the Profit Commencement Date;

"**Service Agency Agreement**" means the amended and restated service agency agreement dated 2 February 2024 between the Trustee and the Kingdom;

"**Service Agent**" means the Kingdom in its capacity as service agent under the Service Agency Agreement;

"**Shari'a Adviser**" has the meaning given to it in the Service Agency Agreement;

"**Specified Currency**" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Certificates are denominated;

"**Specified Denominations**" means the amount(s) specified as such in the applicable Final Terms;

"**Sub-Lease Agreement**" means the Master Sub-Lease Agreement, as supplemented by the relevant Supplemental Sub-Lease Agreement, as the same may be replaced from time-to-time in accordance with the provisions of the Master Sub-Lease Agreement;

"**Sub-Lessee**" means the Kingdom in its capacity as sub-lessee under the Sub-Lease Agreement;

"**Sub-Lessor**" means the Trustee in its capacity as sub-lessor under the Sub-Lease Agreement;

"**Supplemental Head Lease Agreement**" has the meaning given to it in the Master Head Lease Agreement;

"**Supplemental Sub-Lease Agreement**" has the meaning given to it in the Master Sub-Lease Agreement;

"**Tangible Asset Percentage**" means, the percentage specified as such in the applicable Final Terms, which shall be no less than 51% of the aggregate face amount of the Certificates;

"**T2 Business Day**" has the meaning given to it in Condition 8(i);

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system;

"**Tax Jurisdiction**" has the meaning given to it in Condition 11;

"**Total Loss Dissolution Date**" has the meaning given to it in Condition 9(d);

"**Total Loss Event**" has the meaning given to it in Condition 9(d);

"**Tranche**" means Certificates which are identical in all respects (including as to listing and admission to trading);

"**Transaction Account**" means, in relation to each Series, the non-interest bearing account maintained in London in the Trustee's name held with Citibank N.A., London Branch, details of which are specified in the applicable Final Terms;

"**Transaction Documents**" means, in relation to each Series:

(a) the Trust Deed;

(b) the Agency Agreement;

(c) the Head Lease Agreement;

(d) the Sub-Lease Agreement;

(e) the Service Agency Agreement;

(f) the Purchase Undertaking;

(g) the Sale and Substitution Undertaking; and

(h) the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices and acceptances delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series),

each, as applicable to that Series and as may be amended, restated and/or supplemented from time-to-time;

"**Trust**" means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Trust Deed;

"**Trust Assets**" has the meaning given to it in Condition 6(a);

"**Trustee Event**" means any of the following events:

(a) a default is made for more than 14 days in the payment of any Periodic Distribution Amount on the due date for payment thereof or default is made for more than 7 days in the payment of the Dissolution Distribution Amount on the due date for payment thereof; or

(b) the Trustee defaults in performance or observance of or compliance with any of its other obligations or undertakings in respect of the Certificates and/or the Transaction Documents and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the Trustee by, or on behalf of, the Delegate; or

(c) the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or

(d) at any time it is or will become unlawful for the Trustee to perform or comply with any of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; and

"**UK Prospectus Regulation**" means Regulation (EU) № 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

All references to the "**face amount**" of a Certificate shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 11 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to "**Periodic Distribution Amounts**" shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to "**U.S.$**" and "**U.S. Dollars**" are to the lawful currency of the United States of America.

All references to "**ISDA**" and related terms are only included for the purposes of benchmarking.

2. Form, Denomination and Title

The Certificates are issued in registered form in the Specified Denomination(s) shown in the applicable Final Terms. The Certificates may be Fixed Rate Certificates, Floating Rate Certificates or a combination of the foregoing, depending upon the profit basis specified in the applicable Final Terms.

Certificates are represented by registered certificates and, save as provided in Condition 3(c), each Certificate shall represent the entire holding of Certificates by the same holder.

Title to the Certificates shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "**Register**"). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required

by applicable law, the registered holder of any Certificate shall be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss) and no person shall be liable for so treating the holder. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

In these Conditions, "**Certificateholder**" or "**holder**" means the person in whose name a Certificate is registered and capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Certificates.

*Upon issue, the Certificates will be represented by one or more Global Certificates which will be deposited with, and registered in the name of a nominee for, The Depository Trust Company ("**DTC**") and/or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. The Conditions are modified by certain provisions contained in the Global Certificate.*

Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Certificates. See "Summary of Provisions relating to the Certificates while in Global Form".

3. Transfers

(a) **Transfer of Certificates**: Subject to Condition 3(e), one or more Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee) duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new certificate representing the enlarged holding shall only be issued against surrender of the certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current Regulations will be made available by the Registrar to any Certificateholder upon request.

(b) **Exercise of Options or Partial Dissolution in Respect of Certificates**: In the case of an exercise of the Certificateholders' option in respect of, or a partial redemption of, a holding of Certificates represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 3(a) or 3(b) shall be available for delivery within five business days (or such longer period as may be required to comply with any applicable fiscal or other regulations) of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer and surrender of such Certificate shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or *takaful* as it may specify. In this Condition 3(c), "**business day**" means a day, other than a Saturday or a Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfers Free of Charge**: Transfers of Certificates on registration, transfer, exercise of an option or partial dissolution shall be effected without charge by, or on behalf of, the Trustee, the Registrar or the Transfer Agents, but upon payment of any stamp duty, tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Trustee, the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**: No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due, (ii) during the period of 15 days prior to any date on which Certificates may be called for redemption pursuant to Condition 9(b), (iii) after any such Certificate has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

4. Status

(a) **Status of Certificates**: The Certificates represent an undivided ownership interest in the relevant Trust Assets, subject to the terms of the Trust Deed and these Conditions and are limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu*, without any preference or priority, with the other Certificates of the relevant Series.

The payment obligations of the Kingdom (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Certificates are (subject to Condition 5) direct, unconditional and unsecured obligations of the Kingdom and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Kingdom, from time-to-time outstanding, provided, further, that the Kingdom shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Transaction Documents and vice versa.

(b) **Limited Recourse and Agreement of Certificateholders**: Save as provided in this Condition 4(b), the Certificates do not represent an interest in, or obligation of, any of the Trustee, the Delegate, the Kingdom or any of the Agents.

The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge and agree that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(i) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

(ii) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its directors, officers or agents in their capacity as such) (other than the relevant Trust Assets), or the Delegate, the Agents or any of their respective directors, officers, employees or agents, in respect of any shortfall or otherwise;

(iii) no Certificateholders will be able to petition for, institute or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Delegate, the Agents or any of their respective directors, officers, employees or agents as a consequence of such shortfall or otherwise;

(iv) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Trust Deed and the Certificates by virtue of any customary law, statute or otherwise shall be had against any officer, employee or director of the Trustee or the Delegate (as applicable) in their capacity as such. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the officers, employees, agents or directors of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party's negligence, wilful default or actual fraud (as determined by a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party); and

(v) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificate.

Pursuant to the terms of the Transaction Documents, the Kingdom is obliged to make payments under the Transaction Documents directly to or to the order of the Trustee (for and on behalf of the Certificateholders). Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Kingdom to recover payments due to the Trustee from the Kingdom pursuant to the Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to Condition 5) constitute an unsecured claim against the Kingdom. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Kingdom in connection with the enforcement of any such claim.

5. Negative Pledge

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

6. The Trust

(a) **Trust Assets**: Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder. The term "**Trust Assets**" in respect of each Series means the following:

(i) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(ii) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Assets;

(iii) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Transaction Documents (excluding the covenant given to the Trustee pursuant to clause 14.1 of the Master Trust Deed);

(iv) all monies standing to the credit of the Transaction Account from time-to-time; and

all proceeds of the foregoing.

(b) **Application of Proceeds from Trust Assets**: On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the relevant

Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed, in each case as notified to the Trustee and the Kingdom on or before such Periodic Distribution Date or Dissolution Date, as the case may be;

(ii) *second*, in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(iii) *third*, only if such payment is due on a Dissolution Date, in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and

(iv) *fourth*, only if such payment is made on a Dissolution Date and provided that all amounts required to be paid in respect of the Certificates hereunder have been discharged in full, in payment of any residual amount to the Kingdom.

(c) **Transaction Account**: The Trustee will establish a Transaction Account in London in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee.

7. Trustee Covenants

The Trustee covenants that, for so long as any Certificate is outstanding, it shall not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of borrowed money whatsoever (including by way of any analogous Islamic financing transaction), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares), except, in all cases, as contemplated in the Transaction Documents;

(b) secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;

(d) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(e) (except as contemplated in the Transaction Documents) amend or agree to any amendment of any Transaction Document or its Articles of Association other than in accordance with the terms of the Transaction Documents;

(f) (except as contemplated in the Transaction Documents) act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(g) have any subsidiaries or employees;

(h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;

(i) put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and

(j) enter into any contract, transaction, amendment, obligation or liability other than in connection with the Certificates and the Transaction Documents or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:

(i) as provided for or permitted in the Transaction Documents;

(ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

8. Periodic Distribution Amounts

(a) **Fixed Rate Certificates**: Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account pursuant to the terms of the Transaction Documents and subject to Condition 6(b) and Condition 10.

(b) **Floating Rate Certificates**

(i) *Periodic Distribution Amounts and Periodic Distribution Dates*: Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, "**Periodic Distribution Date**" shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account pursuant to the terms of the Transaction Documents and subject to Condition 6(b) and Condition 10.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Profit Rate for Floating Rate Certificates*: The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined in the manner specified below.

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(A) The Profit Rate for each Return Accumulation Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page at the Relevant Time on the Profit Rate Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(B) If the Relevant Screen Page is not available, or if paragraph (A)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if paragraph (A)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the Relevant Time, subject as provided below, the Calculation Agent shall request the principal office in the Relevant Financial Centre of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Profit Rate for such Return Accumulation Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(C) Subject to Condition 8(c) below, if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Profit Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Profit Rate Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Relevant Financial Centre inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time, on the relevant Profit Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Relevant Financial Centre inter-bank market, provided that, if the Profit Rate cannot be determined in accordance with the foregoing provisions of this paragraph (C), the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period).

(iv) *Linear Interpolation*: Where Linear Interpolation is specified as applicable in respect of a Periodic Distribution Period in the applicable Final Terms, the Profit Rate for such Periodic Distribution Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Periodic Distribution Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Periodic Distribution Period, provided however that, if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Designated Maturity" means the period of time designated in the Reference Rate.

(c) **Benchmark Replacement**

Notwithstanding the other provisions of this Condition 8, if the Trustee and the Kingdom determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Profit Rate (or the relevant component part thereof) applicable to the Certificates for any Return Accumulation Period remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Trustee and the Kingdom shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Return Accumulation Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;

(ii) if (A) the Trustee and the Kingdom are unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Trustee and the Kingdom fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 8(c) prior to the relevant IA Determination Cut-Off Date, then the Kingdom (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 8(c) applying *mutatis mutandis*) to allow such determinations to be made by the Kingdom without consultation with the Independent Adviser;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Return Accumulation Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8(c));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be), provided however, that if the Independent Adviser (following consultation with the Trustee and the Kingdom), or the Kingdom (acting in good faith and in a commercially reasonable manner), fails to determine the Adjustment Spread in accordance with this Condition 8(c) prior to the relevant Profit Rate Determination Date, then the Successor Rate or Alternative Reference Rate, as determined in accordance with this Condition 8(c), will apply without an Adjustment Spread;

(v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 8(c) and the Independent Adviser (following consultation with

the Trustee and the Kingdom), or the Kingdom (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions, the Master Trust Deed and/or any other Transaction Document (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Kingdom and subject to delivery of a notice in accordance with Condition 8(c)(vi) and the certificate in accordance with this Condition 8(c)(v): (x) the Trustee and the Kingdom shall vary these Conditions, the Master Trust Deed and/or any other Transaction Document to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Delegate and the Agents shall (at the Kingdom's expense), without any requirement for the consent or sanction of the Certificateholders, be obliged to concur with the Trustee and the Kingdom in effecting such Benchmark Amendments, provided that none of the Delegate nor any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

Prior to any such Benchmark Amendments taking effect, the Kingdom shall provide a certificate signed by two Authorised Signatories of the Kingdom to the Trustee, the Delegate and the Principal Paying Agent, certifying that such Benchmark Amendments are: (x) in the Kingdom's reasonable opinion (following consultation with the Trustee and the Independent Adviser), necessary to give effect to any application of this Condition 8(c); and (y) in each case, have been drafted solely to such effect, and the Trustee, the Delegate and the Agents shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, none of the Delegate or any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Certificateholder or person;

(vi) the Trustee (failing which, the Kingdom) shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Delegate, the Agents and, in accordance with Condition 19, the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 8(c);

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Profit Rate (or the relevant component part thereof) on the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Profit Rate (or the relevant component part thereof) shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period). For the avoidance of doubt, this Condition 8(c)(vii) shall apply to the relevant immediately following Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 8(c); and

(viii) the Independent Adviser appointed pursuant to this Condition 8(c) shall act and make all determinations pursuant to this Condition 8(c) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, none of the Independent Adviser, the Trustee and the Kingdom shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents or the Certificateholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to

the Kingdom in connection with any determination made by the Kingdom pursuant to this Condition 8(c).

For the purposes of this Condition 8(c):

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and the Kingdom) determine is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or

(iii) (if the Independent Adviser (following consultation with the Trustee and the Kingdom) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and the Kingdom) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(iv) (if the Independent Adviser (following consultation with the Trustee and the Kingdom) determines that there is no such industry standard) the Independent Adviser (following consultation with the Trustee and the Kingdom) or the Kingdom (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate;

"**Alternative Reference Rate**" means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and the Kingdom) determines, in accordance with this Condition 8(c), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Certificates and of a comparable duration to the relevant Return Accumulation Period or, if the Independent Adviser or the Kingdom (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Kingdom (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

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

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

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Trustee and the Kingdom at the Kingdom's expense;

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

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

(d) **Entitlement to Profit**: Profit shall cease to accumulate in respect of each Certificate on (i) the due date for redemption (excluding a Total Loss Dissolution Date) unless, upon due presentation, payment is improperly withheld or refused, and, as a result a sale agreement is not executed in accordance with the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 8 to the earlier of: (A) the Relevant Date; or (B) the date on which a sale agreement is executed in accordance with the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, and (ii) the date on which a Total Loss Event occurs unless the Assets are replaced by the Service Agent in accordance with the Service Agency Agreement.

(e) **Margin, Maximum Profit Rates/Minimum Profit Rates and Rounding**

(i) If any Margin is specified in the applicable Final Terms (either (x) generally or (y) in relation to one or more Return Accumulation Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Return Accumulation Periods, in the case of (y), calculated in accordance with Condition 8(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (ii) below.

(ii) If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then any Profit Rate shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, unit means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(f) **Calculations**: The amount of profit payable per Calculation Amount in respect of any Certificate for any Return Accumulation Period shall be equal to the product of the Profit Rate, the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Return Accumulation Period, unless a Profit Amount (or a formula for its calculation) is specified in the applicable Final Terms as being applicable to such Return Accumulation Period, in which case the amount of profit payable per Calculation Amount in respect of such Certificate for such Return Accumulation Period shall equal such Profit Amount (or be calculated in accordance with such formula). Where any Periodic Distribution Period comprises two or more Return Accumulation Periods, the amount of profit payable per Calculation Amount in respect of such Periodic Distribution Period shall be the sum of the Profit Amounts payable in respect of each of those Return Accumulation

Periods. In respect of any other period for which profit is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which profit is required to be calculated.

(g) **Determination and Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts**: The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount, to be notified to the Delegate, the Trustee, the Kingdom, each of the Paying Agents, the Certificateholders and any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information. If the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Calculation Agent shall notify such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. To the extent that the Calculation Agent is unable to notify a stock exchange or other relevant authority, the Calculation Agent shall notify the Kingdom who shall perform such obligation. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 8(b)(ii), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Periodic Distribution Period. If the Certificates become due and payable under Condition 13, the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition 8 but no publication of the Profit Rate or the Profit Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties.

(h) **Determination or Calculation by the Delegate**: If the Calculation Agent does not at any time for any reason determine or calculate the Profit Rate for a Return Accumulation Period or any Profit Amount or Dissolution Distribution Amount, the Delegate may do so (or may appoint an agent on behalf of the Trustee to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Delegate or, as the case may be, such agent shall apply the foregoing provisions of this Condition 8, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in London and each Business Centre (other than T2) specified in the applicable Final Terms;

(ii) if T2 is specified as a Business Centre in the applicable Final Terms, a day on which T2 is open; and

(iii) either (A) in the case of a currency other than Euros, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency or (B) in the case of Euros, a day on which T2 is operating (a "**T2 Business Day**").

"**Day Count Fraction**" means, in respect of the calculation of an amount of profit on any Certificate for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Periodic Distribution Period or a Return Accumulation Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360, 360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified in the applicable Final Terms:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Periodic Distribution Date(s).

(j) **Calculation Agent**: The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Certificate is outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such, or if the Calculation Agent fails duly to establish the Profit Rate for a Return

Accumulation Period or to calculate any Profit Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

9. Redemption and Dissolution of the Trust

(a) **Dissolution on the Scheduled Dissolution Date**: Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms following the payment of all such amounts in full.

(b) **Dissolution at the Option of the Kingdom (Optional Dissolution Right)**: If the Optional Dissolution Right is specified as applicable in the applicable Final Terms, the Trustee shall, upon receipt of a duly completed Exercise Notice from the Kingdom in accordance with the Sale and Substitution Undertaking, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the applicable Final Terms to the Delegate and the Certificateholders, redeem the Certificates in whole, but not in part, on any Optional Dissolution Date, at their Dissolution Distribution Amount.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 9(b). Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

(c) **Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)**: The Trustee shall, upon receipt of a Tangibility Event Trustee Notice from the Kingdom in accordance with the Service Agency Agreement, promptly give notice (a "**Tangibility Event Notice**") to the Delegate and the Certificateholders in accordance with these Conditions specifying:

(i) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

(ii) that, as determined in consultation with the Shari'a Adviser, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as, the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);

(iii) that, on the date falling 15 days following the Tangibility Event Put Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates are admitted to listing or, if such date is not a business day, the next following business day ("**business day**" being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and

(iv) the Tangibility Event Put Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates.

Certificateholders may elect within the Tangibility Event Put Period if they wish all or any of their Certificates to be redeemed.

If any Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 9(c), the Trustee shall redeem such Certificates on the Tangibility Event Put Date at their Dissolution Distribution Amount. If the Certificates are to be redeemed in whole, but not in part, on the Tangibility Event Put Date in accordance with this Condition 9(c), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise such option, the holder must deposit its Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed exercise notice (a "**Tangibility Event**

Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Tangibility Event Put Period. No Certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

To the extent that there are any Certificates in respect of which Tangibility Event Exercise Notices have not been delivered following the expiry of the Tangibility Event Put Period, such Certificates shall be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing on a date falling 15 days following the Tangibility Event Put Date.

In these Conditions:

"**Tangible Asset Ratio"** means, in respect of each Series, the ratio of the Value of the Assets to the aggregate of the Value of the Assets and, if applicable for such Series, the aggregate amounts of outstanding Deferred Sale Price applicable to such Series at the relevant time;

a "**Tangibility Event**" shall occur if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Loss Event, falls below 33%;

"**Tangibility Event Put Period**" means a period of 30 days commencing on the date that is the 30th day after a Tangibility Event Notice is given;

"**Tangibility Event Put Date**" means the first Business Day falling 75 days following the expiry of the Tangibility Event Put Period;

"**Tangibility Event Trustee Notice**" has the meaning given to it in the Service Agency Agreement; and

"**Value**" means, in relation to each Asset, on any date, the amount in the Specified Currency determined by the Kingdom corresponding to the value of such Asset on the lease commencement date on which the Assets were leased by the Trustee from the Kingdom as set out in the Head Lease Agreement.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such Shari'a principles of debt trading referred to in (ii) above nor shall it be liable to any Certificateholder or any other person in respect thereof.

(d) **Dissolution following a Total Loss Event:** The Trustee shall, upon receipt of notice from the Kingdom or otherwise upon becoming aware, of the occurrence of a Total Loss Event, unless the Assets are replaced by the Kingdom in accordance with the Service Agency Agreement, redeem the Certificates, in whole but not in part, by no later than the close of business in London on the 61st day after the occurrence of the Total Loss Event (a "**Total Loss Dissolution Date**") at their Dissolution Distribution Amount. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

In these Conditions, "**Total Loss Event**" means the total loss or destruction of, or damage to, the whole of the Assets or any event or occurrence that renders the whole of the Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Assets) the repair or remedial work in respect thereof is wholly uneconomical.

Following the occurrence of a Total Loss Event, the Service Agent shall promptly notify the Trustee and the Delegate of the same and the Trustee shall promptly deliver a notice to the Certificateholders (the "**Trading Notice**") in accordance with Condition 19 (a) of the occurrence of such event and (b) from the date of the Trading Notice and until any further notice from the Trustee, in consultation with the Shari'a Adviser, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as, the principle that debt is to be traded against tangible assets and/or eligible

commodities on a spot settlement basis). Following the replacement of any Asset in accordance with the Service Agency Agreement, the Trustee shall promptly notify Certificateholders that from the date of such notice the Certificates may be traded at any price.

The Service Agency Agreement provides that, in relation to each Series, if, as a result of a Partial Loss Event the ratio of (i) the Value of the Assets (which for this purpose shall exclude any Impaired Assets (as defined in the Sub-Lease Agreement)) to (ii) the aggregate of the Value of the Assets and, if applicable to such Series, the aggregate amounts of outstanding Deferred Sale Price applicable to such Series at such time, falls below 33%, the Service Agent shall request the Trustee to, and upon such request the Trustee shall, promptly deliver a Trading Notice to the Certificateholders in accordance with Condition 19 specifying (a) the occurrence of such event; and (b) that, from the date of the Trading Notice, and until any further notice from the Trustee, in consultation with the Shari'a Adviser, stating otherwise, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis). Following replacement of the Assets in accordance with the Service Agency Agreement, the Service Agent shall notify the Trustee and the Delegate of the same and the Trustee shall promptly, following receipt of such notice from the Service Agent and in consultation with the Shari'a Adviser, deliver a notice to the Certificateholders in accordance with Condition 19 that from the date of that notice the Certificates may be traded at any price.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such Shari'a principles of debt trading nor shall it be liable to any Certificateholder or any other persons in respect thereof.

(e) **Dissolution following a Dissolution Event**: Upon the occurrence and continuation of a Dissolution Event, the Certificates may be redeemed at their Dissolution Distribution Amount and the Trustee may be required to dissolve the Trust, in each case subject to and as more particularly described in Condition 13.

(f) **Purchases**: The Kingdom may at any time purchase Certificates at any price in the open market or otherwise.

(g) **Cancellation**: Any Certificates purchased by, or on behalf of, the Kingdom may, at the option of the Kingdom, be surrendered for cancellation by surrendering the certificate representing such Certificates to the Registrar and by the Kingdom delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Trust Deed. Any Certificates so surrendered and all Certificates that are redeemed in accordance with this Condition 9 and/or Condition 13 shall be cancelled forthwith and may not be held, reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged. If the Certificates are cancelled in whole, but not in part, in accordance with this Condition 9(g), the Trustee shall be bound to dissolve the Trust.

(h) **No other dissolution**: The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 9 and Condition 13. Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 9 and/or Condition 13 (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10. Payments

(a) **Method of Payment**: Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of Periodic Distribution Amounts in respect of each Certificate shall be paid to the person shown on the Register (or, in the case of a Certificate held by two or more persons, to the person whose name appears first in the Register) at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**").

Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Certificate shall be made in the Specified Currency by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre for such currency or, in the case of Euros, in a city in which banks have access to T2, as notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

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

(b) **Payments subject to Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (as amended) (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) **Appointment of Agents**: The Principal Paying Agent, the Exchange Agent, the Transfer Agent and the Registrar initially appointed by the Trustee are listed below. The Principal Paying Agent, the Exchange Agent, the Transfer Agent and the Register act solely as agents of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time with the prior written approval of the Delegate to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in at least one major European city and (vi) such other agents as may be required by any stock exchange on which the Certificates may be listed, in each case as approved by the Delegate.

Notice of any such change or any change of any specified office shall promptly be given by the Trustee to the Certificateholders.

For so long as any of the Global Certificates payable in a Specified Currency other than U.S. Dollars are held through DTC or its nominee, the Trustee shall at all times maintain an Exchange Agent having a specified office in London in addition to the Agents required to be maintained pursuant to Condition 10(c).

(d) **Payment only on a Payment Business Day**: If any date for payment in respect of any Certificate is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day, nor to any profit or other sum in respect of such postponed payment. In this Condition 10(d), "**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located, in such jurisdictions as shall be specified as "**Financial Centres**" in the applicable Final Terms and:

(i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or

(ii) (in the case of a payment in Euro) which is a T2 Business Day.

11. Taxation

All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of any Tax Jurisdiction, unless such withholding or

deduction is required by law. In such event, the Trustee shall pay such additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable by them in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Certificate:

(a) **Other connection**: the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Certificate; or

(b) **Surrender more than 30 days after the Relevant Date**: if the relevant Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day (in accordance with Condition 10(d)); or

(c) **Combination**: resulting from any combination of (a) or (b) above.

As used in these Conditions:

"**Relevant Date**" means, in respect of any Certificate, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders in accordance with Condition 19 that, upon further presentation of the Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation; and

"**Tax Jurisdiction**" means the Kingdom of Bahrain or any political subdivision or any authority thereof or therein having power to tax.

References in these Conditions to "**Periodic Distribution Amounts**" and the "**Dissolution Distribution Amount**" shall be deemed to include any additional amounts that may be payable under this Condition 11 or any undertaking given in addition to or in substitution for it under the Trust Deed.

The Transaction Documents provide that payments thereunder by the Kingdom shall be made without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In such event, the Transaction Documents provide for the payment by the Kingdom of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such net amounts as would have been receivable by it if no such withholding or deduction had been made.

Further, in accordance with the terms of the Master Trust Deed, the Kingdom has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any such withholding or deduction) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to this Condition 11.

12. Prescription

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within ten years (in the case of the Dissolution Distribution Amount), or five years (in the case of Periodic Distribution Amounts) of the appropriate Relevant Date in respect of them.

13. Dissolution Events

(a) **Dissolution Event**: If a Dissolution Event occurs and is continuing:

(i) the Delegate, upon receiving written notice thereof under the Trust Deed or otherwise upon becoming aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders with a request to the Certificateholders to indicate to the Trustee

and the Delegate in writing or by Extraordinary Resolution if they wish the Certificates to be redeemed (in whole but not in part) and the Trust to be dissolved; and

(ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25% of the aggregate face amount of the Series of Certificates then outstanding or if so directed by an Extraordinary Resolution (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a "**Dissolution Notice**") to the Trustee, the Kingdom and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this Condition 13(a)(ii) whether or not notice has been given to Certificateholders as provided in Condition 13(a)(i).

Upon receipt of such Dissolution Notice, the Trustee (or the Delegate in the name of the Trustee) shall deliver an exercise notice to the Kingdom under the Purchase Undertaking. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds thereof and the aggregate amounts of the Deferred Sale Price then outstanding to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(b) **Enforcement and Exercise of Rights**: Upon the occurrence and continuation of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 13(a)), the Trustee or the Delegate (in each case subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may (acting for the benefit of the Certificateholders) take one or more of the following steps:

(i) enforce the provisions of the Transaction Documents against the Kingdom; and/or

(ii) take such other actions, steps or proceedings as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

14. Realisation of Trust Assets

(a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against the Kingdom or (in the case of the Delegate) against the Trustee under any Transaction Document to which either of the Trustee or the Kingdom is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25% of the aggregate face amount of the Series of Certificates then outstanding and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

(b) No Certificateholder shall be entitled to proceed directly against the Trustee or the Kingdom unless the Delegate or the Trustee, as the case may be, having become bound so to proceed (i) fails to do so within a reasonable period or (ii) is unable by reason of an order of a court having competent authority to do so, and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Kingdom shall be to enforce the Trustee's and the Kingdom's respective obligations under the Transaction Documents to which they are a party.

(c) Conditions 14(a) and 14(b) are subject to this Condition 14(c). After enforcing or realising the relevant Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series in accordance with Condition 6(b), the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate or the Agents or any other person (including the Kingdom to the extent that it fulfils all of its obligations under the Transaction Documents)) to recover any further sums in respect of the Certificates

of the relevant Series and the right to receive from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

15. Meetings of Certificateholders, Modification and Waiver

(a) **Convening Meetings of Certificateholders; Written Resolutions; Conduct of Meetings of Certificateholders**

(i) The Trustee, the Kingdom or the Delegate may convene a meeting (including by way of conference call or by use of a videoconference platform) of the Certificateholders at any time in respect of the Certificates in accordance with the Trust Deed. The Trustee, the Kingdom or the Delegate, as the case may be, will determine the time and place of the meeting, provided that, in the case of a meeting convened by the Trustee or the Kingdom, the time and place of such meeting shall be subject to the prior written approval of the Delegate. The Trustee, the Kingdom or the Delegate, as the case may be, will notify the Certificateholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting (in each case exclusive of the day on which the notice is given and the day on which the meeting is to be held).

(ii) The Delegate will convene a meeting of Certificateholders if the holders of at least 10% in aggregate face amount of the outstanding Certificates (as described in Condition 15(a)(i)) have delivered a written request to the Delegate setting out the purpose of the meeting. The Delegate will agree the time and place of the meeting with the Trustee and will notify the Certificateholders within ten days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given (in each case exclusive of the day on which the notice is given and the day on which the meeting is to be held).

(iii) The Delegate will set the procedures governing the conduct of any meeting in accordance with the Trust Deed. If the Trust Deed does not include such procedures, or additional procedures are required, the Trustee, the Kingdom and the Delegate will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Trustee or the Kingdom, as the case may be, proposes any modification to the terms and conditions of, or action with respect to, two or more series of securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*;

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five Business Days before the date of the meeting;

(D) the documentation required to be produced by a Certificateholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Certificateholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Certificates are traded and/or held by Certificateholders;

(F) whether Condition 15(b), or Condition 15(c), or Condition 15(d) shall apply and, if relevant, in relation to which other series of securities it applies;

(G) if the proposed modification or action relates to two or more series of securities issued by the Trustee and contemplates such series of securities being aggregated in more than one group of securities, a description of the proposed treatment of each such group of securities;

(H) such information that is required to be provided by the Trustee or the Kingdom, as the case may be, in accordance with Condition 15(f);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 15(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of securities.

(v) In addition, the Trust Deed contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 15(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Trustee or the Kingdom, as the case may be, for determining the Certificateholders and, in the case of a multiple series aggregation, the holders of securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**securities**" means any trust certificates (including the Certificates), bonds, debentures or other securities (which for these purposes shall be deemed to include any *sukuk* or other trust certificates representing the credit of the Kingdom) issued directly or indirectly by the Trustee or the Kingdom, as the case may be, in one or more series with an original stated maturity of more than one year.

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

(b) **Modification of this Series of Certificates only**

(i) Any modification of any provision of, or any action in respect of, these Conditions or any Transaction Document in respect of the Certificates may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the procedures prescribed by the Trustee or the Kingdom, as the case may be, and the Delegate pursuant to Condition 15(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate face amount of the outstanding Certificates; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate face amount of the outstanding Certificates.

(iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by, or on behalf of, the holders of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate face amount of the outstanding Certificates; or

(B) in the case of a matter other than a Reserved Matter more than 50% of the aggregate face amount of the outstanding Certificates.

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

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

(c) **Multiple Series Aggregation – Single limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Trustee or the Kingdom, as the case may be, and the Delegate pursuant to Condition 15(a), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate face amount of the outstanding securities of all affected series of Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Securities Capable of Aggregation, in accordance with the documentation applicable to each relevant series of securities) which, when taken together, has been signed or confirmed in writing by, or on behalf of, the holders of at least 75% of the aggregate face amount of the outstanding securities of all affected series of Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by, or on behalf of, one or more Certificateholders or one or more holders of each affected series of Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Certificateholders and holders of each other affected series of Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Securities Capable of Aggregation are invited to exchange, convert, or substitute their securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).

(vi) Any modification or action proposed under Condition 15(c)(i) above may be made in respect of some series only of the Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15(c) may be used for different groups of two or more series of Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Trustee or the Kingdom, as the case may be, and the Delegate pursuant to Condition 15(a), as supplemented if necessary, which is passed by a majority of:

(A) at least 66.67% of the aggregate face amount of the outstanding securities of affected series of Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate face amount of the outstanding securities in each affected series of Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Securities Capable of Aggregation, in accordance with the documentation applicable to each relevant series of securities) which, when taken together, has been signed or confirmed in writing by, or on behalf of, the holders of:

(A) at least 66.67% of the aggregate face amount of the outstanding securities of all the affected series of Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate face amount of the outstanding securities in each affected series of Securities Capable of Aggregation (taken individually).

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

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Certificateholders and holders of each other affected series of Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under paragraph 15(d)(iv) above may be made in respect of some series only of the Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15(d) may be used for different groups of two or more series of Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of the Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount in respect of the Certificates, to reduce or cancel the Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount payable on any date in respect of the Certificates or

to change the method of calculating the Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount payable in respect of the Certificates on any date;

(ii) to change the currency in which any amount due in respect of the Certificates is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Certificateholders or the number or percentage of votes required to be cast, or the number or percentage of Certificates required to be held, in connection with the taking of any decision or action by, or on behalf of, the Certificateholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "securities" or "Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 15(a);

(viii) to change the legal ranking of the Certificates;

(ix) to amend the obligation of the Trustee or the Kingdom to pay additional amounts under Condition 11;

(x) to change any provision of the Certificates describing circumstances in which Certificates may be declared due and payable prior to their scheduled maturity date, as set out in Condition 13;

(xi) to change the law governing the Certificates, the arbitration provisions, the courts to the jurisdiction of which each of the Trustee and the Kingdom has submitted in the Certificates, any of the arrangements specified in the Certificates to enable proceedings to be taken or the Kingdom's waiver of immunity, in respect of actions or proceedings brought by any Certificateholder, as set out in Condition 22;

(xii) to impose any condition on or otherwise change the Trustee's obligation to make payments of any amount in respect of the Certificates, including by way of the addition of a call option;

(xiii) except as permitted by any Transaction Document, to release any agreement guaranteeing or securing payments under the Certificates or to change the terms of any such guarantee or security;

(xiv) to amend any of the Trustee's or the Kingdom's covenants in the Trust Deed and (in the case of the Kingdom only) in the Head Lease Agreement and the Sub-Lease Agreement or any of the Kingdom's covenants to make a payment under any other Transaction Document; or

(xv) to exchange or substitute all the Certificates for, or convert all the Certificates into, other obligations or securities of the Trustee, the Kingdom or any other person, or to modify any provision of these Conditions, the Certificates, the Trust Deed or any other Transaction Document in connection with any exchange or substitution of the Certificates for, or the conversion of the Certificates into, any other obligations or securities of the Trustee, the Kingdom or any other person, which would result in these Conditions as so modified being less favourable to the Certificateholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or securities of the Trustee, the Kingdom or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of securities having the largest aggregate face amount.

(f) **Information**

Prior to or on the date that the Trustee or the Kingdom proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 15(b), Condition 15(c) or Condition 15(d), the Trustee or the Kingdom, as the case may be, shall publish in accordance with Condition 16 and provide the Delegate with the following information:

(i) a description of the Trustee's and the Kingdom's economic and financial circumstances which are, in the Trustee's and the Kingdoms opinion, relevant to the request for any potential modification or action, a description of the Trustee's or the Kingdom's, as the case may be, existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Trustee or the Kingdom shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement.

Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Trustee's or the Kingdom's proposed treatment of external securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates securities being aggregated in more than one group of securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Certificateholders in Condition 15(a)(iv)(G).

(g) **Claims Valuation**

For the purpose of calculating the face value of the Certificates and any affected series of securities which are to be aggregated with the Certificates in accordance with Condition 15(c) and Condition 15(d), the Trustee or the Kingdom, as the case may be, may appoint a Calculation Agent. The Trustee or the Kingdom, as the case may be, shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the face value of the Certificates and such affected series of securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Certificates and each other affected series of securities for these purposes, and the same methodology will be promulgated for each affected series of securities.

(h) **Manifest error, etc.**

The Certificates, these Conditions and the provisions of the Trust Deed or any other Transaction Document may be amended without the consent of the Certificateholders to correct a manifest error. In addition, the parties to the Trust Deed may agree to modify any provision thereof, but none of the Trustee, the Kingdom or the Delegate shall agree, without the consent of the "**Certificateholders**", to any such modification unless, in the opinion of the Delegate, it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Certificateholders.

(i) **Certificates controlled by the Kingdom**

For the purposes of (i) determining the right to attend and vote at any meeting of Certificateholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (ii) this Condition 15 and (iii) Condition 13, any Certificates which are for the time being held by, or on behalf of, the Kingdom or by, or on behalf of, any person which is owned or controlled directly or indirectly by the Kingdom or by any public sector instrumentality of the Kingdom shall be disregarded and be deemed not to remain outstanding, where:

(i) "**public sector instrumentality**" means the Central Bank of Bahrain or any department, ministry or agency of the government of the Kingdom or any corporation, trust, financial institution or other entity owned or controlled by the government of the Kingdom or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

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

In advance of any meeting of Certificateholders, or in connection with any Written Resolution, the Kingdom shall provide to the Delegate a copy of the certificate prepared pursuant to Condition 16(d) which includes information on the total number of Certificates which are for the time being held by, or on behalf of, the Kingdom or by, or on behalf of, any person which is owned or controlled directly or indirectly by the Kingdom or by any public sector instrumentality of the Kingdom and, as such, such Certificates shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Certificateholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting.

The Delegate shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication**

The Trustee or the Kingdom, as the case may be, shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 16(g).

(k) **Exchange and Conversion**

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

16. Aggregation Agent; Aggregation Procedures

(a) **Appointment**

The Trustee or the Kingdom, as the case may be, will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required face amount outstanding of Certificates, and, in the case of a multiple series aggregation, by the required face amount of outstanding securities of each affected series of securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions, the Trust Deed or any other Transaction Document in respect of the Certificates and in respect of the terms and conditions or documentation in respect of each other affected series of securities. The Aggregation Agent shall be independent of the Trustee and the Kingdom.

(b) **Extraordinary Resolutions**

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

(c) **Written Resolutions**

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

(d) **Certificate**

For the purposes of Condition 16(b) and Condition 16(c), the Trustee and the Kingdom will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 16(b), Condition, 16(c) or Condition 16(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total face amount of Certificates and, in the case of a multiple series aggregation, the total face amount of each other affected series of securities outstanding on the record date; and

(ii) clearly indicate the Certificates and, in the case of a multiple series aggregation, securities of each other affected series of securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 15(a) on the record date identifying the holders of the Certificates and, in the case of a multiple series aggregation, securities of each other affected series of securities.

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

(e) **Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 16 to be notified to the Delegate, the Trustee and the Kingdom as soon as practicable after such determination. Notice thereof shall also promptly be given to the Certificateholders.

(f) **Binding nature of determinations; no liability**

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

(g) **Manner of publication**

The Trustee and the Kingdom will publish all notices and other matters required to be published pursuant to the Trust Deed including any matters required to be published pursuant to Condition 13, Condition 15 and this Condition 16:

(i) through the systems of The Depository Trust Company, Clearstream Banking S.A. and Euroclear Bank SA/NV and/or any other international or domestic clearing system(s) through which the Certificates are for the time being cleared;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

17. Delegate

(a) **Delegation of Powers**: The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the powers, rights, authorities and discretions of the Trustee under the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together, the "**Delegation**" of the "**Relevant Powers**"), provided that: (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the relevant Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, right, authority or discretion to dissolve any of the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Trust Deed, the Delegate also has certain powers, rights, authorities and discretions which are vested solely in it from the date of the Master Trust Deed.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

(b) **Indemnification**: The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking any action, step or proceeding unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, each of the Trustee and the Delegate shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Certificateholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(c) **No Liability**: The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Kingdom or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Kingdom or the Trustee but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

(d) **Reliance on Certificates, Reports and/or Information**: The Delegate and the Trustee may rely on any certificate, report or information of the auditors or insolvency officials (as applicable) of the Trustee or the Kingdom (as applicable) or any other expert or other person called for by or provided to the Delegate or the Trustee (whether or not addressed to the Delegate or Trustee) in accordance with or for the purposes of the Trust Deed or the other Transaction Documents and such certificate, report or information may be relied upon by the Delegate and the Trustee (without liability to any person) as sufficient evidence of the facts stated therein, notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate or the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials of the Trustee or the Kingdom (as applicable) or such other expert or other person in respect thereof and notwithstanding that the scope and/or basis of such certificate, report or information may be limited by an engagement or similar letter or by the terms of the certificate, report or information itself and the Delegate or the Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by their failure to do so.

(e) **Proper performance of duties**: Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee or delegate (having regard to the provisions of these presents conferring on the Trustee or the Delegate (as the case may be)) respectively, relieve or indemnify the Trustee or the Delegate from or indemnify either of them against any liability which by virtue of any rule of law would otherwise attach to it in respect of any negligence, wilful default or actual fraud of which either of them may be guilty in relation to their duties under the Conditions and the Trust Deed.

(f) **Notice of Events**: Neither the Delegate nor the Trustee shall be responsible for monitoring or ascertaining whether or not a Dissolution Event or Potential Dissolution Event has occurred or exists or is continuing and, unless and until they shall have actual knowledge or shall have received express written notice to the contrary, they will be entitled to assume that no such event or circumstance exists or has occurred or is continuing (without any liability to Certificateholders or any other person for so doing).

(g) **Delegate Contracting with the Trustee and the Kingdom**: The Trust Deed contains provisions pursuant to which directors or officers of a corporation acting as the Delegate under the Trust Deed may acquire, hold or dispose of any Certificates or other security (or any interest therein) of the Trustee or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person, in each such case with the same rights as they would have had if the Delegate were not acting as Delegate and need not account for any profit made thereby or in connection therewith.

18. Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time-to-time be designated by the Trustee for the purpose and notice of whose designation is given to Certificateholders, in each case on payment by the claimant of the costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Trustee may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

19. Notices

Notices to the holders of Certificates shall be mailed to them at their respective addresses in the Register.

The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant authority, relevant stock exchange and/or relevant quotation system if required by those rules or regulations. Any notices shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after being so mailed (or on the date of publication, or, if so published more than once or on different dates, on the date of the first publication).

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg and/or DTC or any other clearing system, notices to the holders of

the Certificates of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 19. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or such other relevant clearing system.

20. Further Issues

In respect of any Series, the Trustee shall be at liberty from time-to-time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional Certificates which are to form a single Series with the outstanding Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Certificates include (unless the context requires otherwise) any other certificates issued pursuant to this Condition and forming a single Series with the Certificates.

21. Contracts (Rights of Third Parties) Act 1999

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

22. Governing Law and Dispute Resolution

(a) The Trust Deed (including these Conditions) and the Certificates and any non-contractual obligations arising out of or in connection with them are, and shall be governed by, and construed in accordance with, English law.

(b) Subject to Condition 22(c), any dispute arising out of or in connection with the Certificates (including a dispute regarding the existence, validity or termination of the Certificates and any dispute relating to any non-contractual obligations arising out of or in connection with the Certificates) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**") which Rules (as amended from time-to-time) are deemed to be incorporated by reference into this Condition 22(b). The number of arbitrators shall be three. The claimant (or claimants jointly) shall nominate one arbitrator for appointment by the LCIA court. The defendant (or defendants jointly) shall nominate one arbitrator for appointment by the LCIA court. Both arbitrators shall jointly nominate a further arbitrator who shall be the chairman of the tribunal. In the event that the claimant (or claimants jointly) or the defendant (or defendants jointly) or both fail to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA court. In the event that the party-nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA court. The claimant parties and/or the defendant parties shall be treated as two separate sides for the purposes of Article 8.1 of the Rules. The seat or legal place of arbitration shall be London, England and the language of the arbitration shall be English. Any requests for arbitration may be served on the agent for service of process outlined in Condition 22(e).

(c) Before the arbitration tribunal has been constituted in respect of a claim asserted or brought by or against the Delegate or a Certificateholder (only where permitted to do so in accordance with the terms of the Trust Deed) the Delegate or the Certificateholder, as the case may be, may by notice in writing to the Trustee and the Kingdom require that a Dispute be heard by the courts of England. All parties agree that the English courts will have exclusive jurisdiction to settle such Dispute and submit to the exclusive jurisdiction of the English courts in connection with the Certificates and any non-contractual obligations arising out of or in connection with them and waive any objection to the English courts on grounds of inappropriate or inconvenient forum or otherwise with regard to proceedings in connection with the Certificates.

(d) Each of the Trustee, the Kingdom, the Delegate and the Certificateholders agrees that an arbitral award or judgment or order of an English court or other court, in connection with a Dispute, shall be conclusive and binding on it and may be enforced against it in the courts of any competent jurisdiction.

(e) In the Trust Deed, each of the Trustee and the Kingdom has irrevocably appointed Law Debenture Corporate Services Limited of Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom as its agent in England to receive service of process in any proceedings being brought in England based on any of the Certificates pursuant to Condition 22(b) and/or Condition 22(c). Each of the Trustee and the Kingdom agrees that failure by a process agent to notify the Trustee or the Kingdom of the process will not invalidate proceedings concerned or service of the process. If, for any reason, the Trustee does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Delegate of such appointment. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

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

(g) Each of the Trustee, the Kingdom and the Delegate has irrevocably agreed in the Trust Deed that if any proceedings are brought by, or on behalf of, a party under the Trust Deed and in respect of the Certificates it will:

(i) not claim any judgment interest under, or in connection with, such proceedings; and

(ii) to the fullest extent permitted by law, waive all and any entitlement it may have to judgment interest awarded in its favour as a result of such proceedings.

For the avoidance of doubt, nothing in this Condition 22(g) shall be construed as a waiver of rights in respect of any Rental, Required Amount, Exercise Price, Tangibility Event Exercise Price, Full Reinstatement Value, Loss Shortfall Amount, Murabaha Instalment Profit Amount, Murabaha Profit Amount, Deferred Sale Price, Periodic Distribution Amount, Dissolution Distribution Amount or any other amounts payable by the Trustee (in any capacity) or the Kingdom (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or recharacterised by any court.

SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

Initial Issue of Certificates

The Certificates of each Series will be in registered form. The Certificates will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Form of Certificates

The Certificates of each Tranche offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons outside the United States, will initially be represented by ownership interests in a Regulation S Global Certificate. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Certificates, ownership interests in a Regulation S Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Certificate will bear a legend regarding such restrictions on transfer.

The Certificates of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs, in each case acting for their own account or for the account of one or more QIBs. The Certificates of each Tranche sold to QIBs in reliance on Rule 144A will initially be represented by one or more Rule 144A Global Certificates. By the acquisition of an ownership interest in such certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such ownership interest, it will transfer such ownership interest in accordance with the procedures and restrictions contained in the Rule 144A Global Certificate.

No ownership interest in a Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an ownership interest in a Rule 144A Global Certificate unless: (i) the transfer is to a person that is both a QIB, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides the Registrar with a written certification to the effect that the transferor reasonably believes that the transferee is a QIB, that the transfer is being made in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No ownership interest in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of an ownership interest in a Regulation S Global Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification to the effect that the transfer is being made to a person who is a non-U.S. person in accordance with Regulation S.

Global Certificates will either: (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC; or (b) be deposited with a Common Depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). Persons holding ownership interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

Exchange for Definitive Certificates

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) in the case of Certificates registered in the name of a nominee for DTC, either DTC has notified the Trustee that it is unwilling or unable to continue to act as depository for the Certificates or DTC has ceased to constitute a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and, in any case, no successor or alternative clearing system is available; or (ii) in the case of Certificates registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg, the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor or alternative clearing system is available. The Trustee will promptly give notice to Certificateholders in accordance with Condition 19 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, any of the Trustee or DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Certificates) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar. Definitive Certificates issued in exchange for an ownership interest in a Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Subscription and Sale and Transfer and Selling Restrictions—Transfer Restrictions*".

Upon the transfer, exchange, or replacement of a definitive Certificate bearing the legend referred to under "*Subscription and Sale and Transfer and Selling Restrictions—Transfer Restrictions*", or upon specific request for removal of the legend on a definitive Certificate, the Trustee will deliver only definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee, that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act.

Transfer Restrictions

Interests in a Global Certificate may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Certificate. No owner of an interest in a Global Certificate will be able to transfer such interest, except in accordance with the applicable procedures of DTC and/or Euroclear and/or Clearstream, Luxembourg, in each case to the extent applicable.

The Certificates are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions—Transfer Restrictions*".

Amendment to Conditions

The Global Certificates contain provisions that apply to the Certificates that they represent, some of which modify the effect of the terms and conditions of the Certificates set out in this Base Prospectus. The following is a summary of certain of those provisions:

Payments

All payments in respect of Certificates represented by a Global Certificate will be made (against surrender of that Global Certificate if no further payment falls to be made in respect of the Certificates) to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive, except 25 December and 1 January.

For the purposes of any payments made in respect of Certificates represented by a Global Certificate, the definition of Payment Business Day in Condition 10(d) shall be substituted in full as follows:

> "**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business, in such jurisdictions as shall be specified as "**Financial Centres**" in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) and:
>
> (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or
>
> (ii) (in the case of a payment in Euro) which is a T2 Business Day; and
>
> (iii) in the case of any payment in respect of a Global Certificate denominated in a Specified Currency other than U.S. Dollars and registered in the name of The Depository Trust Company or its nominee and in respect of which an accountholder of The Depository Trust Company (with an interest in such Global Certificate) has made no election to and will receive any part of such payment in U.S. Dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City and London."

A record of each payment made will be noted on the relevant Register which shall be *prima facie* evidence that such payment has been made in respect of the Certificates.

Meetings

All holders of Certificates are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Certificates comprising such Certificateholder's holding.

Tangibility Event Put Right

Any early dissolution right of the Certificateholders provided for in the Conditions of any Certificates while such Certificates are represented by a Global Certificate may be exercised by the holder of the Certificate(s) in accordance with the standard procedures of DTC, Euroclear, Clearstream, Luxembourg or any other clearing system, as the case may be.

Cancellation

Cancellation of any Certificate represented by a Global Certificate that is surrendered for cancellation (other than upon its redemption in full) will be effected by reduction in the aggregate face amount of the relevant Series of Certificates in the Register.

Notices

Notices required to be given in respect of the Certificates represented by a Global Certificate may be given by their being delivered (so long as such Global Certificate is held on behalf of DTC and/or Euroclear and Clearstream, Luxembourg or any other clearing system (as applicable)) to DTC, Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of such Global Certificate, rather than by publication as required by the Conditions, provided that such notices must also be given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange, quotation system or other relevant authority on which the Certificates are for the time being listed or admitted to trading or quotation. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as applicable).

Further Issues

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms

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

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of

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

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

[*Date*]

CBB INTERNATIONAL SUKUK PROGRAMME COMPANY W.L.L.

Legal Entity Identifier (LEI): 5493006IRJ2IWXTNIM16

Issue of [Aggregate Face Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of Tranche] [Title of Certificates] issued on [•] (the "*Original Certificates*")][1]

under the Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Prospectus dated 2 February 2024 [and the supplement[s] to it dated [•] [and [•]]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the "**Base Prospectus**"). This document constitutes the Final Terms of the Certificates described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. Full information on the Trustee, the Kingdom and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange plc at http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html. Copies of the Base Prospectus and this Final Terms are available for inspection during normal business hours at the registered office of the Trustee at Central Bank of Bahrain, King Faisal Highway, Diplomatic Area, Block 317, Road 1702, Building 96, Manama, Kingdom of Bahrain and from the specified office of the Principal Paying Agent.

[1] Include only for an issue of further Certificates in accordance with Condition 20.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [*original date*] [and the supplement[s] to it dated [•] [and [•]]] which are incorporated by reference in the Base Prospectus dated 2 February 2024. This document constitutes the Final Terms of the Certificates described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 2 February 2024 [and the supplement[s] to it dated [•] [and [•]]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. Full information on the Trustee, the Kingdom and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange plc at http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html. Copies of the Base Prospectus and this Final Terms are available for inspection during normal business hours at the registered office of the Trustee at Central Bank of Bahrain, King Faisal Highway, Diplomatic Area, Block 317, Road 1702, Building 96, Manama, Kingdom of Bahrain and from the specified office of the Principal Paying Agent.]

1.	(a)	Trustee:	CBB International Sukuk Programme Company W.L.L.
	(b)	Kingdom:	The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy
2.	Series Number:		[•]
	(a)	Tranche Number:	[•]
	(b)	Date on which the Certificates will be consolidated and form a single Series:	[The Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert date/* the Issue Date]] [Not Applicable]
3.	Specified Currency:		[•]
4.	Aggregate Face Amount:		[•]
	(a)	Series:	[•]
	(b)	Tranche:	[•]
5.	Issue Price:		[•]% of the Aggregate Face Amount [plus [*Specified Currency*] [•] in respect of [•] days of accrued Periodic Distribution Amounts from (and including) [*the issue date of the Original Certificates*] to (but excluding) the Issue Date][2]
6.	(a)	Specified Denominations:	[•]
	(b)	Calculation Amount:	[•]
7.	(a)	Issue Date:	[•]
	(b)	Profit Commencement Date:	[[•]/Issue Date]
8.	Scheduled Dissolution Date:		[•]
9.	Profit Basis:		[Fixed Rate Certificates/Floating Rate Certificates] (further particulars specified at paragraph [15][16] below)
10.	Dissolution Basis:		Dissolution at par
11.	Change of Profit Basis:		[[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there*]/Not Applicable]

[2] Include only for an issue of further Certificates in accordance with Condition 20.

12.	Call Rights:		[Not Applicable] [Optional Dissolution Right]
13.	Status:		Unsubordinated
14.	Date of Trustee's board approval and date of Kingdom's approval(s) for issuance of Certificates:		[•] and [•], respectively

Provisions relating to profit payable

15.	Fixed Rate Periodic Distribution Provisions:		[Applicable]/[Not Applicable]
	(a)	Profit Rate(s):	[•]% *per annum* payable [annually/semi-annually/quarterly/monthly/[•]] in arrear on each Periodic Distribution Date
	(b)	Periodic Distribution Date(s):	[[•] in each year up to and including the Scheduled Dissolution Date, commencing on [•]/[•]]
	(c)	Fixed Amount(s):	[•] per Calculation Amount
	(d)	Broken Amount(s):	[[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]/Not Applicable]
	(e)	Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(f)	Determination Date(s):	[[•] in each year/Not Applicable]
16.	Floating Periodic Distribution Provisions:		[Applicable]/[Not Applicable]
	(a)	Specified Periodic Distribution Dates:	[•] in each year, commencing on [•][, subject to adjustment in accordance with the Business Day Convention set out in (d) below/, not subject to adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable]

(b)	Periodic Distribution Period:		[Not Applicable]/[•]
(c)	Profit Period Date:		[Not Applicable]/[•]
(d)	Business Day Convention:		[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
(e)	Business Centre(s):		[•] [Not Applicable]
(f)	Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Principal Paying Agent):		[•] (the "**Calculation Agent**")
(g)	Screen Rate Determination:		
	(i)	Reference Rate:	[•] month EURIBOR
	(ii)	Profit Rate Determination Date(s):	[•]
	(iii)	Relevant Screen Page:	[•]
	(iv)	Relevant Time:	[•]
	(v)	Relevant Financial Centre:	[•]
(h)	Margin(s):		[+/-][•]% *per annum*
(i)	Linear Interpolation:		[Not Applicable/Applicable − the Profit Rate for the [long/short] [first/last] Periodic Distribution Period shall be calculated using Linear Interpolation (*specify for each short or long periodic distribution period*)]
(j)	Maximum Profit Rate:		[•]% *per annum*
(k)	Minimum Profit Rate:		[•]% *per annum*
(l)	Day Count Fraction:		[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis]

			[30E/360 (ISDA)] [Actual/Actual – ICMA]
Provisions relating to dissolution			
17.	Optional Dissolution Right:		[Applicable]/[Not Applicable]
	(a)	Dissolution Distribution Amount:	[As per Condition 1]/[•]
	(b)	Optional Dissolution Date(s):	[•]
	(c)	Notice period:	Minimum period: [•] days Maximum period: [•] days (*N.B: When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of five clearing system business days' notice for a call*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent.*)
18.	Dissolution Distribution Amount following redemption on the Scheduled Dissolution Date, on the Tangibility Event Put Date or following the occurrence of a Dissolution Event:		[As per Condition 1]/[•]
General provisions applicable to the Certificates			
19.	Form of Certificates:		[Regulation S Global Certificate(s) registered in the name of a nominee for [The Depository Trust Company/a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.]] [Rule 144A Global Certificate(s) registered in the name of a nominee for [The Depository Trust Company/a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.]]
20.	Financial Centre(s) relating to payment (Condition 10(d)):		[Not Applicable]/[•]
Provisions in respect of the Trust Assets			
21.	Series:		
	(a)	Tangible Asset Percentage:	[•]%
	(b)	Murabaha Percentage:	[Not Applicable]/[[•]%]
22.	Trust Assets:		Condition 6(a) applies
23.	(a)	Details of Transaction Account:	CBB International Sukuk Programme Company W.L.L. Transaction Account No: [•] with [•] for Series №: [•]
	(b)	Supplemental Trust Deed:	Supplemental Trust Deed dated [•] between the Trustee, the Kingdom and the Delegate

(c)	Supplemental Head Lease Agreement:	Supplemental Head Lease Agreement dated [•] between the Trustee, the Kingdom and the Delegate
(d)	Supplemental Sub-Lease Agreement:	Supplemental Sub-Lease Agreement dated [•] between the Trustee, the Kingdom and the Delegate
(e)	Declaration of Commingling of Assets:[3]	[Declaration of Commingling of Assets dated [•] executed by the Trustee]/[Not Applicable]
(f)	[Notice of Request to Purchase and Offer Notice]:	[Notice of Request to Purchase dated [•] from the Kingdom to the Trustee and Offer Notice dated [•] from the Trustee to the Kingdom]/[Not Applicable]

THIRD PARTY INFORMATION

[[•] has been extracted from [•]. Each of the Trustee and the Kingdom confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*] as facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of	Signed on behalf of
CBB International Sukuk Programme Company W.L.L.	**The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy**
By:	By: .....
Duly authorised	*Duly authorised*

[3] Include only for an issue of further Certificates in accordance with Condition 20.

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

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

2. Ratings

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

3. Interests of Natural and Legal Persons involved in the Issue

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

4.	**Indication of profit or return** (Fixed Rate Certificates only):	[•]% *per annum* The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.

5. Use of Proceeds

(a)	Use of proceeds:	[See "*Use of Proceeds*" in the Base Prospectus]/[•]
(b)	Estimated amount of net proceeds:	[•]

6. Operational Information

(a)	ISIN:	[•]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [•]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [•].]
(b)	Common Code:	[•]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [•]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [•].]
(c)	CUSIP	[•]
(d)	CINS	[•]
(e)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]]
(f)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]/[Not Available]]
(g)	Any clearing system(s) other than The Depository Trust Company, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/give name(s), address(es) and number(s)]
(h)	Names and addresses of additional Paying Agent(s) (if any):	[•]

7. Distribution

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable]/[•]
(c)	Date of Subscription Agreement:	[Not Applicable]/[•]
(d)	Stabilisation Manager(s):	[•]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable]/[•]
(f)	Singapore Sales to Institutional Investors and Accredited Investors only:	[Applicable]/[Not Applicable] *(Delete this line item where Certificates are not offered into Singapore.* *Include this line item where Certificates are offered into Singapore. Indicate "Applicable" if Certificates are offered to Institutional Investors and Accredited Investors*

in Singapore only. Indicate "Not Applicable" if Certificates are also offered to investors other than Institutional Investors and Accredited Investors in Singapore.)

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche of Exempt Certificates (whatever the denomination of those Certificates) subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement

THE CERTIFICATES THAT ARE THE SUBJECT OF THIS PRICING SUPPLEMENT (EXEMPT CERTIFICATES) ARE NOT COMPLIANT WITH REGULATION (EU) 2017/1129, AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. THE UK FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT OR ANY OF THE INFORMATION CONTAINED HEREIN.

[**MiFID II/UK MiFIR product governance / target market** – [*appropriate target market legend to be included*].]

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

[*Date*]

CBB INTERNATIONAL SUKUK PROGRAMME COMPANY W.L.L.

Legal Entity Identifier (LEI): 5493006IRJ2IWXTNIM16

Issue of [Aggregate Face Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of Tranche] [Title of Certificates] issued on [•] (the "*Original Certificates*")][4]

under the Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Prospectus dated 2 February 2024 [and the supplement[s] to it dated [•] [and [•]]] (the "**Base Prospectus**"). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. Full information on the Trustee, the Kingdom and the offer of the Certificates is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange plc at http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html. Copies of the Base Prospectus are available for inspection during normal business hours at the registered office of the Trustee at Central Bank of Bahrain, King Faisal Highway, Diplomatic Area, Block 317, Road 1702, Building 96, Manama, Kingdom of Bahrain and from the specified office of the Principal Paying Agent.

1.	(a)	Trustee:	CBB International Sukuk Programme Company W.L.L.
	(b)	Kingdom:	The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy
2.	Series Number:		[•]
	(a)	Tranche Number:	[•]
	(b)	Date on which the Certificates will be consolidated and form a single Series:	[The Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert date/* the Issue Date]] [Not Applicable]
3.	Specified Currency:		[•]

[4] Include only for an issue of further Certificates in accordance with Condition 20.

4.	Aggregate Face Amount:		[•]
	(a)	Series:	[•]
	(b)	Tranche:	[•]
5.	Issue Price:		[•]% of the Aggregate Face Amount [plus [*Specified Currency*] [•] in respect of [•] days of accrued Periodic Distribution Amounts from (and including) [*the issue date of the Original Certificates*] to (but excluding) the Issue Date][5]
6.	(a)	Specified Denominations:	[•]
	(b)	Calculation Amount:	[•]
7.	(a)	Issue Date:	[•]
	(b)	Profit Commencement Date:	[[•]/Issue Date]
8.	Scheduled Dissolution Date:		[•]
9.	Profit Basis:		[Fixed Rate Certificates/Floating Rate Certificates] (further particulars specified at paragraph [15][16] below)
10.	Dissolution Basis:		Dissolution at par
11.	Change of Profit Basis:		[[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there*]/Not Applicable]
12.	Call Rights:		[Not Applicable] [Optional Dissolution Right]
13.	Status:		Unsubordinated
14.	Date of Trustee's board approval and date of Kingdom's approval(s) for issuance of Certificates:		[•] and [•], respectively

Provisions relating to profit payable

15.	Fixed Rate Periodic Distribution Provisions:		[Applicable]/[Not Applicable]
	(a)	Profit Rate(s):	[•]% *per annum* payable [annually/semi-annually/quarterly/monthly/[•]] in arrear on each Periodic Distribution Date
	(b)	Periodic Distribution Date(s):	[[•] in each year up to and including the Scheduled Dissolution Date, commencing on [•]/[•]]
	(c)	Fixed Amount(s):	[•] per Calculation Amount
	(d)	Broken Amount(s):	[[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]/Not Applicable]
	(e)	Day Count Fraction:	[Actual/Actual]

[5] Include only for an issue of further Certificates in accordance with Condition 20.

			[Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(f)	Determination Date(s):	[[•] in each year/Not Applicable]
16.	Floating Periodic Distribution Provisions:		[Applicable]/[Not Applicable]
	(a)	Specified Periodic Distribution Dates:	[•] in each year, commencing on [•][, subject to adjustment in accordance with the Business Day Convention set out in (d) below/, not subject to adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable]
	(b)	Periodic Distribution Period:	[Not Applicable]/[•]
	(c)	Profit Period Date:	[Not Applicable]/[•]
	(d)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	(e)	Business Centre(s):	[•] [Not Applicable]
	(f)	Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Principal Paying Agent):	[•] (the "**Calculation Agent**")
	(g)	Screen Rate Determination:	
		(i) Reference Rate:	[•] month EURIBOR
		(ii) Profit Rate Determination Date(s):	[•]
		(iii) Relevant Screen Page:	[•]

	(iv)	Relevant Time:	[•]
	(v)	Relevant Financial Centre:	[•]
(h)	Margin(s):		[+/-][•]% *per annum*
(i)	Linear Interpolation:		[Not Applicable/Applicable − the Profit Rate for the [long/short] [first/last] Periodic Distribution Period shall be calculated using Linear Interpolation (*specify for each short or long periodic distribution period*)]
(j)	Maximum Profit Rate:		[•]% *per annum*
(k)	Minimum Profit Rate:		[•]% *per annum*
(l)	Day Count Fraction:		[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]

Provisions relating to dissolution

17.	Optional Dissolution Right:		[Applicable]/[Not Applicable]
	(a)	Dissolution Distribution Amount:	[As per Condition 1]/[•]
	(b)	Optional Dissolution Date(s):	[•]
	(c)	Notice period:	Minimum period: [•] days Maximum period: [•] days (*N.B: When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of five clearing system business days' notice for a call*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent.*)
18.	Dissolution Distribution Amount following redemption on the Scheduled Dissolution Date,		[As per Condition 1]/[•]

	on the Tangibility Event Put Date or following the occurrence of a Dissolution Event:		

General provisions applicable to the Certificates

19.	Form of Certificates:	[Regulation S Global Certificate(s) registered in the name of a nominee for [The Depository Trust Company/a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.]] [Rule 144A Global Certificate(s) registered in the name of a nominee for [The Depository Trust Company/a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.]]
20.	Financial Centre(s) relating to payment (Condition 10(d)):	[Not Applicable]/[•]

Provisions in respect of the Trust Assets

21.	Series:		
	(a)	Tangible Asset Percentage:	[•]%
	(b)	Murabaha Percentage:	[Not Applicable]/[[•]%]
22.	Trust Assets:		Condition 6(a) applies
23.	(a)	Details of Transaction Account:	CBB International Sukuk Programme Company W.L.L. Transaction Account No: [•] with [•] for Series №: [•]
	(b)	Supplemental Trust Deed:	Supplemental Trust Deed dated [•] between the Trustee, the Kingdom and the Delegate
	(c)	Supplemental Head Lease Agreement:	Supplemental Head Lease Agreement dated [•] between the Trustee, the Kingdom and the Delegate
	(d)	Supplemental Sub-Lease Agreement:	Supplemental Sub-Lease Agreement dated [•] between the Trustee, the Kingdom and the Delegate
	(e)	Declaration of Commingling of Assets:[6]	[Declaration of Commingling of Assets dated [•] executed by the Trustee]/[Not Applicable]
	(f)	[Notice of Request to Purchase and Offer Notice]:	[Notice of Request to Purchase dated [•] from the Kingdom to the Trustee and Offer Notice dated [•] from the Trustee to the Kingdom]/[Not Applicable]

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[[•] has been extracted from [•]. Each of the Trustee and the Kingdom confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*] as facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of	Signed on behalf of

[6] Include only for an issue of further Certificates in accordance with Condition 20.

CBB International Sukuk Programme Company W.L.L.	**The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy**
By:	By: .....
Duly authorised	*Duly authorised*

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

(a)	Listing and Admission to trading:	[Application [has been]/[is expected to be] made by the Trustee (or on its behalf) for the Certificates to be (i) admitted to trading on [•] and (ii) admitted to listing on [•] with effect from [•].]/[Not Applicable]
(b)	Estimate of total expenses related to admission to trading:	[•]

2. Ratings

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

3. Interests of Natural and Legal Persons involved in the Issue

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

4.	**Indication of profit or return** (Fixed Rate Certificates only):	[•]% *per annum* The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.

5. Use of Proceeds

(a)	Use of proceeds:	[See "*Use of Proceeds*" in the Base Prospectus]/[•]
(b)	Estimated amount of net proceeds:	[•]

6. Operational Information

(a)	ISIN:	[•]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN

		[•]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [•].]
(b)	Common Code:	[•]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [•]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [•].]
(c)	CUSIP	[•]
(d)	CINS	[•]
(e)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]]
(f)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]/[Not Available]]
(g)	Any clearing system(s) other than The Depository Trust Company, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/give name(s), address(es) and number(s)]
(h)	Names and addresses of additional Paying Agent(s) (if any):	[•]

7. Distribution

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable]/[•]
(c)	Date of Subscription Agreement:	[Not Applicable]/[•]
(d)	Stabilisation Manager(s):	[•]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable]/[•]
(f)	Singapore Sales to Institutional Investors and Accredited Investors only:	[Applicable]/[Not Applicable] *(Delete this line item where Certificates are not offered into Singapore.* *Include this line item where Certificates are offered into Singapore. Indicate "Applicable" if Certificates are offered to Institutional Investors and Accredited Investors in Singapore only. Indicate "Not Applicable" if Certificates are also offered to investors other than*

Institutional Investors and Accredited Investors in Singapore.)

BOOK-ENTRY CLEARANCE SYSTEM

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Trustee, the Kingdom nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, ownership interests in the Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such ownership interests.*

Book-entry Systems

DTC

DTC has advised the Trustee that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org, but such information is not incorporated by reference in, and does not form part of, this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Certificates among Direct Participants on whose behalf it acts with respect to Certificates accepted into DTC's book-entry settlement system ("**DTC Certificates**"), as described below, and receives and transmits distributions of Periodic Distribution Amounts and Dissolution Distribution Amounts on DTC Certificates. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Certificates ("**Owners**") have accounts with respect to the DTC Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Certificates through Direct Participants or Indirect Participants will not possess Registered Certificates, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Certificates.

Purchases of DTC Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Certificates on DTC's records. The ownership interest of each actual purchaser of each DTC Certificate (each, a "**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Certificates, except in the event that use of the book-entry system for the DTC Certificates is discontinued.

To facilitate subsequent transfers, all DTC Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name, as may be requested by an authorised representative of DTC. The deposit of DTC Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Certificates are credited, which may or may not be the Beneficial Owners. Participants are and will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

Redemption notices shall be sent to DTC. If less than all of the DTC Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Certificates unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Periodic Distribution Amounts and Dissolution Distribution Amounts on the DTC Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of Periodic Distribution Amounts and Dissolution Distribution Amounts to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is a "Dissolution Event" under the Certificates, DTC will exchange the DTC Certificates for definitive Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Certificates purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Certificates by causing the Direct Participant to transfer the Participant's interest in the DTC Certificates, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Certificates to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Certificates at any time by giving reasonable notice to the Trustee or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Certificates are required to be printed and delivered.

The Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Certificate certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Certificates to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Certificates, will be required to withdraw its Registered Certificates from DTC, as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-entry Ownership of and Payments in respect of DTC Certificates

The Trustee may apply to DTC in order to have any Tranche of Certificates represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual ownership interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by, or on behalf of, the relevant Dealer. Ownership of interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Certificate, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of any amount in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Certificate. In the case of any payment in a currency other than U.S. Dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. Dollars and credited to the applicable Participants' account.

The Trustee expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Trustee also expects that payments by Participants to beneficial owners of Certificates will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar, the Delegate, the Trustee or the Kingdom. Payment of Periodic Distribution Amounts and Dissolution Distribution Amounts on Certificates to DTC is the responsibility of the Trustee.

Transfers of Certificates Represented by Global Certificates

Transfers of any interests in Certificates represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Certificates represented by a Global Certificate to such persons may depend upon the ability to exchange such Certificates for Certificates in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Certificates represented by a Global Certificate accepted by DTC to pledge such Certificates to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Certificates may depend upon the ability to exchange such Certificates for Certificates in definitive form. The ability of any holder of Certificates represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Certificates may be impaired if the proposed transferee of such Certificates is not eligible to hold such Certificates through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Certificates described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (the "**Custodian**") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Certificates of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Certificates of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Trustee, the Kingdom, the Agents or the Dealers will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Trustee, the Kingdom, the Delegate, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of interests in the Certificates represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such interests.

Pre-issue Trades Settlement

It is expected that delivery of Certificates will be made against payment therefore on the relevant issue date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, if an issue date is more than two business days following the relevant date of pricing, purchasers who wish to trade Certificates in the United States between the date of pricing and the date that is two business days prior to the relevant issue date will be required, by virtue of the fact that such Certificates initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Certificates may be affected by such local settlement practices, and, if an issue date is more than two business days following the relevant date of pricing, purchasers of Certificates who wish to trade Certificates between the date of pricing and the date that is two business days prior to the relevant issue date should consult their own adviser.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere, nor does it address the considerations that are dependent on individual circumstances. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Kingdom of Bahrain Taxation

As at the date of this Base Prospectus, there are no taxes payable with respect to income, withholding or capital gains under existing Bahraini laws. Corporate income tax is only levied on oil, gas and petroleum companies at a flat rate of 46%. This tax is applicable to any oil company conducting business activity of any kind in Bahrain, including oil production, refining and exploration, regardless of the company's place of incorporation.

There are no currency or exchange control restrictions currently in force under Bahraini law and the free transfer of currency into and out of Bahrain is permitted, subject to any anti-money laundering regulations and international regulations in force from time-to-time.

Under existing Bahraini laws, payments under the Certificates will not be subject to taxation in Bahrain, no withholding will be required on such payments to any holder of Certificates and gains derived from the sale of the Certificates will not be subject to Bahraini income, withholding or capital gains tax. In the event of the imposition of any such withholding, the Trustee has undertaken to gross-up any payments subject to such withholding, as described under Condition 11.

U.S. Federal Income Taxation

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Certificates by a U.S. Holder (as defined below). This summary deals only with purchasers of Certificates that are U.S. Holders, acquire such Certificates at initial issuance at their issue price (as defined below) and will hold the Certificates as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Certificates by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Certificates through pass-through entities; (viii) investors that hold Certificates as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar; (x) accrual basis taxpayers subject to special rules for the taxable year of inclusion under Section 451(b) of the Code (as defined below); and (xi) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, or non-U.S., state or local tax considerations.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Certificates that is for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof; (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or a trust which has validly elected to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or any other entity or arrangement treated as fiscally transparent for U.S. federal income tax purposes) holds Certificates, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Certificates.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986 (the "**Code**"), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions,

all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect. No rulings have been or will be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the matters discussed below, and no assurance can be given that the views of the IRS or a court with respect to those matters will not differ from those described below.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF CERTIFICATES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.

The Trustee generally intends to treat Certificates issued under the Programme as debt, unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise.

U.S. Holders

Overview

The Trustee intends to treat the Trust as a mere agency or security device, which is disregarded for U.S. federal income tax purposes, and to treat the Certificates as debt instruments for U.S. federal income tax purposes. Under this characterisation, U.S. Holders will be subject to U.S. federal income taxation as if they owned debt instruments. Prospective purchasers of the Certificates should consult their own tax advisers about the consequences in the event the Certificates are not treated as debt obligations of the Trustee for U.S. federal income tax purposes.

Payment of Periodic Distribution Amounts

General

Under the U.S. federal income tax rules applicable to debt instruments, payments of Periodic Distribution Amounts will be treated as payments of interest for U.S. federal income tax purposes. Interest on a Certificate held by a U.S. Holder, including the payment of any additional amounts whether payable in U.S. Dollars or a currency other than U.S. Dollars ("**foreign currency**" interest on a "**Foreign Currency Certificate**"), other than interest on a "Discount Certificate" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount—General*"), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Interest paid by the Trustee on the Certificates and original issue discount ("**OID**"), if any, accrued with respect to the Certificates (as described below under "*Original Issue Discount—General*") and payments of any additional amounts generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Certificates (if applicable).

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder of the ownership of Certificates issued with OID. The following summary does not discuss Certificates that are characterised as contingent payment debt instruments for U.S. federal income tax purposes ("**CPDIs**"). If Certificates are issued that are characterised as CPDIs, supplemental U.S. federal income tax disclosure may be separately provided in a prospectus supplement or otherwise.

A Certificate, other than a Certificate with a term of one year or less (a "**Short-Term Certificate**"), will be treated as issued with OID (a "**Discount Certificate**") if the excess of the Certificate's "stated redemption price at maturity" (as defined below) over its issue price is at least a *de minimis* amount (0.25% of the Certificate's stated redemption price at maturity multiplied by the number of complete years to its maturity) (or its "weighted average maturity" in the case of a Certificate that provides for payments other than "qualified stated interest" before maturity (an "**instalment obligation**")). A Certificate's weighted average maturity is the sum of the following amounts determined for each payment on a Certificate (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Certificate's stated redemption price at maturity. Generally, the "**issue price**" of a Certificate under the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) will be the first price at which a substantial amount of such Certificates included in the issue of which the Certificate is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters,

placement agents, or wholesalers. The "**stated redemption price**" at maturity of a Certificate is the total of all payments provided by the Certificate that are not payments of "qualified stated interest". A "**qualified stated interest**" payment generally is any one of a series of stated interest payments on a Certificate that are unconditionally payable in cash or in property (other than in debt instruments of the Trustee) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*—Variable Interest Rate Certificates*"), applied to the outstanding face amount of the Certificate. Solely for the purposes of determining whether a Certificate has OID, the Trustee will be deemed to exercise any call option that has the effect of decreasing the yield on the Certificate, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Certificate. If a Certificate has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Certificate, unless the U.S. Holder makes the election described below under "*—Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Certificate's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated face amount of the Certificate.

U.S. Holders of Discount Certificates must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Certificates, regardless of their method of accounting. The amount of OID includible in income by a U.S. Holder of a Discount Certificate is the sum of the daily portions of OID with respect to the Discount Certificate for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Certificate ("**accrued OID**"). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Certificate may be of any length selected by the U.S. Holder and may vary in length over the term of the Certificates as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Certificate occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Certificate's adjusted issue price at the beginning of the accrual period and the Discount Certificate's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Certificate allocable to the accrual period. The "**adjusted issue price**" of a Discount Certificate at the beginning of any accrual period is the issue price of the Certificate increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Certificate that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Certificate for an amount less than or equal to the sum of all amounts payable on the Certificate after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*—Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Certificate immediately after its purchase over the Certificate's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Certificate after the purchase date, other than payments of qualified stated interest, over the Certificate's adjusted issue price.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Certificate using the constant yield method described above under "*—General"*, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable premium (described below under "*Original Issue Discount—Certificates Purchased at a Premium*") or acquisition premium. If a U.S. Holder makes this election for the Certificate, then, when the constant yield method is applied, the issue price of the Certificate will equal the U.S. Holder's adjusted basis immediately after its acquisition of the Certificate, the issue date of the Certificate will be the date of acquisition, and no payments on the Certificate will be treated as payments of qualified stated interest. This election generally will apply only to the Certificate with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Certificate has amortisable premium, the U.S. Holder will be deemed to have made an election to apply amortisable premium against interest for all debt instruments with amortisable premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Certificate is made with respect to a Market Discount Certificate, the electing U.S. Holder will be treated as having made the election discussed below under "*—Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held

or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Certificates

Certificates that provide for interest at variable rates ("**Variable Interest Rate Certificates**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Certificate will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Certificate by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of such total non-contingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Certificate providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Certificate), or (ii) 15% of the total non-contingent principal payments, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Certificate is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Certificate (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Certificate's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (*i.e.*, a cap) or a minimum numerical limitation (*i.e.*, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Certificate.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (*e.g.*, one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Trustee (or a related party) or that is unique to the circumstances of the Trustee (or a related party), such as dividends, interests or the value of the Trustee's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Trustee). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Certificate will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Certificate's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Certificate's term. A "**qualified inverse floating rate**" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Certificate provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Certificate's issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "**current value**" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Certificate that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Certificate which is unconditionally payable in cash or property (other than debt instruments of the Trustee) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Certificate that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Certificate is issued at a "true" discount (*i.e.*, at a price below the Certificate's stated face amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Certificate arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable

rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Certificate.

In general, any other Variable Interest Rate Certificate that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Certificate. Such a Variable Interest Rate Certificate must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Certificate with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Certificate's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Certificate is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Certificate. In the case of a Variable Interest Rate Certificate that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Certificate provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Certificate as of the Variable Interest Rate Certificate's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Certificate is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Certificate is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Certificate will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Certificate during the accrual period.

If a Variable Interest Rate Certificate, such as a Certificate the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Certificate will be treated as a CPDI. The proper U.S. federal income tax treatment of Variable Interest Rate Certificates that are treated as CPDI may be more fully described in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).

Short-Term Certificates

In general, an individual or other cash basis U.S. Holder of a Short-Term Certificate is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Certificates on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Certificate will be ordinary income to the extent of the OID accrued on a straight line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Certificates will be required to defer deductions for interest on borrowings allocable to Short-Term Certificates in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Certificate are included in the Short-Term Certificate's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Certificate as if the Short-Term Certificate had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Certificate. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Certificate, other than a Short-Term Certificate, that is not acquired at its original issue generally will be treated as purchased at a market discount (a "**Market Discount Certificate**") if the Certificate's stated redemption price at maturity or, in the case of a Discount Certificate, the Certificate's revised issue price, exceeds the amount for which the U.S. Holder purchased the Certificate by at least 0.25% of the Certificate's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Certificate's maturity (or, in the case of an instalment obligation, the Certificate's weighted average maturity). If this excess is not sufficient to cause the Certificate to be a Market Discount Certificate, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Certificate generally equals its issue price, increased by the amount of any OID that has accrued on the Certificate and decreased by the amount of any payments previously made on the Certificate that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Certificate (including any payment on a Certificate that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Certificate. Alternatively, a U.S. Holder of a Market Discount Certificate may elect to include market discount in income currently over the life of the Certificate. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Certificate that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Certificate that is in excess of the interest and OID on the Certificate includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Certificate was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This election applies only to the Market Discount Certificate with respect to which it is made and is irrevocable.

Certificates Purchased at a Premium

A U.S. Holder that purchases a Certificate for an amount in excess of its face amount, or for a Discount Certificate, its stated redemption price at maturity, may elect to treat the excess as "amortisable premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Certificate will be reduced by the amount of amortisable premium allocable (based on the Certificate's yield to maturity) to that year. Any election to amortise premium shall apply to all securities (other than securities the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount—Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take premium (other than acquisition premium) into account currently will recognise a capital loss when the Certificate matures.

Sale or Other Disposition of Certificates

A U.S. Holder's tax basis in a Certificate generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Certificate and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Certificate, and reduced by (i) the amount of any payments other than qualified stated interest payments, and (ii) the amount of any amortisable premium or acquisition premium applied to reduce interest on the Certificate.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Certificate equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Certificate. Except to the extent described above under "*Original Issue Discount—Market Discount*" or "*Original Issue Discount—Short-Term Certificates*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Certificate will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain are currently lower than the maximum marginal rates applicable to ordinary income if the Certificates have been held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.

Potential Alternative Characterisation of the Certificates

The Trustee generally intends to treat Certificates issued under the Programme as debt, unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise. However, the IRS may seek to characterise these Certificates as interests in a grantor trust for U.S. federal income tax purposes. Under this characterisation, while the taxation of the income, gain or loss attributable to the Certificates would be essentially the same as the consequences described above under "*Sale or Other Disposition of Certificates"* and "*Payment of Periodic Distribution Amounts*", the Trustee and U.S. Holders would be subject to certain information reporting applicable to foreign trusts. U.S. Holders that fail to comply with these information reporting requirements in a timely manner could be subject to significant penalties, including a penalty of up to 35% of the amount paid for a Certificate and 35% of distributions received from the Trustee. Moreover, a U.S. Holder that fails to file the appropriate information return within 90 days after the date on which the IRS mails notice of such failure to the holder may be liable for a penalty (in addition to the penalty described in the preceding sentence) of U.S.$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. A U.S. Holder could also be liable for penalties equal to 5% of the gross value of the portion of the trust owned by a U.S. Holder at the close of the year, if the Trustee failed to file a U.S. annual information return and provide each U.S. Holder with a foreign grantor trust owner statement. Similar penalties would be applicable to the Trustee for failure to comply. The Trustee does not expect that it will provide information that would allow either itself or U.S. Holders to comply with foreign trust reporting obligations if they were determined to be applicable. Alternatively, it is possible the IRS could seek to characterise an interest in a Certificate as a direct interest in two separate instruments for U.S. federal income tax purposes, in which case the amount and timing of U.S. taxable income derived from the Certificates could differ from that described above, but the foreign trust reporting rules (and penalties) would not apply. U.S. Holders should consult their own tax advisers as to the potential alternative characterisation of the Certificates under U.S. federal income tax rules and the potential application of the foreign trust reporting rules and the tax consequences generally with respect to an investment in the Certificates.

Foreign Currency Certificates

Interest and OID

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Certificate in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognise, as ordinary income or loss, foreign currency exchange gain or loss with respect to accrued interest income on the date the interest is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income for the relevant accrual period and the spot rate of exchange on the date such interest is actually or constructively received.

OID for each accrual period on a Discount Certificate that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Certificate), a U.S. Holder may recognise foreign exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Market Discount

Market discount on a Certificate that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. Dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the

same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Certificate, the U.S. Dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Premium

Premium (including acquisition premium) on a Certificate that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Certificates were acquired by the U.S. Holder. A U.S. Holder that does not elect to take premium (other than acquisition premium) into account will recognise a capital loss when the Certificate matures.

Sale or Other Disposition of Certificates

A U.S. Holder's tax basis in a Foreign Currency Certificate will be determined by reference to the U.S. Dollar cost of the Certificate. The U.S. Dollar cost of a Certificate purchased with foreign currency generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Certificates traded on an established securities market, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Certificate equal to the difference between the amount realised on the sale or other disposition and its tax basis in the Certificate. The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or other disposition or, in the case of Certificates traded on an established securities market, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Foreign Currency Certificate equal to the difference, if any, between the U.S. Dollar values of the U.S. Holder's purchase price for the Certificate (or, if less, the face amount of the Certificate) (i) on the date of sale or other disposition, or, in the case of Certificates traded on an established securities market sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale and (ii) the date on which the U.S. Holder acquired the Certificate. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

Foreign Tax Credit Considerations

If Bahraini taxes were to be imposed on payments with respect to the Certificates, see "*—Kingdom of Bahrain*", subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a credit against its U.S. federal income tax liability for any such Bahraini taxes. A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such Bahraini taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisers regarding the application of such rules and the creditability or deductibility of any Bahraini taxes.

Backup Withholding and Information Reporting

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, Certificates, payable to a U.S. Holder by a U.S. or certain U.S.-related paying agents or intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments (including payments of OID) if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to

a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. Holders (including, among others, corporations) are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, if the Certificates are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Certificates as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Certificates, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Certificates.

Specified Foreign Financial Assets

Certain United States persons that own "specified foreign financial assets," including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year, or certain other requirements are met. The Certificates may be treated as specified foreign financial assets, and U.S. Holders may be subject to this information reporting regime. Significant penalties and an extended statute of limitations may apply to a U.S. Holder that fails to file information reports. U.S. Holders should consult their own tax advisers regarding these potential information reporting obligations.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) № 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement (the "**Programme Agreement**") dated 2 February 2024, agreed with the Trustee and the Kingdom the basis upon which they or any of them may from time-to-time agree to purchase Certificates.

In accordance with the terms of the Programme Agreement, each of the Trustee and the Kingdom has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Transfer Restrictions

As a result of the following restrictions, purchasers of Certificates in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Certificates

Each purchaser of Certificates (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing the Certificates for its own account or for the account of one or more QIBs and it is aware, and any person on whose account it is acting has been advised, that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States;

(b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Certificates;

(c) that the Certificates are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Certificates have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities law;

(d) that, unless it holds an interest in a Regulation S Global Certificate and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Certificates or any interests in the Certificates, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Trustee or an affiliate of the Trustee was the owner of such Certificates, only (i) to the Trustee or any affiliate thereof, (ii) inside the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in offshore transactions in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(e) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Certificates from it of the resale and transfer restrictions referred to in paragraph (d) above, if then applicable;

(f) that Certificates initially offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Certificates and that Certificates offered and sold outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Certificates;

(g) it understands that before any interest in Certificates represented by a Rule 144A Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate, it will be required to provide to each of the Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;

(h) that the Certificates in registered form, other than the Regulation S Global Certificates, will bear a legend to the following effect, unless otherwise agreed to by the Trustee.

"THE CERTIFICATES REPRESENTED BY THIS GLOBAL CERTIFICATE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE CERTIFICATES REPRESENTED BY THIS GLOBAL CERTIFICATE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (QIB) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS; AND (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE TRUSTEE OR AN AFFILIATE OF THE TRUSTEE WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE TRUSTEE OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (2), A TRANSFEROR OF THE CERTIFICATES WILL BE REQUIRED (A) TO EXECUTE AND DELIVER TO THE TRUSTEE AND THE REGISTRAR AND THE TRANSFER AGENT A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR AND THE TRANSFER AGENT) AND (B) TO EXCHANGE THE PORTION OF THIS GLOBAL CERTIFICATE TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A CERTIFICATE OR A DEFINITIVE CERTIFICATE TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE CERTIFICATES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS CERTIFICATE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT.";

(i) if it is outside the United States, that if it should resell or otherwise transfer the Certificates, it shall do so in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Trustee:

"THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."; and

(j) that the Trustee, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Trustee and the Managers or, as the case may be, the relevant Dealer; and if it is acquiring any Certificates as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Certificates in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) face amount and no Legended Certificate will be issued in connection with such a sale in a smaller face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or its foreign currency equivalent) of Certificates.

Selling Restrictions

United States

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Until 40 days after the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, an offer, delivery or sale of Certificates within the United States or to, or for the account or benefit of, U.S. persons by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the resale of Certificates to QIBs pursuant to Rule 144A and each such purchaser of Certificates is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

This Base Prospectus has been prepared by the Trustee and the Kingdom for use in connection with the offer and sale of the Certificates outside the United States and for the resale of the Certificates in the United States to QIBs in accordance with Rule 144A. The Trustee, the Kingdom and the Dealers reserve the right to reject any offer to purchase the Certificates, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

Public Offer Selling Restriction under the Prospectus Regulation

In relation to each Member State of the European Economic Area (each, a "**Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) in relation thereto to the public in that Member State, except that it may make an offer of such Certificates to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Kingdom for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (a) to (c) above shall require the Trustee, the Kingdom or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression: (i) an "**offer of Certificates to the public**" in relation to any Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of

the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates; and (ii) "**Prospectus Regulation**" means Regulation (EU) № 2017/1129.

United Kingdom

Public Offer Selling Restriction under the UK Prospectus Regulation

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) in relation thereto to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Kingdom for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Certificates referred to in (a) to (c) above shall require the Trustee, the Kingdom or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression: (i) "**an offer of Certificates to the public**" in relation to any Certificates means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates; and (ii) "**UK Prospectus Regulation**" means Regulation (EU) № 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee and/or the Kingdom; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except that the Certificates may be marketed on a private placement basis, to persons in Bahrain who are "accredited investors" for an offer outside Bahrain.

For this purpose, an "**accredited investor**" means:

(a) an individual who has a minimum net worth (either singly or jointly with their spouse) of U.S.$1 million, excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1 million;

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund); or

(d) any other entity which is an "accredited investor" as defined in the Central Bank of Bahrain Rulebook.

United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Abu Dhabi Global Market

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Abu Dhabi Global Market unless such offer is:

(a) an "Exempt Offer" in accordance with the Market Rules Module of the Financial Services Regulatory Authority (the FSRA) Rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business Module of the FSRA Rulebook.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") Rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority (the "**Capital Market Authority**") resolution number 3-123-2017 dated 27 December 2017, as amended by its resolution number 8-5-2023 dated 18 January 2023 (the "**KSA Regulations**"), made through a capital market institution by the Capital Market Authority, in each case, in accordance with the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9, or as otherwise required or permitted by, the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under the KSA Regulations.

In the event that HSBC Bank plc is appointed as a Dealer in connection with any issuance of Certificates pursuant to the Programme Agreement, HSBC Saudi Arabia, which is a Capital Market Institution licensed by the Capital Market Authority, will be the relevant legal entity for all regulated activities in the Kingdom of Saudi Arabia relating to such issuance of Certificates, including offering and related applications to the Capital Market Authority.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law № 31 of 1990 and the implementing regulations thereto, as amended, and Law № 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Certificates is being made in the State of Kuwait, and no agreement relating to the sale of the Certificates will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Certificates in the State of Kuwait.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan Act № 25 of 1948, as amended (the "**FIEA**"), and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Certificates, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act № 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Unless the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) in respect of any Certificates specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFAx) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) in respect of any Certificates specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement) all Certificates issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time-to-time.
Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase any Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of any Certificates as aforesaid without the necessary approvals being in place.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Kingdom and any of the other Dealers shall have any responsibility therefor.

None of the Trustee, the Kingdom and the Dealers represents and agrees that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in, and form part of, this Base Prospectus:

(a) the Terms and Conditions of the Certificates contained in the Base Prospectus dated 23 September 2019 (the "**2019 Base Prospectus**"), pages 29 to 60 (inclusive), prepared by the Trustee and the Kingdom in connection with the Programme (available at https://www.ise.ie/debt_documents/Base%20Prospectus_f7acb407-e9ee-46c0-b7ee-55f807e61f6c.PDF);

(b) the Terms and Conditions of the Certificates contained in the Base Prospectus dated 1 March 2021 (the "**March 2021 Base Prospectus**"), pages 118 to 153 (inclusive), prepared by the Trustee and the Kingdom in connection with the Programme (available at http://www.rns-pdf.londonstockexchange.com/rns/1517S_1-2021-3-12.pdf);

(c) the Terms and Conditions of the Certificates contained in the Base Prospectus dated 26 August 2021 (the "**August 2021 Base Prospectus**"), pages 134 to 171 (inclusive), prepared by the Trustee and the Kingdom in connection with the Programme (available at https://www.rns-pdf.londonstockexchange.com/rns/2969K_1-2021-8-31.pdf); and

(d) the Terms and Conditions of the Certificates contained in the Base Prospectus dated 10 October 2022 (the "**2022 Base Prospectus**"), pages 134 to 171 (inclusive), prepared by the Trustee and the Kingdom in connection with the Programme (available at: https://www.rns-pdf.londonstockexchange.com/rns/9948C_2-2022-10-14.pdf).

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

Following the publication of this Base Prospectus, a supplement may be prepared by the Trustee and the Kingdom and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by Law № (21) of 2017 on the amendment of the provisions of Law Decree № (15) of 1977 on the issuance of development bonds. The update of the Programme and the issuance of Certificates thereunder is duly authorised by the Decree Law № (13) of 2023 on the amendment of provisions of Law Decree № 15 of 1977 on the issuance of development bonds.

The issue of the Certificates and the entry into the Transaction Documents have been duly authorised by a resolution of the directors of the Trustee dated 1 February 2024. The Trustee has obtained all necessary consents, approvals and authorisations in Bahrain in connection with the issue and performance of the Certificates and the execution and performance of the Transaction Documents.

Listing of Certificates

It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on the London Stock Exchange's main market will be admitted separately as and when issued, subject only to the issue of one or more Global Certificates initially representing the Certificates of such Tranche. Application has been made to the FCA for Certificates issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the London Stock Exchange's main market. The listing of the Programme in respect of Certificates is expected to be granted on or about 7 February 2024.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection in physical form from the business address set out herein of the Trustee and during normal business hours from the specified office of the Principal Paying Agent for the time being in London:

(a) the Transaction Documents;

(b) the constitutional documents of the Trustee;

(c) a copy of this Base Prospectus; and

(d) any supplements to this Base Prospectus and Final Terms and Pricing Supplements (in the case of Exempt Certificates) (save that Pricing Supplements will only be available for inspection by a holder of such Certificate and such Certificateholder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of Certificates and identity).

For the period of 12 months following the date of this Base Prospectus, the following documents will be available by electronic means on the internet site: www.mofne.gov.bh (i) the consolidated final accounts of the Government for the years ended 31 December 2018, 2019, 2020, 2021 and 2022; (ii) the latest budget for the current fiscal year; (iii) the Master Trust Deed; and (iv) the Articles of Association. The consolidated final accounts of the Government for the years ended 31 December 2018, 2019, 2020, 2021 and 2022 have been audited by the National Audit Office and were approved by the legislative assembly in accordance with Clause 113 of the Constitution. The internet site www.mofne.gov.bh does not form part of this Base Prospectus, and is expressly not incorporated into, and has not been scrutinised or approved by the FCA.

This Base Prospectus has been published and will be electronically available on the website of the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html.

Since the date of its incorporation, no financial statements of the Trustee have been prepared or published. The fiscal year of the Trustee ends on 31 December of each year. The Trustee is not required by Bahraini law, and does not intend, to prepare, file, publish or audit annual accounts. The Trustee will not prepare any interim accounts.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). In addition, the Trustee may make an application for any Certificates to

be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Certificates, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement). If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms (or, in the case of Exempt Certificates, the applicable Pricing Supplement).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041.

Conditions for determining price

The price and amount of Certificates to be issued under the Programme will be determined by the Trustee and each relevant Dealer at the time of issue, in accordance with prevailing market conditions.

Significant Change

Other than the issuance of Certificates under the Programme and the previous issuance of trust certificates (which have since been repaid in full), as described in "*Description of the Trustee*", there has been no significant change in the financial position or financial performance of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since its incorporation.

There has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources, income and expenditure figures of the Kingdom since 30 September 2023.

Litigation

The Trustee is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have had in such period, a significant effect on the financial position of the Trustee.

The Kingdom has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Kingdom is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have had in such period a significant effect on the financial position of the Kingdom.

Dealers transacting with the Kingdom

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Kingdom in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Kingdom or its agencies. Certain of the Dealers or their affiliates that may, from time-to-time, have a lending relationship with the Kingdom may routinely hedge their credit exposure to the Kingdom consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Business address

The business address of the Trustee is Central Bank of Bahrain, King Faisal Highway, Diplomatic Area, Block 317, Road 1702, Building 96, Manama, Kingdom of Bahrain and its telephone number is +973 17 575 666 or +973 17 575 670.

TRUSTEE

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Kingdom of Bahrain

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