



وَزَارَةُ الْمَالِئَةِ وَالاَقْتِصَادِ الْوَطَنِئِ

Ministry of Finance and
National Economy

Bahrain Economic Quarterly Report

Q1 2026



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Overview of Bahrain's Economic Performance

Q1 2026

The national economy recorded strong performance in January and February 2026, before it was impacted in March 2026 due to the hostile Iranian aggression on the Kingdom

GDP Growth at Constant Prices

Preliminary data released by the Information & e-Government Authority

Total GDP

-3.8% ▼

Non-oil GDP

+2.2% ▲

Top Growing Economic Activities



Financial &
Insurance Activities

+8.6% ▲



Real Estate

+8.3% ▲



Professional, Scientific,
& Technical Activities

+6.8% ▲



Information &
Communication

+6.2% ▲



Public
Administration

+3.6% ▲



Construction

+1.5% ▲



Education

+1.1% ▲



Human Health &
Social Work

+1.0% ▲

Bahrain's Performance in Global Competitiveness Indicators



World
Competitiveness
Ranking 2026

1st Globally

Public-Private
Partnerships



State of the Global
Islamic Economy
Report 2025/2026

1st Globally

Islamic Finance
Governance



Chandler Good
Government
Index 2026

1st Globally

Attracting
Investments



ICT Development
Index
2026

6th Globally

Overall
Index

Note: Figures referenced are compared on a YoY basis

Special Note on the Q1 2026 Operating Environment

Since 28 February 2026, the Kingdom of Bahrain, alongside other states in the region, has been subject to a sustained hostile Iranian campaign of missile and drone attacks, marking an unprecedented security event for the region

Between 28 February and 31 March 2026

Bahrain's air defense systems intercepted and destroyed a number of Iranian missiles and drones targeting the Kingdom. The indiscriminate attacks caused damage to civilian assets, strategic infrastructure, resulting in widespread disruptions to economic activity in Q1 2026

The regional developments affected several key areas of the economy, mainly:



Air Transport

Bahrain's airspace was temporarily closed until 8 April 2026, alongside the airspace of several neighboring countries, resulting in the cancellation and diversion of flights



Maritime Traffic

Regional shipping activity and freight movement were affected by recent security developments and disruptions to navigation through the Strait of Hormuz — through which roughly 20% of global oil trade passes



Trade and Supply Chains

Disruptions to air and maritime transport delayed the movement of goods and critical industrial inputs



Operational Disruptions

Following the attacks, several major operators invoked force majeure provisions in the period, reflecting the widespread operational disruptions experienced across Bahrain's strategic industrial, energy and logistics sectors



Aluminum Bahrain (Alba) declared Force Majeure and performed a safe shut down of Reduction Lines 1–3, representing 19% of its total annual production capacity

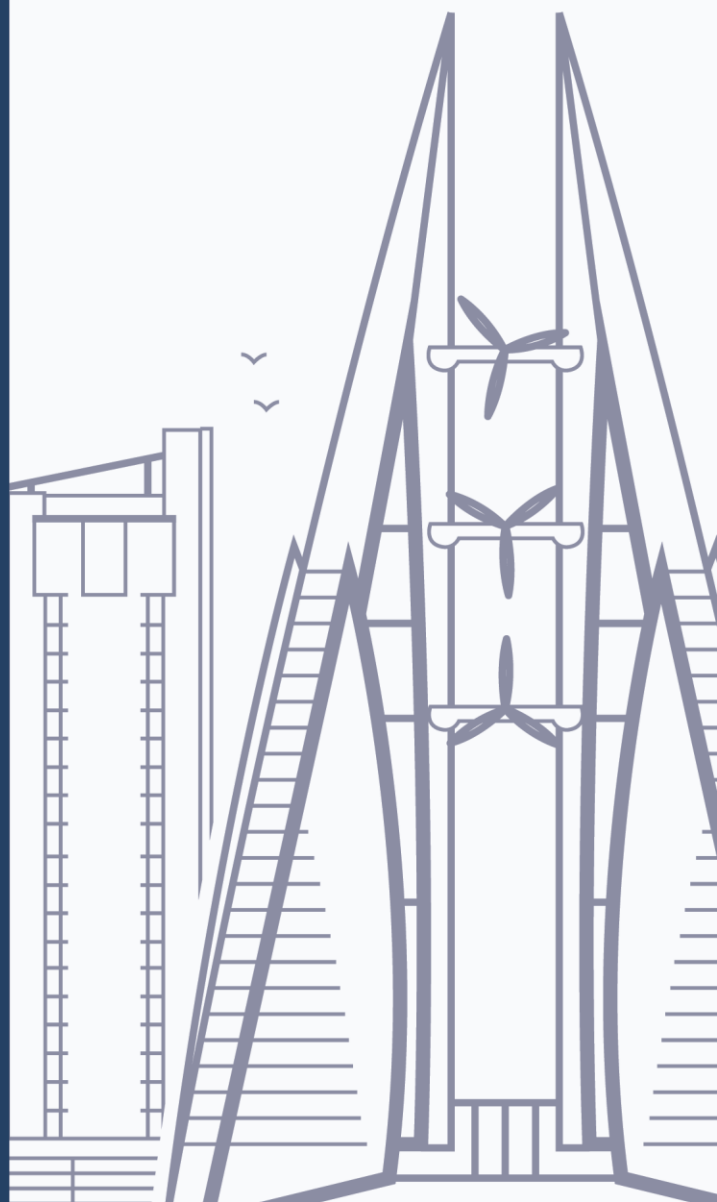


Bapco Energies, Foulath Group, and APM Terminals Bahrain were among the major companies that also declared Force Majeure

Despite these temporary disruptions, Bahrain's economy continued to demonstrate resilience, particularly across non-oil economic activities

Global and Regional Economy

- IMF projects global GDP growth to reach 3.0% in 2026, before increasing to 3.4% in 2027
- IEA projects global oil demand to decline by 1Mn barrels per day in 2026, marking the first annual decrease since 2020
- GCC economic growth is projected to slow to 1.3% in 2026 from 4.5% in 2025, before accelerating to 5.2% in 2027, supported by the recovery of oil output and continued expansion in non-oil activities



Global and Regional Economy

Global Economy

In its World Economic Outlook report, the International Monetary Fund (IMF) slightly revised its projections for global GDP growth in 2026, between April and July 2026, from 3.1% to a 3.0%, representing a downward revision of 0.1 percentage points. Global growth is then projected to increase to 3.4% in 2027, reflecting an upward revision of 0.2 percentage points from the April 2026 forecast. In its July 2026 revision of economic growth, the IMF noted that the global economy weathered the geopolitical developments better than feared, as the war's impact was partly offset by accelerated momentum in the global technology cycle driven by AI.

Separately, the International Energy Agency (IEA) indicated that recent developments in the Strait of Hormuz have significantly affected global oil supply and demand forecasts. The IEA now projects global oil demand to decline by 1 mb/d in 2026 marking the first annual decrease since 2020, while global oil supply is expected to decrease by 3.7 mb/d to 102.6 mb/d. Total Gulf oil exports rose by 6.5 mb/d in June to 16.1 mb/d, as shipping through the Strait of Hormuz began to recover; but exports are still below the 24 mb/d average preceding the regional escalations.

Consequently, volatility in the energy market is expected to contribute to tighter global monetary conditions as higher energy prices risk inflation coming above global central bank targets. The European Central Bank (ECB) was the first major central bank to raise its benchmark interest rates in June, while the Federal Reserve opted to maintain its benchmark rates.

Gulf Cooperation Council (GCC) Economic Performance

According to the World Bank's June 2026 Global Economic Prospects report, economic growth across the GCC is projected to slow from 4.5% in 2025 to 1.3% in 2026, primarily reflecting the impact of heightened geopolitical tensions in the Middle East. Growth is then projected to accelerate to 5.2% in 2027 as oil outputs recover, along with infrastructure investment, and non-oil activity steadily expands.

Kingdom of Saudi Arabia

According to data from the General Authority for Statistics, GDP at constant prices grew by 3.0% YoY in Q1 2026 driven by increases across all activities with both oil and non-oil activities expanding by 2.9%, respectively. Among the non-oil activities, Finance, Insurance and Business services recorded the highest growth rates, increasing by 5.4%. Manufacturing, excluding Petroleum refining, recorded a growth rate of 4.0%, followed by Transport, Storage and Communication activities which grew by 3.3%.

United Arab Emirates

According to figures released by the Federal Competitiveness and Statistics Centre, GDP at constant prices increased by 3.0% YoY in Q1 2026, driven by 4.8% growth in non-oil activities, while oil activities declined by 3.5%. Among non-oil activities, Financial and insurance activities recorded the highest growth rate at 17.3%, followed by Construction at 8.1%, and Human Health and Social work activities at 7.7%.

Sultanate of Oman

According to data from the National Center for Statistics and Information, GDP at constant prices grew by 2.6% YoY in Q1 2026 supported by an increase of 4.6% in oil activities and a 2.4% growth in non-oil activities. Among the non-oil activities, Financial and Insurance activities recorded the highest growth rate at 9.6%, followed by

Telecommunications and Information at 8.3%, and Electricity and Water Supply, Sewerage, Waste Management and Remediation activities at 8.0%.

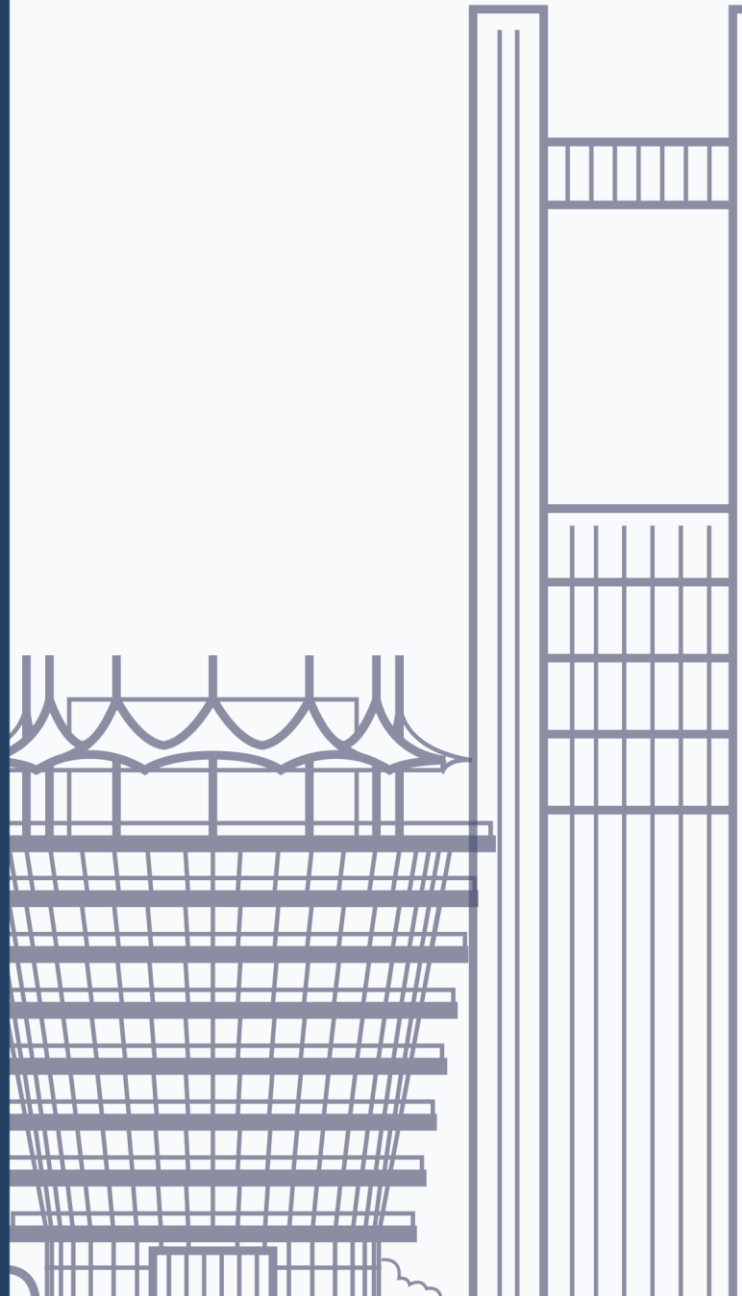
State of Kuwait

Per data from the Central Statistical Bureau, GDP at constant prices declined by 4.6% YoY in Q1 2026, driven by a 12.5% contraction in oil activities, while non-oil activities grew by 1.9%. Public Administration, Defense and Social Security recorded the highest growth rate at 4.2%.

Bahrain's Economic Performance

The national economy recorded strong performance in January and February 2026, before it was impacted in March 2026 due to the hostile Iranian aggression on the Kingdom:

- Non-oil GDP grew by 2.2% in Q1 2026
- Financial and Insurance activities, the largest contributor to GDP, recorded the highest growth rate among non-oil activities at 8.6%
- 9 out of 13 non-oil activities recorded positive growth
- The average monthly salary of Bahrainis reached an all-time high, supported by a record-high average salary in the private sector



Bahrain's Economic Performance

Gross Domestic Product (GDP)

The national economy recorded strong performance in January and February 2026, before it was impacted in March 2026 due to the hostile Iranian aggression on the Kingdom. According to preliminary National Accounts data released by the Information and eGovernment Authority, Bahrain's real GDP contracted by 3.8% YoY to BHD 3,583.2Mn in Q1 2026. Non-oil activities expanded by 2.2% to BHD 3,227.3Mn, while oil activities contracted by 37.2% to BHD 355.8Mn, primarily due to the imposed restrictions on maritime traffic through the Strait of Hormuz which affected production levels and export capacity, alongside scheduled maintenance at the Abu Sa'afa field.

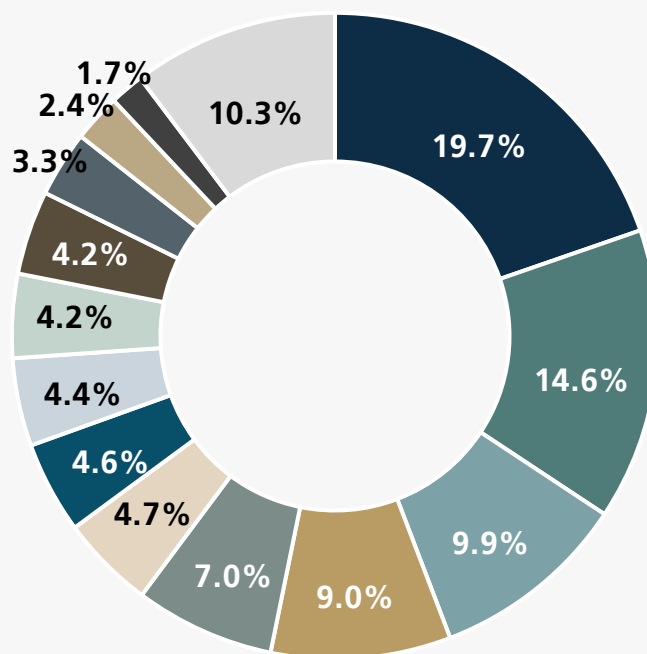
At current prices, GDP amounted to BHD 4,309.2Mn in Q1 2026, representing a 2.7% YoY decline. Non-oil activities increased by 1.9% to BHD 3,881.0Mn, while oil activities contracted by 31.1% to BHD 428.2Mn.

Non-oil Activities

Non-oil activities accounted for 90.1% of GDP at constant prices in Q1 2026. Financial and Insurance activities remained the largest contributor to GDP, accounting for 19.7%, followed by Manufacturing at 14.6%, Public Administration at 9.0%, and Construction at 7.0%. Real Estate activities contributed by 4.7%, Information and Communication by 4.6%, and Education by 4.4%. Transportation and Storage and Wholesale and Retail Trade each accounted for 4.2% of GDP, while Human Health and Social Work activities accounted for 3.3%. Professional, Scientific and Technical activities, and Accommodation and Food Services contributed 2.4%, and 1.7%, respectively.

Economic Activities Contribution to Q1 2026 GDP at Constant Prices

- Financial and Insurance Activities
- Manufacturing
- Oil Activities
- Public Administration
- Construction
- Real Estate
- Information and Communication
- Education
- Transportation and Storage
- Wholesale and Retail Trade
- Human Health and Social Work
- Professional, Scientific, and Technical
- Accommodation and Food Services
- Other Activities*

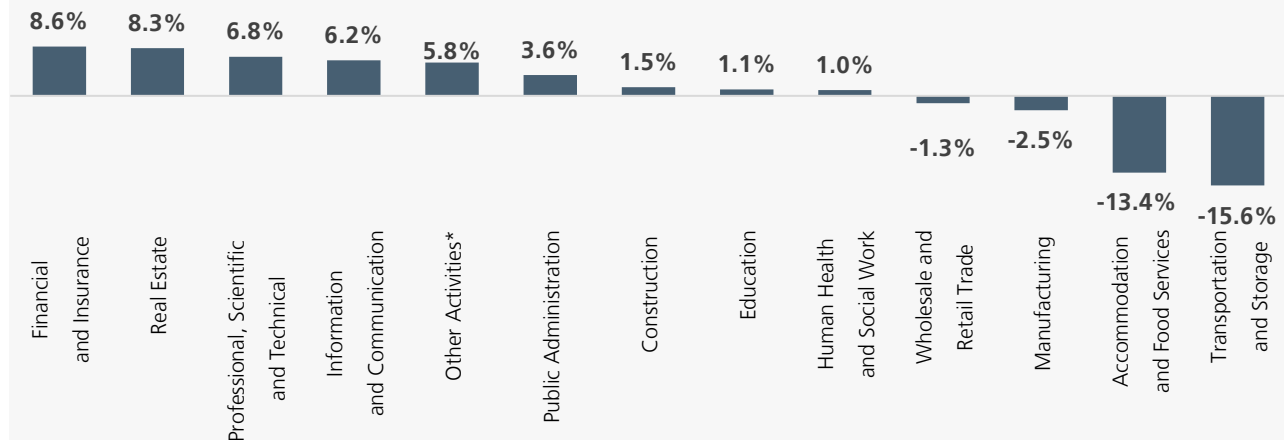


**Includes agriculture, forestry and fishing, electricity and gas supply, water supply and waste management and remediation activities, administrative and support service activities, arts, entertainment and recreation, activities of households as employers, net taxes on products, other mining and quarrying, and other service activities.*

Source: Information & eGovernment Authority

Real GDP Growth by Non-oil Economic Activity – Q1 2026

(YoY)



*Includes agriculture, forestry and fishing, electricity and gas supply, water supply and waste management and remediation activities, administrative and support service activities, arts, entertainment and recreation, activities of households as employers, net taxes on products, other mining and quarrying, and other service activities.

Source: Information & eGovernment Authority

GDP Growth Rates by Economic Activity - Constant Prices

(YoY)

Year	2025					2026
Activity	Q1	Q2	Q3	Q4	Annual	Q1
Financial and Insurance activities	7.4%	2.2%	5.0%	7.6%	5.6%	8.6%
Manufacturing	-0.4%	1.0%	3.9%	9.6%	3.7%	-2.5%
Public Administration	1.0%	1.7%	2.4%	3.8%	2.2%	3.6%
Construction	5.4%	2.7%	4.4%	7.3%	5.0%	1.5%
Real Estate	2.5%	4.7%	5.4%	4.5%	4.3%	8.3%
Information and Communication	1.4%	3.6%	2.1%	6.6%	3.4%	6.2%
Education	2.5%	2.9%	4.8%	6.0%	4.0%	1.1%
Transportation and Storage	1.9%	2.6%	4.4%	8.9%	4.7%	-15.6%
Wholesale and Retail Trade	2.0%	6.7%	3.3%	4.9%	4.2%	-1.3%
Human Health and Social Work	-1.4%	2.0%	0.6%	6.1%	1.9%	1.0%
Professional, Scientific and Technical	2.2%	12.0%	1.0%	10.2%	6.4%	6.8%
Accommodation and Food Services	10.3%	4.6%	1.5%	8.6%	6.4%	-13.4%
Other activities	-3.3%	8.6%	-2.0%	8.0%	3.1%	5.8%
GDP	2.7%	2.5%	4.0%	4.6%	3.5%	-3.8%
Non-oil GDP	2.2%	3.5%	3.1%	7.4%	4.1%	2.2%
Oil GDP	5.3%	-2.6%	9.3%	-12.3%	-0.3%	-37.2%

Oil Activities

Oil activities accounted for 9.9% of GDP at constant prices in Q1 2026, declining by 37.2% YoY to BHD 355.8Mn, while it declined by 31.1% YoY in current prices to BHD 428.2Mn. The contraction was primarily driven by lower oil production and export constraints amid imposed restrictions on maritime traffic through the Strait of Hormuz, alongside scheduled maintenance at the Abu Sa'afa field during the quarter.

Government Measures to Support Economic Stability during the Hostile Iranian Aggression

Pursuant to the directives of HRH the Crown Prince and Prime Minister, Bahrain introduced a number of economic and financial initiatives to support the private sector, preserve national employment, and enhance economic stability amid regional developments.



Enhancing Liquidity

- The Central Bank of Bahrain (CBB) and the Central Bank of the United Arab Emirates signed a five-year Currency Swap Agreement with a nominal value of BHD 2Bn to strengthen monetary and financial cooperation, and support trade and investment between the two countries.
- The CBB launched a loan deferral and liquidity support program, allowing optional deferrals of loan installments and credit card payments, for three months for domestic loans totaling BHD 11.3Bn, alongside measures to enhance banking sector liquidity through providing retail banks unlimited Bahraini dinar liquidity for six months, valued at BHD 7Bn, against eligible collateral.



Preserving National Employment

- Cabinet approved an exceptional wage support initiative covering the salaries of all Bahraini that are insured by the Social Insurance Organization in the private sector, for the month of April 2026 from the Unemployment Insurance Fund.

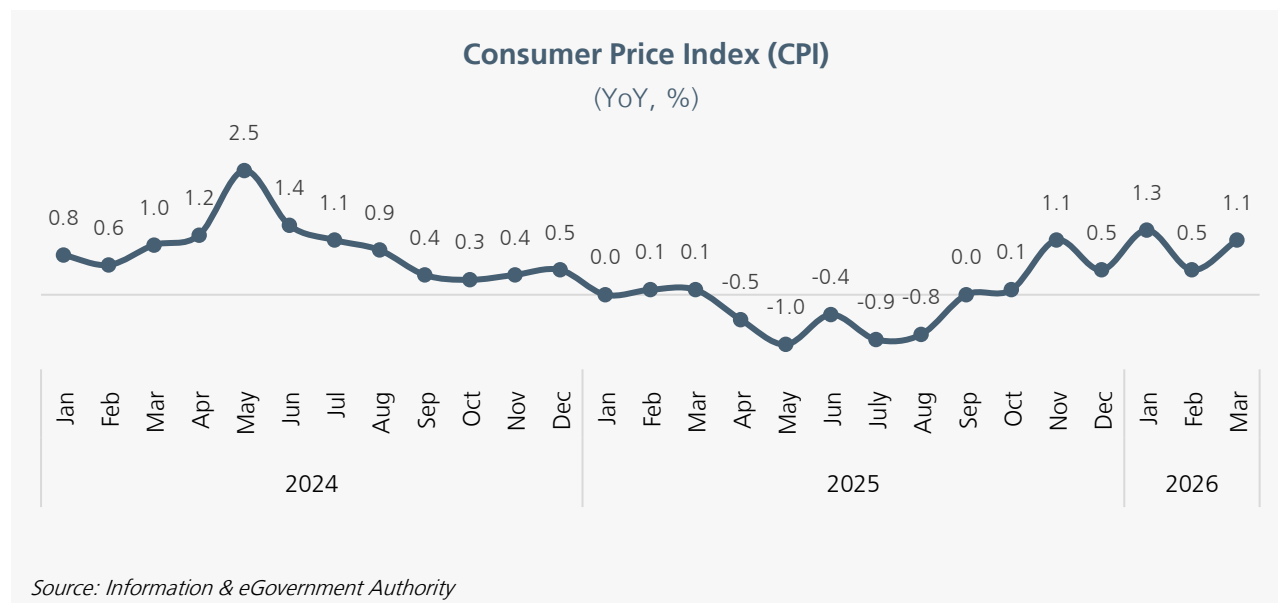


Support Business Continuity

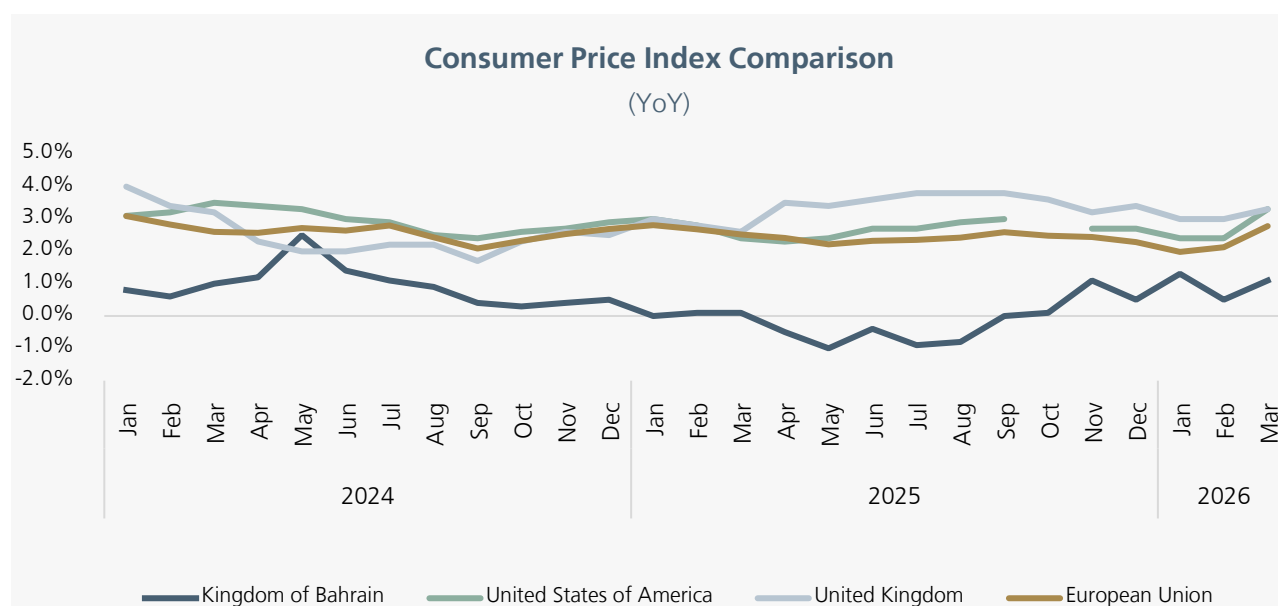
- The Labor Fund (Tamkeen) launched a three-track grant and financing support package open to more than 7,250 Bahraini enterprises affected by heinous Iranian attacks.
- Bahrain Tourism and Exhibitions Authority provided an optional deferral of tourism fees due for Q1 2026 for tourism establishments, including hotels, hotel apartments, furnished apartments, and tourism restaurants.

Consumer Price Index (CPI)

According to data released by the Information and eGovernment Authority, Bahrain's headline CPI increased by 1.0% YoY in Q1 2026.

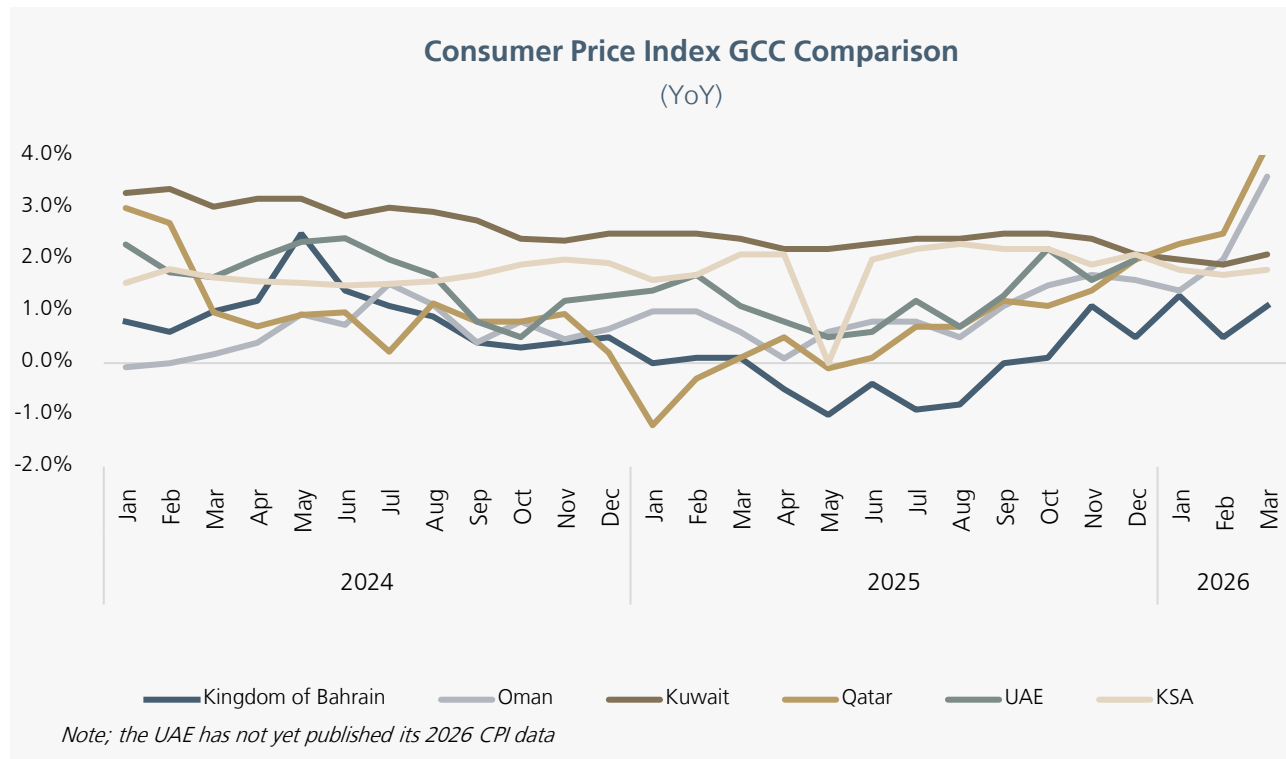


Inflation across major economies remained relatively moderate in Q1 2026, with inflation reaching 3.1% YoY in the United Kingdom, 2.7% YoY in the United States, and 2.3% YoY in the European Union.



Note: The US BLS canceled the October 2025 CPI report due to an extended government shutdown

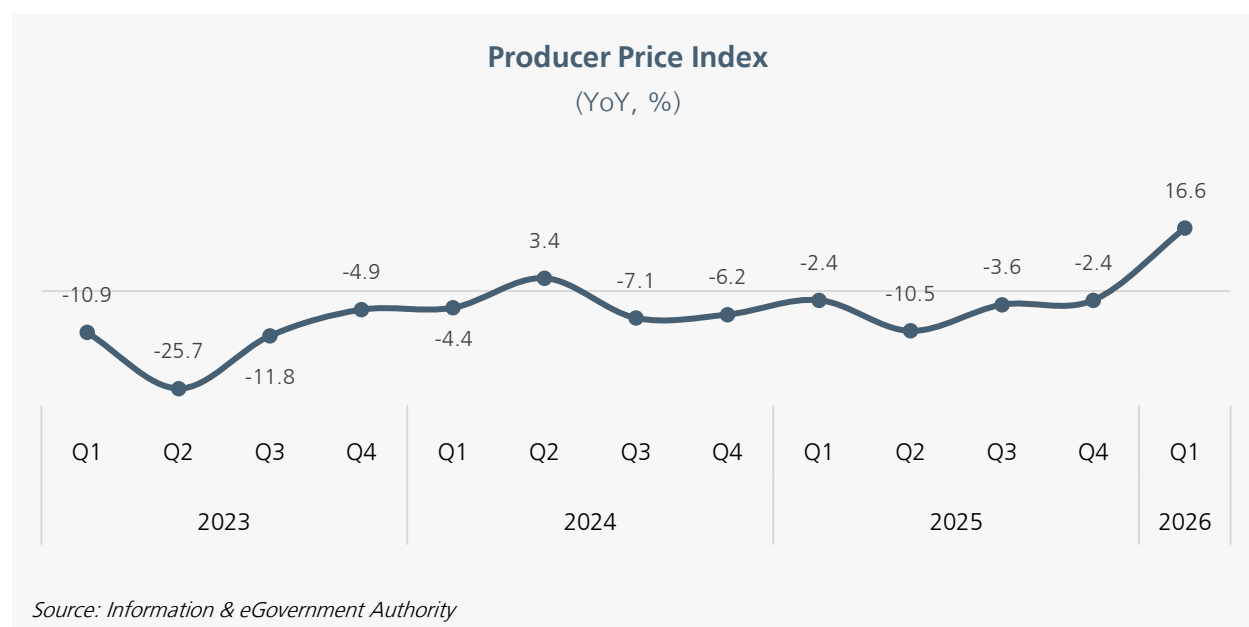
Similarly, inflation across the GCC remained relatively stable in Q1 2026, reflecting moderate price pressures across the region. Inflation stood at 1.8% in Saudi Arabia, 2.0% in Kuwait, and 2.3% in Oman, while Qatar recorded the highest rate in the GCC at 3.0%.



Producer Price Index (PPI)

According to provisional data released by the Information & eGovernment Authority, Bahrain's Producer Price Index (PPI) increased by 16.6% in Q1 2026 YoY. This increase was mainly attributed to shipping disruptions in the Strait of Hormuz in March 2026, which affected supply chains and market prices.

Data has also indicated an increase across several main activities. Prices for Mining and Quarrying activities increased by 11.2% YoY, reflecting higher global crude oil prices in Q1 2026 compared to Q1 2025. Manufacturing activities also recorded an 18.7% YoY increase, driven by increases in prices of key sub-components, including a 40.7% rise in the manufacturing of basic chemicals, fertilizers and nitrogen compounds, and plastics, a 24.2% increase in the manufacturing of coke and refined petroleum products, and a 28.2% increase in the manufacturing of chemicals and chemical products.



Development Projects

The Kingdom of Bahrain announced a series of strategic projects and partnerships during Q1 2026, reflecting sustained economic momentum and an accelerating pace of investment and development. These projects cover new investment sectors, expansion into global industrial markets, and enhanced air connectivity.

Financial Services Sector

The financial services sector recorded significant developments during Q1 2026, supported by initiatives to enhance regional monetary integration and broaden investment horizons in promising sectors.

Bahrain Mumtalakat Holding Company (Mumtalakat), the sovereign wealth fund of the Kingdom of Bahrain, announced a strategic partnership with the French investment company TRAIL at the "Choose France" Summit. Under the agreement, Mumtalakat will become an investor in the SLAM Fund, the first private equity fund dedicated to sport, luxury, arts and music sectors, and TRAIL will open a regional office in Manama to serve as its GCC hub, supporting the growth and development of the fund's portfolio companies, enabling regional capital raising, and reinforcing Bahrain's position as a regional hub for investment.

Manufacturing Sector

Bahrain's manufacturing sector continued to strengthen its global presence. On the sidelines of the "Choose France" Summit, Aluminium Bahrain (Alba), the world's largest single-site Aluminium smelter, announced its acquisition of Aluminium Dunkerque, the European Union's largest Aluminium smelter, in a USD 2.2Bn transaction with American Industrial Partners and Bpifrance. The smelter has an annual production capacity of approximately 300,000 tonnes, while Bpifrance will invest EUR 100Mn for a 6% minority stake in the company.

Infrastructure Sector

The infrastructure sector witnessed continued progress in strategic road development projects, with the inauguration of the first phase of the Isa Town Northern Junction Development in July 2026. The 840-metre overpass comprises three lanes in each direction along Sh. Salman Highway and is expected to reduce average travel time by 72%, improve traffic flow, and enhance connectivity between key areas. Upon completion, the project is expected to increase the junction's capacity to more than 22,000 vehicles per day.

In addition, the Ministry of Works announced the tendering of the King Faisal Highway Upgrade Project, a 4.1-kilometre project extending from Al Farooq Interchange to Al Fateh Interchange. The project aims to enhance traffic flow through widening and the construction of multi-level interchanges at key junctions, increasing road capacity and reducing congestion.

Tourism Sector

The tourism sector witnessed the launch of projects aimed at developing hotel capacity including the inauguration of the Pearlhouse Bahrain in March 2026. The facility is located on the Manama waterfront and comprises 83 rooms.

Transportation and Logistics Sector

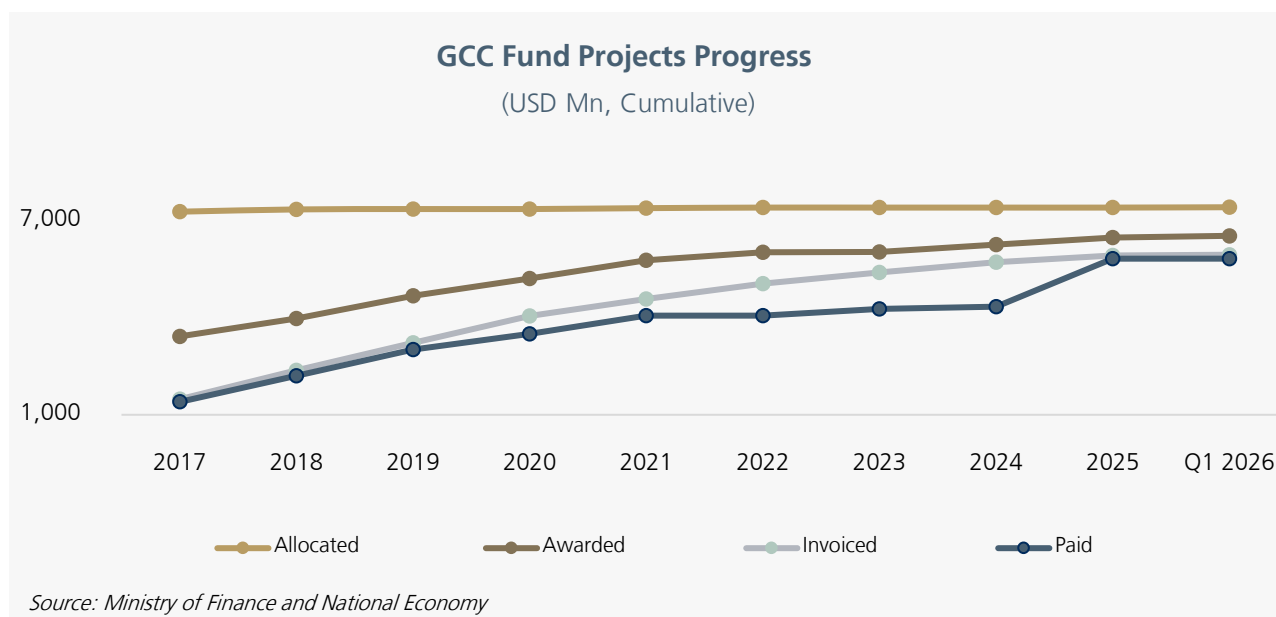
The transportation and logistics sector continued to strengthen strategic partnerships that reinforce Bahrain's position as a regional aviation hub. Gulf Air announced a strategic partnership with BeOnd in May 2026, the world's first all-premium leisure airline, to expand premium travel offerings through the Kingdom. The strategic partnership agreement has been signed, with operations scheduled to begin in December 2026.

Housing Sector

The housing sector continued to advance projects under the Government Land Development Rights Program (GLDP) in partnership with the private sector. During Q1 2026, the foundation stone was laid for a housing project in Madinat Salman, in partnership with the Ministry of Housing and Urban Planning, Naseej B.S.C. and Almoayyed Contracting Group. In addition, foundation works commenced for two housing projects, in partnership with Delmon Gate and Bahrain First Real Estate Development Company, as part of a broader plan to develop housing units in Madinat Salman. These projects support efforts to accelerate housing delivery and expand supply through public-private partnerships (PPP), in line with the national target of 50,000 housing units.

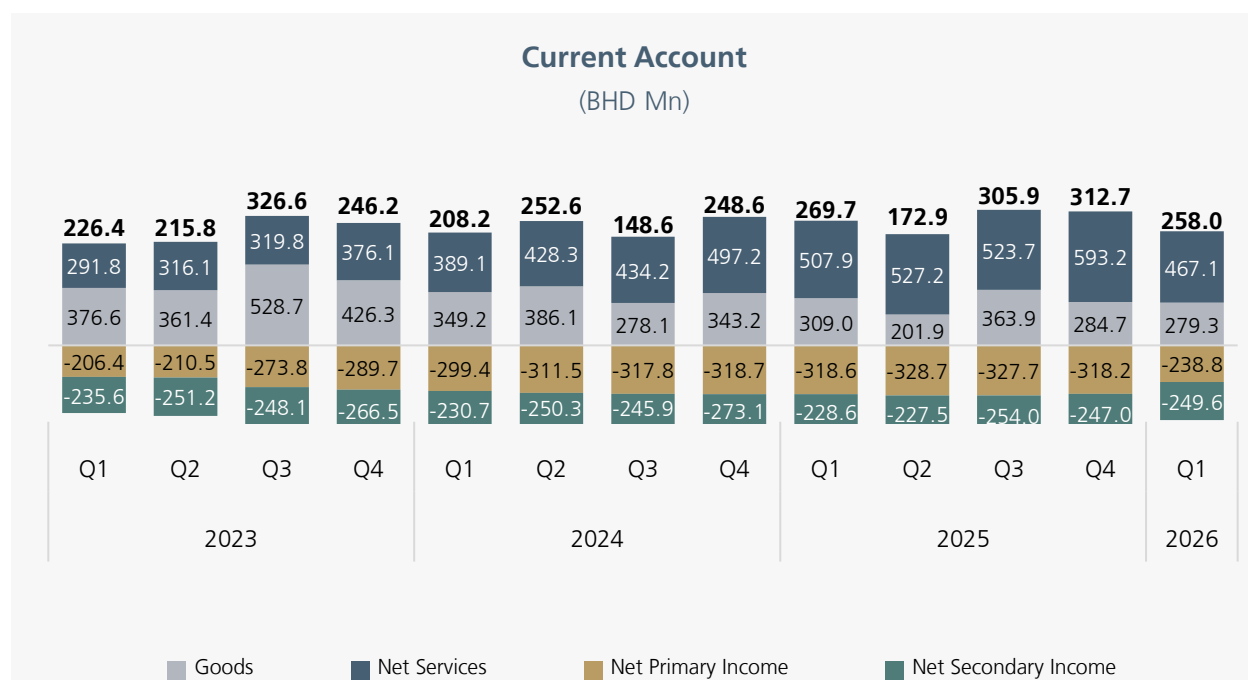
GCC Development Fund Projects

Progress was made on major development projects funded by the GCC Development Fund during Q1 2026. More than USD 95Mn worth of projects were awarded during the quarter, bringing the total value of awarded projects to approximately USD 6.6Bn, marking a 2.9% increase compared to Q1 2025. Among the key projects is the fourth bridge linking Muharraq Island and Manama. The project aims to improve traffic flow through a multi-lane bridge linking Al Sayah with Bahrain Harbour.



Current Account

According to preliminary balance of payments data released by the Central Bank of Bahrain, the current account recorded a surplus of BHD 258.0Mn in Q1 2026, representing a decrease of 4.3% compared to the BHD 269.7Mn surplus recorded in Q1 2025. The current account surplus accounted for 6.0% of nominal GDP during Q1 2026.



Source: Central Bank of Bahrain

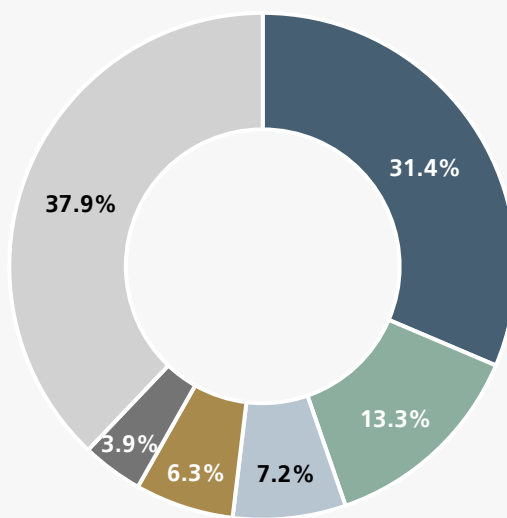
The total value of exports decreased by 13.0% YoY in Q1 2026, reaching BHD 2,004.0Mn, reflecting the impact of imposed restrictions through the Strait of Hormuz. The decline was driven by a decrease in both non-oil and oil exports, with the value of non-oil exports declining by 11.7% YoY to BHD 1,077.2Mn, while oil exports decreased by 14.5% YoY to BHD 926.8Mn.

According to the Foreign Trade Statistics released by the Information and e-Government Authority, Bahrain's non-oil exports of national origin reached approximately BHD 912.5Mn in Q1 2026, recording a decline of 10.3%, due to the imposed closure of the Strait of Hormuz. Meanwhile, the value of re-exports reached approximately BHD 164.7Mn, recording a decline of 19.0% compared with Q1 2025.

In terms of exported commodities, base metals and basic metal products remained the largest category of national origin exports from the Kingdom in Q1 2026, accounting for 61.1% of the total national origin exports. Mineral products ranked second at 14.2%, followed by chemical products at 5.9%.

The Kingdom of Saudi Arabia remained the leading destination for Bahrain's national origin exports, importing 31.4% of total national origin exports. The United Arab Emirates ranked second with 13.3%, followed by the United States of America at 7.2%, and the Republic of India at 6.3%, while Greece ranked fifth with 3.9%.

Top Non-oil Export Partners (National Origin)

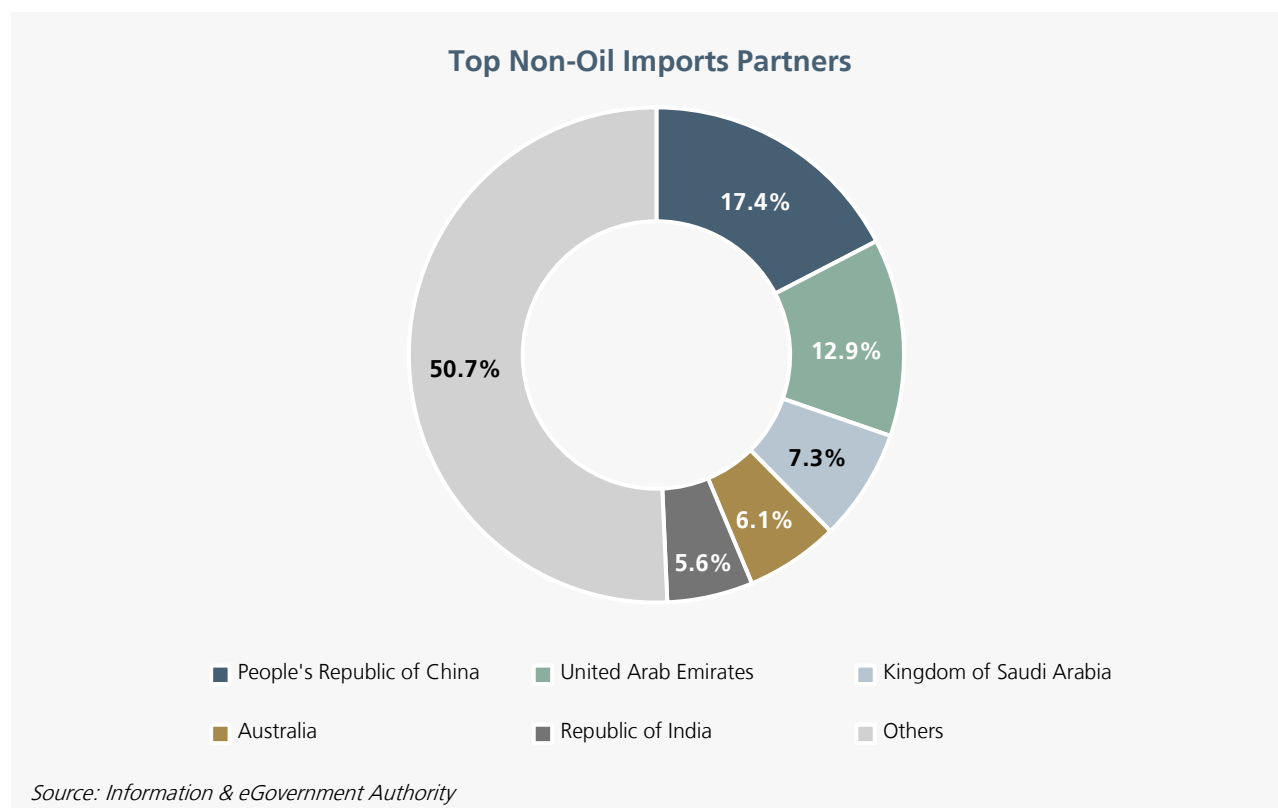


■ Kingdom of Saudi Arabia	■ United Arab Emirates	■ United States of America
■ Republic of India	■ Greece	■ Others

Source: Information & eGovernment Authority

As for imports, total non-oil imports decreased by 16.7% YoY in Q1 2026, reaching BHD 1,272.0Mn. Mechanical and electrical equipment constituted the largest import category, accounting for 20.4% of total imports, followed by chemical products at 13.3%, while Transportation Vehicles and Equipment and, base metals and basic metal products accounted for 9.4%.

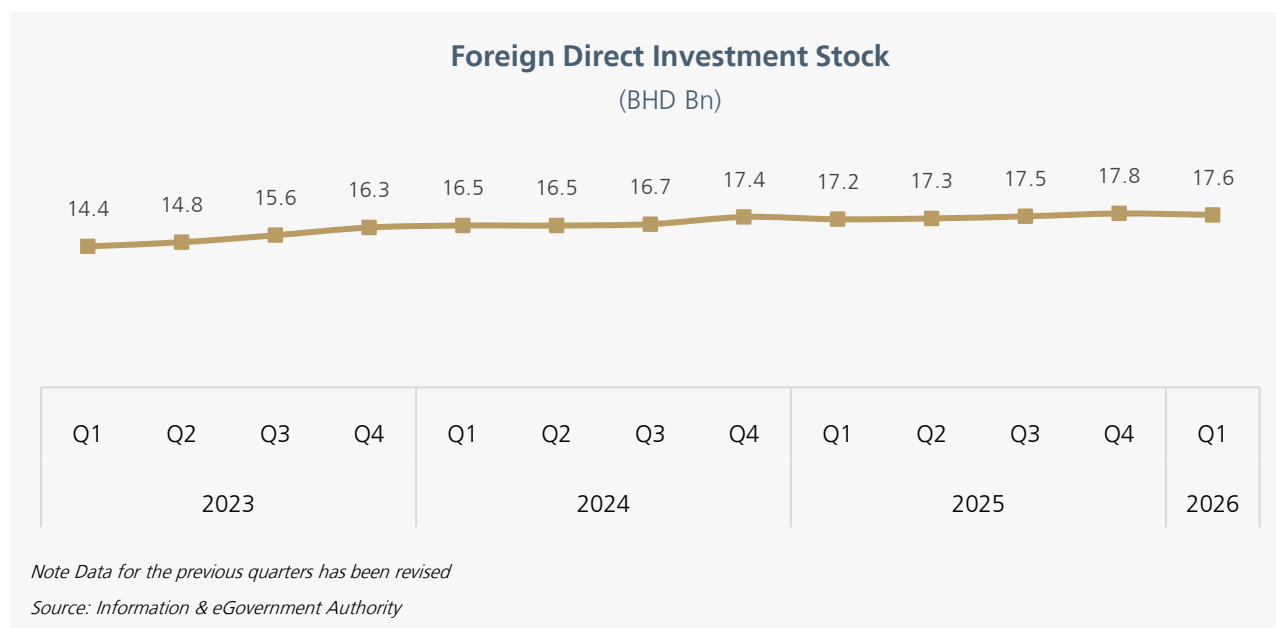
Among Bahrain's non-oil import trading partners, the People's Republic of China ranked first as the largest source of imports to the Kingdom of Bahrain, accounting for 17.4% of total imports, followed by the United Arab Emirates at 12.9%, and the Kingdom of Saudi Arabia at 7.3%. Australia ranked next at 6.1%, followed by the Republic of India at 5.6% of total imports.



Among the other current account components, the net value of service exports declined by 8.0% YoY to BHD 467.1Mn in Q1 2026. Similarly, the net value of primary income decreased by 25.0% YoY to BHD 238.8Mn. Meanwhile, workers' remittances increased by 9.2% YoY to BHD 249.6Mn during the same period.

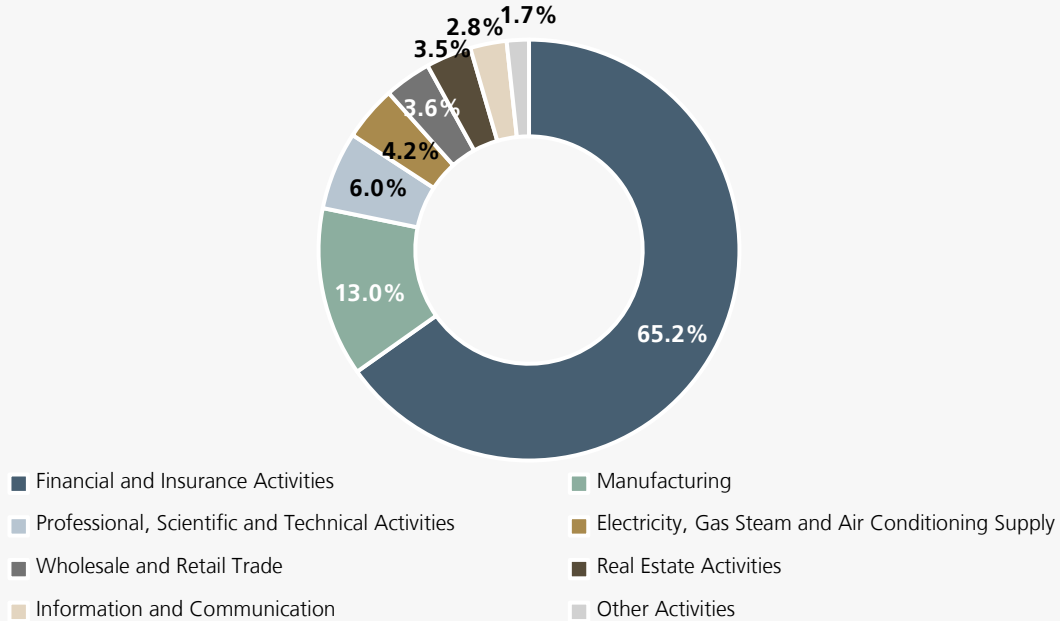
Foreign Direct Investment (FDI)

According to the preliminary results of the FDI survey conducted by the Information and eGovernment Authority in collaboration with the Central Bank of Bahrain, inward foreign direct investment stock into the Kingdom of Bahrain reached BHD 17.6Bn — an increase of 2.6% compared with BHD 17.2Bn in Q1 2025.



Financial and Insurance activities remained the largest contributor to total inward FDI stock, accounting for 65.2% with a value of BHD 11.5Bn in Q1 2026, reflecting a 4.6% YoY increase. Manufacturing ranked second with a 13.0% share, valued at BHD 2.3Bn, up 2.4% YoY. Professional, Scientific, and Technical activities ranked third, accounting for 6.0% of total stock at BHD 1.1Bn, with a 1.3% YoY increase. Electricity, Gas, Steam and Air Conditioning Supply followed, accounting for 4.2% at BHD 0.7Bn, recording a slight YoY decline of 0.7%.

Contribution of Economic Activities in the FDI Stock

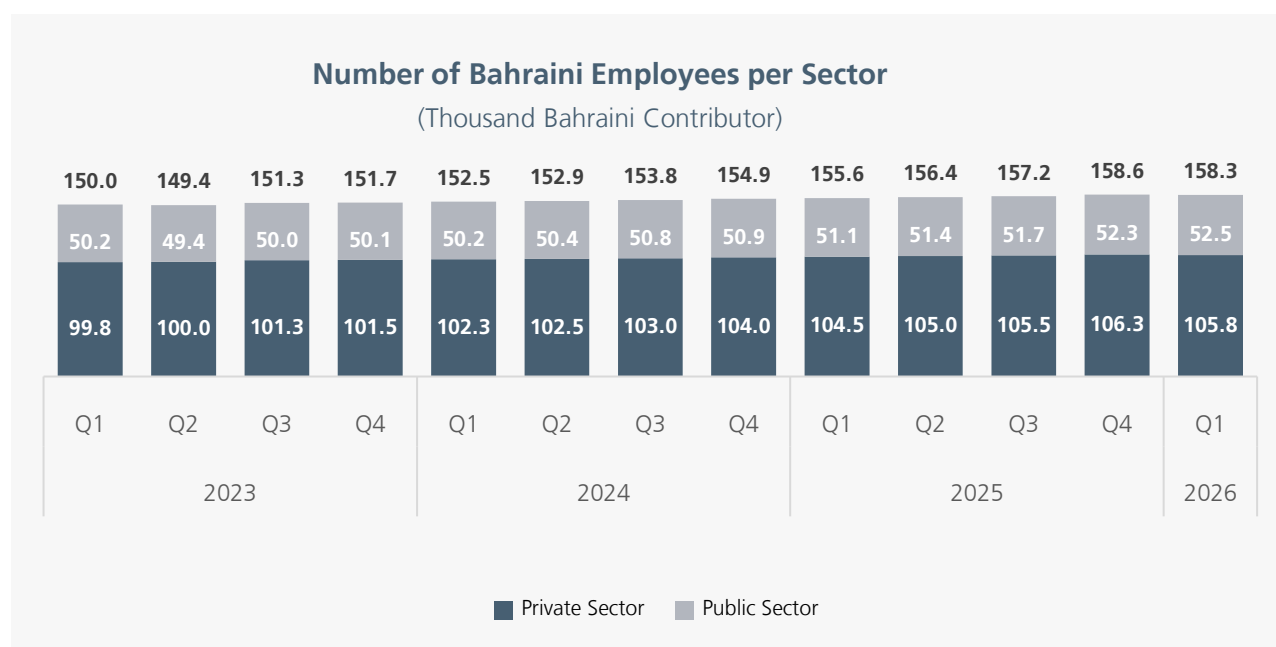


Source: Information & eGovernment Authority

In terms of investment sources, Kuwait remained the largest source of inward FDI, with investments of BHD 6.2Bn, representing 35.0% of total FDI stock. The Kingdom of Saudi Arabia followed with investments of BHD 4.1Bn, contributing 23.0% of total FDI stock, while the United Arab Emirates ranked third with an investment value of BHD 1.7Bn, contributing 9.5% of total FDI stock.

Labor Market

According to preliminary data issued by the Social Insurance Organization for Q1 2026, the total number of Bahrainis registered in the public and private sectors reached 158,322 Bahraini employees, recording an increase of 1.8% YoY. The number of Bahraini workers registered in the private sector increased by 1.3% YoY, reaching 105,780 workers, and representing 66.8% of total registered Bahrainis, while the total number of Bahrainis registered in the public sector recorded an increase of 2.7% YoY, reaching 52,542 workers. Additionally, Bahraini women accounted for around 42.6% of the total Bahraini registered workers, reaching 67,492 individuals. On the other hand, the number of non-Bahraini workers registered in the private sector totaled 478,707 workers, recording a 1.8% YoY increase.



During Q1 2026, the average monthly wage of Bahraini employees across both the private and public sectors reached an all-time high of BHD 931, increasing by 2.1% YoY. This was primarily driven by the increase in the average monthly wage of Bahrainis employed in the private sector, which also reached an all-time high of BHD 912, recording a growth of 3.5% YoY. In contrast, the average monthly wage for Bahrainis in the public sector declined

by 0.4% YoY to BHD 970. Meanwhile, the average monthly wage for non-Bahraini employees decreased by 0.6% YoY, reaching BHD 269.

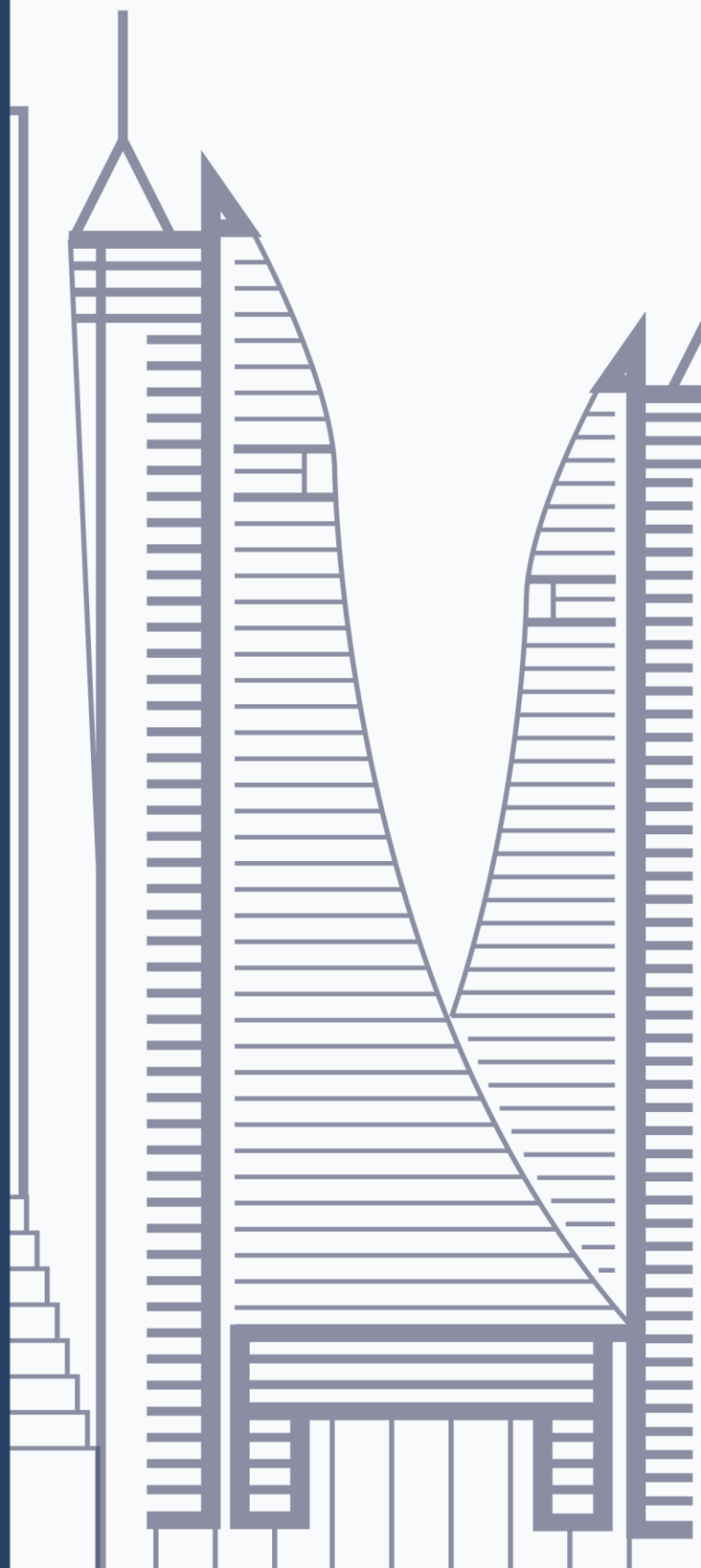
As for the monthly median wage of Bahrainis in the private sector, it remained stable at BHD 500, while the monthly median wage for Bahrainis in the public sector declined by 1.5% YoY, reaching BHD 801.

In terms of gender breakdown, the monthly median wage reached BHD 814 for Bahraini women in the public sector, compared to BHD 785 for Bahraini men. In the private sector, the monthly median wage remained unchanged at BHD 500 for Bahraini women, while it reached BHD 530 for Bahraini men.

According to statistics published by the Ministry of Labor, employment and training programs continued to deliver positive outcomes during Q1 2026. A total of 5,883 Bahrainis were employed, representing 23% of the annual national target of employing 25,000 Bahrainis. This included 1,818 new entrants, while 4,065 had previous work experience. In addition, 3,875 Bahrainis benefited from training programs during the same period, equivalent to 26% of the annual national target of training 15,000 Bahrainis. Current employees accounted for the largest share of trainees, at 2,353 individuals, followed by job seekers at 1,348 individuals, while 174 trainees were drawn from other categories.

Monetary Policy and Financial Sector Development

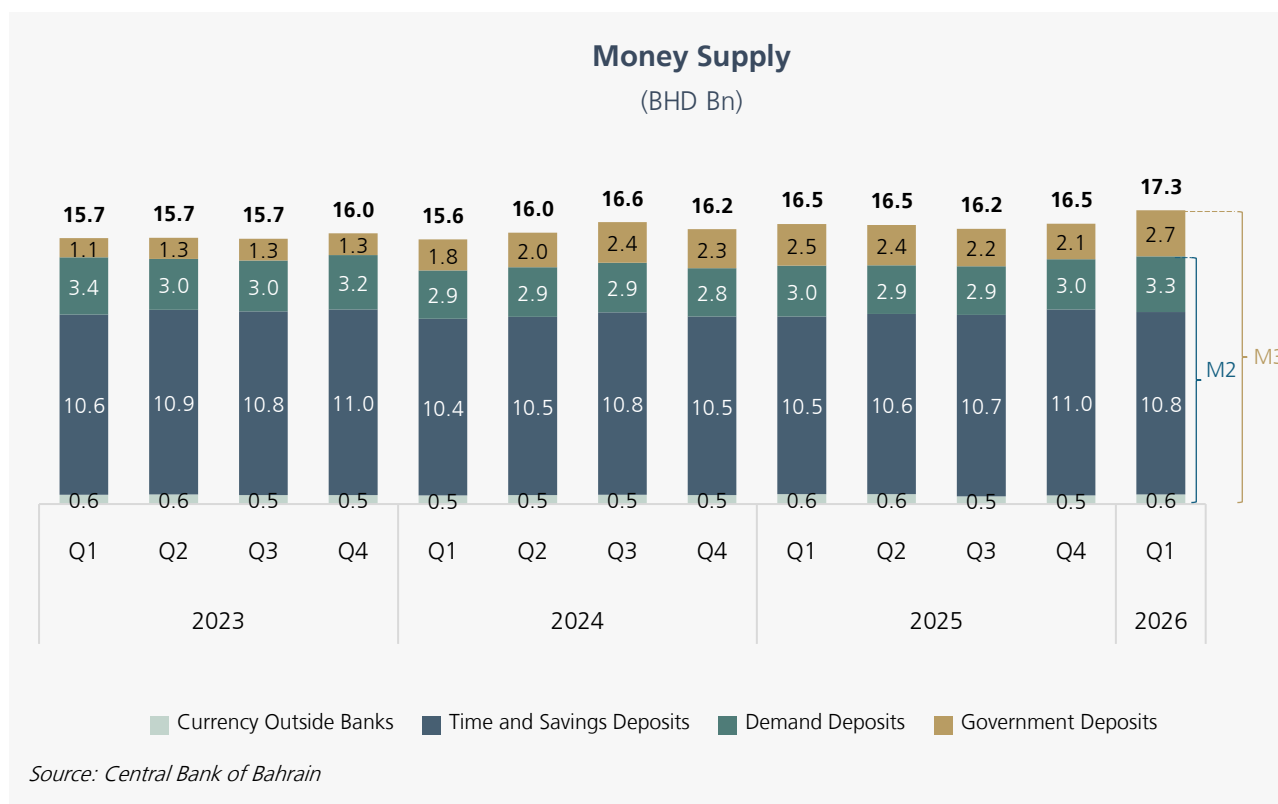
- Non-bank deposits reached an all-time high of BHD 22.3Bn in Q1 2026, increasing by 6.8% YoY
- The Bahrain Islamic Index increased by 12.4% YoY in Q1 2026
- Retail bank lending grew by 5.0% YoY in Q1 2026, reaching BHD 13.2Bn



Monetary Policy and Financial Sector Development

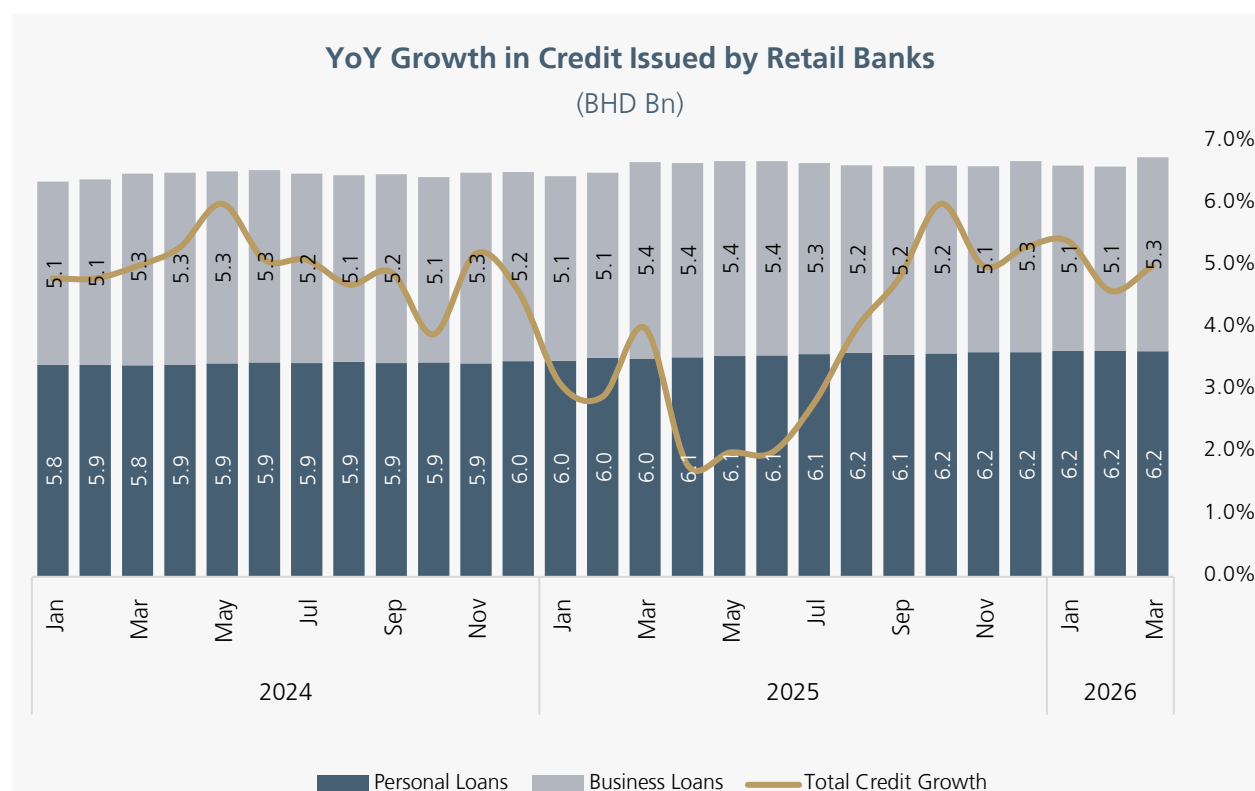
Money Supply

According to the Central Bank of Bahrain's statistical bulletin, the monetary base (M0) expanded by 1.7% YoY to BHD 6.2Bn in Q1 2026, while the narrow money supply (M1) increased by 5.2% YoY to BHD 3.1Bn during the same period. Meanwhile, broad money supply (M2) grew by 4.0% YoY to reach BHD 14.6Bn, while broad money and government deposits (M3) amounted to BHD 17.3Bn, recording a 5.0% YoY increase.



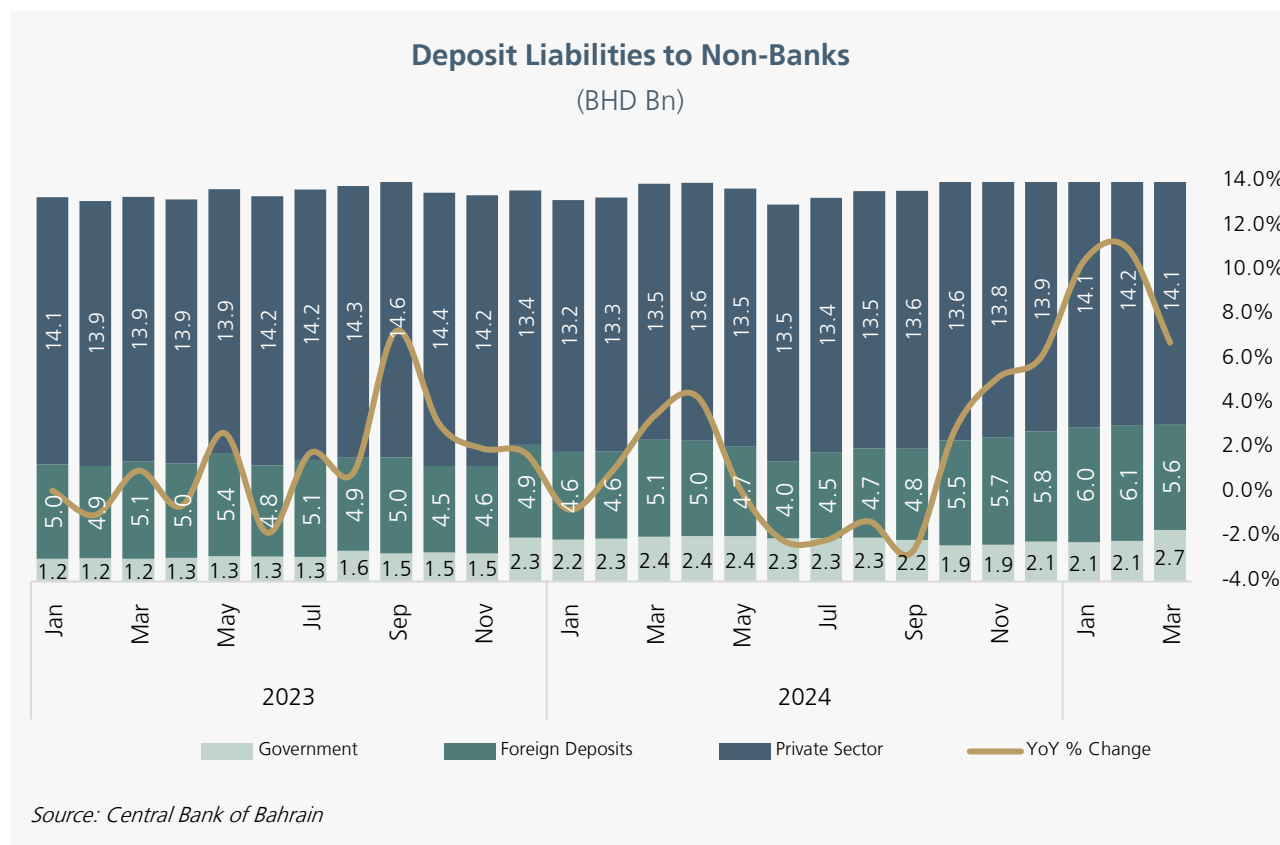
Bank Credit and Deposits

Retail bank lending grew by 5.0% YoY in Q1 2026, reaching BHD 13.2Bn. Personal loans remained the largest component of total lending, accounting for 47.0%, rising by 3.4% YoY to reach BHD 6.2Bn in Q1 2026, compared to BHD 6.0Bn in Q1 2025. Mortgage loans accounted for approximately 52.0% of total personal loans, equivalent to BHD 3.2Bn. Meanwhile, loans extended to the business sector accounted for 40.4% of total loans, slightly decreasing by 1.4% YoY to reach BHD 5.3Bn.



Source: Central Bank of Bahrain

The value of non-bank deposits in Bahraini Dinar and foreign currencies increased by 6.8% YoY in Q1 2026, reaching an all-time high of BHD 22.3Bn. Domestic deposits accounted for 75.1% of total non-bank deposits, amounting to around BHD 16.8Bn, and recorded a 6.0% YoY increase. In contrast, foreign deposits represented 24.9% of total non-bank deposits in Bahraini Dinar and foreign currencies, increasing by 9.2% YoY to approximately BHD 5.6Bn in Q1 2026.

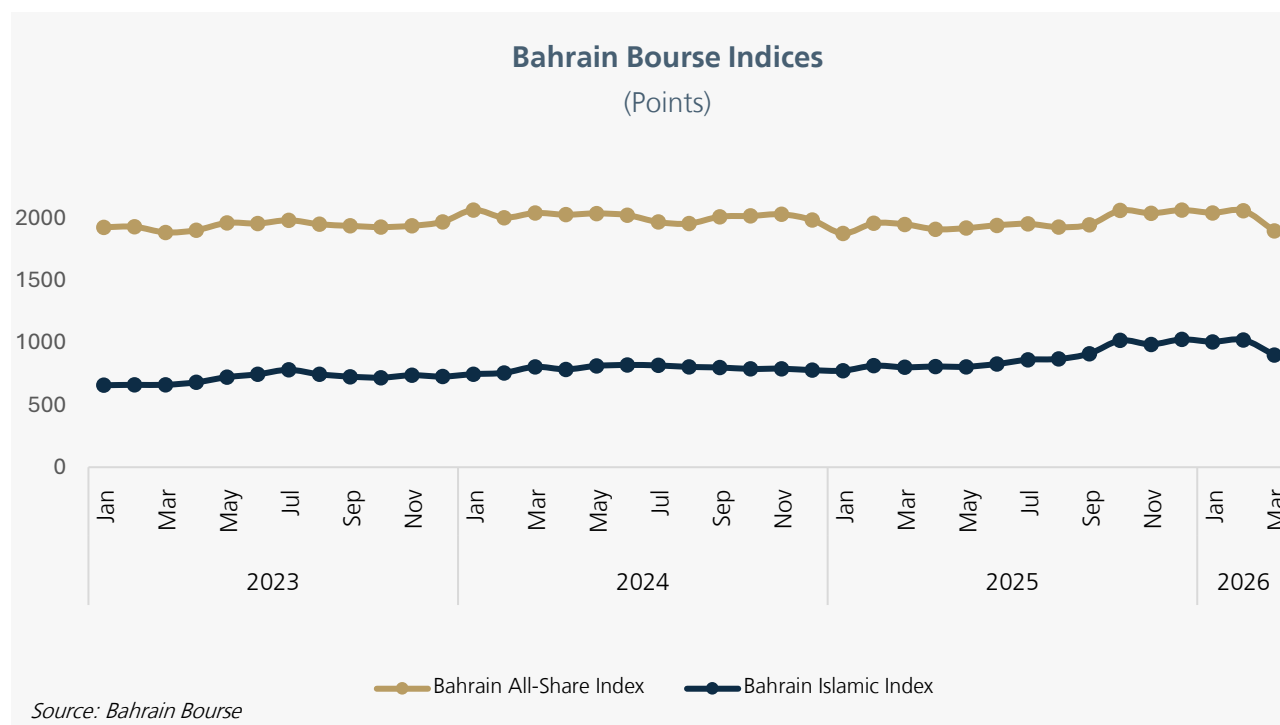


Capital Market

According to the Bahrain Bourse Quarterly Trading Bulletin for Q1 2026, the Bahrain All-Share Index closed at 1,899.08 points, down from 1,951.37 points in Q1 2025, representing a 2.7% YoY decline. Meanwhile, the Bahrain Islamic Index closed at 902.63 points, compared to 803.29 points in Q1 2025, marking a notable YoY increase of 12.4%.

The market capitalization of Bahrain Bourse stood at BHD 7.4Bn in Q1 2026, compared with BHD 7.6Bn in Q1 2025, a decrease of 2.5%. The Financial Sector continued to account for the largest share of market capitalization during the quarter, representing 64.7% of the total, followed by the Materials sector at 16.9%.

The value of traded shares declined by 88.3% YoY in Q1 2026, reaching BHD 49.1Mn. Moreover, the volume of traded shares decreased from 570.8Mn shares in Q1 2025 to 130.0Mn shares in Q1 2026, reflecting a decline of 77.2% YoY.



Short-term Bonds and Sukuk Issued by the Central Bank of Bahrain

The Central Bank of Bahrain issued 26 treasury bills and sukuk in Q1 2026, at a combined value of approximately BHD 1.68Bn. Among these issuances are the Government Development Bond No. (44), which carried the highest interest rate during the quarter at 5.63%, and a maturity period of 2 years (730 days), as well as Treasury Bills No. (2105) which achieved the highest subscription rate at 253%.

Issue date	Issue	Value (BHD Mn)	Maturity (Days)	Average Interest /Profit (%)	Average Price (%)	Subscription (%)
1 Jan 2026	Ijara Murabaha Sukuk 6IM/5	50	182	5.00	-	157
7 Jan 2026	Sukuk Al-Salam No. 297	50	91	4.84	-	126
11 Jan 2026	Gov. Development Bond No. 43	150	730	5.50	-	172
14 Jan 2026	Treasury Bills No. 2103	70	91	4.82	98.795	131
15 Jan 2026	Treasury Bills No. 136	100	365	4.68	95.485	199
21 Jan 2026	Treasury Bills No. 2104	70	91	4.80	98.800	186
25 Jan 2026	Treasury Bills No. 2105	35	182	4.79	97.634	253
26 Jan 2026	Ijara Murabaha Sukuk 12IM/2	30	364	4.68	-	170
28 Jan 2026	Treasury Bills No. 2106	70	91	4.82	98.797	130
29 Jan 2026	Ijara Murabaha Sukuk 6IM/6	50	182	4.79	-	100
4 Feb 2026	Treasury Bills No. 2107	70	91	4.85	98.788	108
11 Feb 2026	Sukuk Al-Salam No. 298	50	91	4.85	-	149
12 Feb 2026	Gov. Development Bond No. 44	100	730	5.63	-	114
18 Feb 2026	Treasury Bills No. 2108	70	91	4.86	98.787	117
19 Feb 2026	Treasury Bills No. 137	100	365	4.62	95.534	105
22 Feb 2026	Treasury Bills No. 2109	35	182	4.98	97.546	100
25 Feb 2026	Treasury Bills No. 2110	70	91	4.92	98.771	100
2 Mar 2026	Ijara Murabaha Sukuk 12IM/3	30	364	4.62	-	100
4 Mar 2026	Treasury Bills No. 2111	70	91	4.99	98.754	100
5 Mar 2026	Ijara Murabaha Sukuk 6IM/7	50	182	4.98	-	100
11 Mar 2026	Sukuk Al-Salam No. 299	50	91	4.99	-	100
18 Mar 2026	Treasury Bills No. 2112	70	91	5.06	98.736	100
19 Mar 2026	Treasury Bills No. 138	100	365	5.04	95.149	100
22 Mar 2026	Treasury Bills No. 2113	35	182	5.24	97.417	100
25 Mar 2026	Treasury Bills No. 2114	70	91	5.35	98.665	100
30 Mar 2026	Ijara Murabaha Sukuk 12IM/4	30	364	5.04	-	100

Source: Central Bank of Bahrain

Bahrain's Global Competitiveness

- The Kingdom ranked 1st Globally in 67 Indicator
- Bahrain ranked Top 5 Globally in 120 Indicator
- Bahrain ranked Top 10 Globally in 206 Indicator



Bahrain's Global Competitiveness

Despite regional developments, the Kingdom of Bahrain continued to strengthen its international competitiveness across multiple global indicators, as follows:

Business Environment



Bahrain advanced two positions to rank 20th globally in the **World Competitiveness Ranking 2026**, published by the World Competitiveness Center. Bahrain ranked 14th in the Business Efficiency pillar. The Kingdom also ranked 1st globally in the Qualified Engineers and Public-Private Partnerships indicators. The report used data from 2024, and the improvement reflects Bahrain's strong performance during that period, including investment flows and business sentiment. In 2024, the Bahrain EDB secured a record \$1.8 Bn in direct investment commitments. Reflecting these strengths, the report's Executive Opinion Survey identified Business-friendly Environment and Skilled Workforce as Bahrain's main attractiveness factors.



Bahrain ranked 1st globally in the Attracting Investments indicator featured in the **Chandler Good Government Index 2026** published by the Chandler Governance Group. The index measures government effectiveness across 133 countries, using 35 indicators across seven pillars. Bahrain ranked 6th globally in the Adaptability indicator, 7th globally in the Stable Business Regulations indicator, and 7th globally in the Attractive Marketplace pillar.

Priority Sectors



Bahrain advanced three positions to rank 6th globally among 159 economies in the **ICT Development Index 2026**, published by the International Telecommunication Union (ITU). The index measures countries' progress in information and communication technology development across two pillars: Universal Connectivity and Meaningful Connectivity. Bahrain achieved a score of 99.1 in Universal Connectivity and 97 in Meaningful Connectivity, a reflection of the Kingdom's efforts to enhance broadband quality alongside the continued expansion and modernization of the national fiber broadband network.



The Kingdom of Bahrain's Khalifa Bin Salman Port improved 50 positions to achieve the 19th spot globally in the **Container Port Performance Index 2025**, published by the World Bank and S&P Global Market Intelligence. The index ranks 400 ports based on the time vessels spend in port to complete cargo operations. This significant advancement reflects Bahrain's continuous efforts to enhance port efficiency through sustained investments in infrastructure modernization and digital transformation, such as the deployment of advanced technologies to automate key operational processes, including gate operations and container handling through vehicle license recognition systems, and RFID-enabled truck identification.



Bahrain International Airport maintained its position among the world's leading airports, ranking 20th globally in the **World Airport Awards 2026** published by Skytrax. The awards are based on passenger surveys covering customer experience, service quality, and airport facilities across more than 575 airports worldwide. Bahrain International Airport also received several international accolades, including Best Airport Serving 5–10 million Passengers, Best Airport Staff in the Middle East, and Cleanest Airport in the Middle East.



For the third consecutive year, Bahrain held its 5th position globally in the **State of the Global Islamic Economy Report 2025/2026**, published by DinarStandard, ranking among the world's leading Islamic economy markets. The Kingdom also achieved 1st globally in the Muslim Friendly Travel indicator and five core component sub-indicators, including Islamic Finance Governance. Bahrain's performance is underpinned by the continued strengthening of its Islamic finance ecosystem through the Central Bank of Bahrain's regulatory framework, a new Takaful model, and the sovereign sukuk program, enhancing market depth, liquidity, and investor confidence.

List of Abbreviations

Acronym	Description
ALBA	Aluminum Bahrain
Bapco	Bapco Refining
BHD	Bahraini Dinar
BMP	Bapco Modernization Programme
Bn	Billion
Bpd	Barrel per day
Bps	Basis Points
CBB	Central Bank of Bahrain
CPI	Consumer Price Index
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
IGA	Information and eGovernment Authority
IMF	International Monetary Fund
Mbpd	Million Barrels per Day
Mn	Million
MoM	Month on Month
OPEC	Organization of the Petroleum Exporting Countries
PoS	Point of Sale
PPI	Producer Price Index
RHS	Right Hand Side
SMEs	Small and Medium-sized Enterprises
Sqm	Square Meter
USD	United States Dollar
WEO	World Economic Outlook
YoY	Year on Year
YTD	Year to Date

Glossary

Term	Description
Economic Terms	
National Accounts	Description of coherent, consistent and integrated set of macroeconomic accounts in the context of a set of internationally agreed concepts, definitions, classifications and accounting rules.
Gross Domestic Product by Production Approach	The total value of goods and services produced within a country, over a specified period, usually annual (and/or) quarterly GDP.
Constant Growth Rate	GDP growth rate at real prices, which eliminate inflation's effect between the current year and the base year (2010).
Current Growth Rate	GDP growth rate at nominal market prices, which is affected by inflation.
Inflation	The overall increase in the consumer price index within a specific period.
Consumer Price Index	The index measures the change in the average level of prices of consumption goods and services acquired or used by households
Producer Price Index	The index measures the change in the average level of selling prices received by domestic producers for their output.
Economic Activities	
Oil Activities	Comprises of crude oil extracted as well as extraction of natural and associated gas.
Non-oil Activities	Includes all economic activities excluding the oil sector activities.
Financial and Insurance Activities	Includes financial service activities including insurance, reinsurance, and pension funding. Also includes activities holding assets such as activities of holding companies and the activities of trusts, funds, and similar financial entities.
Wholesale and Retail Trade	Comprises wholesale and retail sale (sale without transformation) of any type of goods and rendering services incidental to the sale of merchandise. Also included are repair of vehicles and motorcycles.
Accommodation and Food Services	Comprises units providing customers with short-term accommodation for visitors and other travellers, and the provision of meals and drinks fit for immediate consumption
Manufacturing	Comprises units engaged in the physical or chemical transformation of materials, substances, or components into new products, such as plants, factories or mills, etc. Examples of manufacturing sector activities: Manufacturing of food and beverages, tobacco products. Manufacturing of textiles, wood and paper products, refined petroleum products, chemicals, furniture, etc.

Term	Description
Public Administration	Activities of governmental nature, including the enactment and judicial interpretation of laws and regulations, administration of programs, legislative activities, taxation national defence, public order and safety, immigration services and foreign affairs.
Transportation and Storage	Transport sector comprises activities related to providing passenger or freight transport by pipeline, road, water, or air, and associated activities such as terminal and parking facilities, cargo handling, storage, etc. Also included are postal and courier activities.
Construction	Comprises general construction -residential and non-residential buildings and roads- and special trade construction for buildings and civil engineering, building installation and building completion. It includes new work, repair, additions, and alterations, and construction of a temporary nature.
Professional, Scientific and Technical Activities	Includes activities that require a high degree of training and make specialized knowledge and skills available to users. These include legal and accounting services, management consultancy, architectural and engineering design, scientific research and development, advertising and market research, as well as other professional services such as design.
Real Estate Activities	Includes acting as lessors, agents and brokers in one or more of the following: selling or buying real estate, renting real estate, providing other real estate services such as appraising or acting as real estate escrow agents.
Information and Communication	Comprises the production and distribution of information and cultural products, the provision of the means to transmit these products, as well as data or communications, information technology activities and the processing of data and other information service activities.
Education	Includes education at any level for any profession, oral or written as well as by radio and television or other means of communication. It includes both public and private education as well as military schools and academies.
Human Health and Social Work Activities	Includes health care provided by trained medical professionals in hospitals and other facilities, residential care activities that still involve health care and social work activities without any involvement of health care professionals.
Economic Transactions	
Balance of Payments	A statistical statement that systematically summarizes, for a specific period, the economic transactions of an economy with the rest of the world.
Current Account	It covers all the imported and exported goods and services, primary and secondary income accounts in the balance of payments.
Trade Balance	The difference between the value of imports and exports during a certain period, which is a surplus if the value of exports exceeds imports, or a deficit in the opposite case.

Term	Description
Total Exports	Includes national exports and exports of foreign goods (re-exports) from any part of the statistical territory.
National Exports	Exports include all commodities that were completely produced or manufactured locally, or on which industrial operations were made that changed the shape and value of the commodity.
Re-exports	Includes exports of foreign goods previously registered as imports.
Total Imports	Imports of foreign goods and re-importing of local goods.
Services Trade	The value of services exchanged between residents and non-residents of an economy, including services provided through foreign affiliates established abroad.
Commodity Trade	The process of sourcing, buying, transporting, storing, transforming and selling physical commodities, including the management of associated risks, as well as operating physical assets in this context.
Foreign Direct Investment Survey	It is one of the IGA's most important publications, it helps identify foreign investment stocks and flows.
Point of Sales Transactions	Payments made by debit and credit cards (issued inside or outside of Bahrain).
Monetary Terms	
Basis Point	A measurement unit equals to 0.01% used to measure interest rates and percentages. For example, 50 basis points equals 0.5%.
Standing Facilities	A set of deposit and lending instruments that retail banks can obtain from the Central Bank of Bahrain to meet their liquidity needs in Bahraini Dinars.
Deposit Liabilities to Non-Banks	Includes deposits in Bahraini Dinars or foreign currencies in retail banks and includes local deposits from the government and private sectors (except for banks) and foreign deposits.
Aggregated Balance Sheet of the Banking System	The aggregate balance sheet covers all the banking system (Retail, wholesale, and Islamic) excluding the balance sheet of The Central Bank of Bahrain.
Public Debt Instruments	Treasury bills and securities issued by The Central Bank of Bahrain on behalf of The Government of Bahrain
Treasury Bills	Short-term debt instruments whose value is determined by the Ministry of Finance and National Economy for maturities not exceeding one year.
Government Development Bonds	Long-term bonds issued in Bahraini dinars or US dollars, with maturities from 2 to 30 years. The fixed interest rate is set by the Monetary Policy Committee of the Central Bank of Bahrain.

Term	Description
Al Salam Sukuk	An investment instrument issued in accordance with Islamic Sharia standards, with maturities of three months. The fixed return is determined by the Monetary Policy Committee of the Central Bank of Bahrain.
Short Term Ijara Sukuk	An investment instrument issued in accordance with Islamic Sharia standards, with maturities of six months. The fixed return is determined by the Monetary Policy Committee of the Central Bank of Bahrain.
Long Term Ijara Sukuk	An investment instrument issued in accordance with Islamic Sharia standards in Bahraini Dinar or US Dollars, with maturities from 2 to 10 years. The fixed return is determined by the Monetary Policy Committee of the Central Bank of Bahrain.
Money Supply	Money supply is the total value of money in an economy.
M0	Monetary base of the economy. (Currency in circulation + Bank deposits in the Central Bank of Bahrain)
M1	Narrow money supply that consists of the most liquid portions of money. (Currency in Circulation + Demand deposits)
M2	Broad money supply. (M1 + Time and Saving deposits)
M3	The broadest definition of money supply and it includes the least liquid portions of money. (M2 + General Government Deposits).
Monetary Survey	It displays the components of M3 in terms of net foreign assets and domestic assets.

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