



Credit Ratings

Category	Ratings
International Scale Long Term	A+
International Scale Short Term	A-1
National Scale Long Term	AAA
National Scale Short Term	A-1+
Outlook	Stable
Date	Dec 2009

Basic Statistics

Description	2006	2007	2008	2009f
GDP at current prices (Million US\$)	15,786	18,398	21,844	21,991
Inflation rate	2.0%	3.3%	3.5%	2.0%
Govt. Primary Balance (before interest)	378.8	324.5	816.8	190.9
Govt. Financial Balance (after interest)	281.1	218.6	617.3	-18.6
Total Central Government Domestic Debt	679.1	616.6	705.0	760.0
Government Debt Service	977.7	674.0	889.1	899.1
Merchandise Balance	897	1,077	1,220	454
Current Account Balance	823	1,093	849	308
Portfolio Investments (net)	(3,321)	(3,219)	3,488	2,802

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SWOT Analysis

Strengths

- A diversifying economy
- Well regulated banking system
- Significant build up of reserve assets during the high oil price
- Prudent economic management
- Demonstrated ability to withstand the crisis
- Friendly relations with neighbouring GCC countries specially KSA

Weaknesses

- Small size of the economy
- Dependence on oil for revenues
- Lack of avenues for investments in the country

Opportunities

- The infrastructure is in place for economic growth
- Financial sector has been resilient during the current global crisis
- Real estate sector is also performing better than other GCC during crisis

Threats

- Continued deterioration in global economy
- Constrained financial flexibility due to decline in valuation of foreign investments abroad
- A decline of expatriate population as a result of job cuts will adversely impact the aggregate demand and growth targets

POLITICAL OUTLOOK

During 2009-2010 the political environment is expected to remain stable with little challenge from the opposition. 50% of the parliamentary seats are appointed by the King and remaining 50% seats are held by elected members. The 40 elected parliamentary seats called Mujlis Nawab are divided among liberals and Islamist. Liberal and pro government independent candidates hold a total of 8 parliamentary seats, Sunni Islamist comprising of Al-Menbar and Al Asalah holds 7 & 8 seats while Shia Islamist comprises of Al-Wefaq which has the largest presence in the parliament holding a sizable 17 seats. The executive authority rest with the government and on the legislative side government is aided by the independent pro government candidates and on some issues by a friendly opposition Al-Manbar whose policy is not to challenge the government directly. The elections issues are mainly housing, bahrainisation in private companies, naturalization process and in view of some political society's public resentment against perceived marginalization of the Shia majority by the Government. Recently there were sign of protest on streets in response to Government arrest and persecution of alleged bomb blast plot during Bahrain's Independence Day. The protests have largely remained limited and the government is expected to handle the situation without a serious threat to its writ and authority.

On the international front the United States and Saudi Arabia remained key allies of Bahrain. The Saudi royal family has close ties with Bahrain ruling family while United States holds a navy base in Manama and it expects to retain it in the future.

ECONOMY

During 2008 and early part of 2009, Bahrain's economy continued to expand. GDP at 2001 prices grew by 6.6% down from 8.2% in 2007. The decline in growth is reflective of the global crisis situation impacting most of the economies of the world. This was further aggravated in 2009 because of regional crisis emanating from the default of a leading business group Al Gousaibi and Saad and the collapse of real estate sector in neighboring Dubai which caused a spillover in Bahrain real estate market. During 2009 the kingdom is expected to register a nominal real growth if not a negative growth.

The overall conservative approach of the government and Central Bank of Bahrain (CBB) during the economic boom time coupled with stringent regulatory framework preventing banking sectors from reckless lending has however helped the Kingdom to avoid the steep downturn and negative sentiments as witnessed in the neighboring Dubai.

The inflationary pressures are expected to subside with economy struggling to resist going into recession and strengthening dollar against other major currencies. The per capita GDP remained buoyant and by 2008 it increased to USD 19,840 up from USD 17,702 in the previous year. The country managed to control the exodus of expatriate employees as job losses remained comparatively low compared to Dubai. By end of 2009 the population is expected to reach 1.1mn.

The unemployment among Bahraini youth is a focal point in the challenges faced by the Government. By the end of 2007 the estimated unemployment rate has increased to 13.7% up from 13.1% by 2006. The Government has started a number of measures to control the unemployment rate in Bahrainis which include Bahrainisation in private companies through quotas, promotion of real estate and technology projects to create employment, levy of fee on expatriate labor so that labor become comparatively expensive, creation of a fund to support skill development in the Bahraini youth and scholarship schemes for education.

GOVERNMENT FINANCE AND DOMESTIC DEBT

The Government's efforts to diversify the revenue base an observable trend during 2003-06 could not keep momentum and non oil revenues registered a decline during 2007 and 2008 (406.2mn and 396.4mn respectively). The oil revenues continued to increase with increasing trend in oil prices until 2008 (During 2008 average oil prices remained 99.5 USD per barrel 2007:64.2) BD 2,281.2mn in 2008 (2007: BD 1,630.5mn) a sizable 88% of total revenues (2007: 80%).

In the context of volatility in oil prices the Government's sensitivity to the change in oil prices is important and in the current scenario a 10% change in oil prices will bring 8% change in total revenues. With average oil price expected to plummet by 50% from the levels in 2008, this sensitivity is on the higher side and the government has to be careful in handling this shortfall in the 2009 revenues.

The government has managed to control the growth in expenditure. Total government expenditure increased to 2,060.3mn in 2008 up from 1,818.1mn in 2007 a growth rate of 13%, down from 17% in 2007. Most of the increase has come about because of increase in current expenditure which increased to BD 1,552.0mn in 2008 from BD1331.1mn in 2007. Capital spending also increased with increase in revenues as a result of high oil prices. Capital expenditure at current levels has increased by approximately 4.3% during the past year (2008: BD508.3m 2007: BD487.0m). In 2009 IIRA expects further increase in capital expenditure to BD550m as the government will try to beef up expenditure to control the slowdown in economy.

As a result of prudent control over fiscal expenditure and increasing revenues from oil and non oil resources government financial balance (after interest) have recorded surpluses of BD218.6mn and 617.3mn in 2007 and 2008 (3.2% and 7.5% of GDP). During 2009 when the oil prices have declined to an average of 70-75 USD per barrel, the surplus is expected to convert into a deficit of BD18.6mn (-0.2% of GDP). The general government primary balance in line with government financial balance remained 4.7% and 9.9% during 2007 and in 2008 and during 2009 they are expected to remain 2.3% of GDP.

Increased fiscal flexibility from surge in oil prices is expected to be used by the Kingdom to mitigate the probable contraction in economy due to adverse impact of credit freeze and decline in overall spending. As indicated by expected deficit in 2009 the country may need additional funding as a result of downfall in oil prices but this small shortfall is expected to be managed through domestic borrowing.

As a result of continued increasing trend in government's primary and financial balances until 2008 the financing needs of the Government has remained minimal and the Government has remained a net lender. This has resulted in decline in Government Debt as a percentage of GDP. By 2008, total Government debt declined to 8.6% of GDP, down from 8.9% in 2007. In 2009 however, the government is expected to increase the debt stock as it will borrow to bridge the gap and to fund the increase in capital expenditure. The debt to GDP ratio is expected to increase to 9.2%.

MONETARY POLICY

Despite stiff opposition from professionals in financial sector and independent economist, the central bank of Bahrain continued to hold the peg with US dollar during the time when US dollar was sliding against all major currencies of the world. Major trade partners for Bahrain are European countries, United States and UK and weak dollar was making imports expensive. But despite the situation Central Bank continued to uphold the peg and this policy was vindicated by smart recovery by USD against all major currencies in the world after late 2008. This proved CBB stance of keeping the peg as an anchor for monetary policy to control inflation and protect the external value of the Bahraini dinar.

The CBB uses three types of instruments to conduct monetary policy, unlimited buying and selling of BD against USD dollar at a rate very close official rate, by keeping policy interest rates on BD deposits closely aligned with US dollar interest rates and by setting reserve requirements for banks to influence the liquidity in the market.

As evident from above discussion, Bahrain's monetary policy is focused on maintaining the official fixed exchange rate with USD. The currency is officially pegged with US dollar since 1980 and this is expected to continue given a number of factors which include; an open economy with external trade constituting 144.9% of GDP in 2008, global financial markets transact largely in US dollars, a peg strengthens the role of Bahrain as a major financial hub, about 29% of Bahrain's non-oil exports are with GCC countries who are also pegged to US dollar, large portion of Bahrain exports are US dollar denominated and around 80% of government revenues are oil related, the payment for which is also in US dollars.

The Central bank of Bahrain is expected to continue to pursue low inflation targets to preserve price stability. This is done with the help of maintaining the currency peg and providing subsidies on various consumables such as rice, wheat and meat. The 2009 independent estimate of inflation have registered a decline. Government has estimated the 2008 at 3.5% and this is expected to decline to 2% during 2009 due to global recession resulting in falling prices and decline in value of imported goods. The monetary union target set at 2010 does not appear to be achievable since there are differences among most of the GCC members and voices of dissents are audible from rulers of Kuwait, UAE and even Saudi Arabia. Recently it was decided that the Central Bank of GCC will be situated in Riyadh and this resulted in UAE walking away from the common currency since it believed itself to be a stronger contender compared to KSA.

EXTERNAL DEBT AND BALANCE OF PAYMENT

The performance of current account is largely influenced by fluctuations in international oil prices and income receipts. Oil constitutes approximately 80% of exports and approximately 50% of imports in 2008. The high level of oil imports are used for refining and re-export since the Kingdom has large refinery facility with excess capacity in the domestic production. Other major import items contain machinery, appliances and electrical equipments.

Compared to growth of 11.8% during 2007 the exports increased to 26.8% in 2008 (2008: 6.6bn 2007: 5.2bn). This extraordinary increase is however a one time because of high oil prices which averaged 99 USD per barrel. The exports are dominated by oil and are however expected to decline during 2009 to approximately 5.07bn. Merchandise trade balance showed a surplus of 14.8% of GDP in 2008 slightly lower than previous year surplus of 15.5% as the imports registered higher growth than exports. During 2009 the merchandise trade surplus is expected to decline to 5.5%. Current account balance showed a healthy surplus of 10.3% of GDP in 2008; (2007: 15.8%, 2006: 13.8%). By 2009 owing to oil price decline the current account surplus is expected to drop to 3.7% of GDP.

Until 2007, the trend was to make substantial financial investments abroad to utilize the surplus in current account; this trend, however, reverses during 2008 and with global recession the reverse flight of capital was observed. Portfolio investment which were -46.4% of GDP (BD-3.2bn) during 2007 turned into +42.4% of GDP (BD3.5bn). FDI remained modestly positive indicating an inward investment on a net basis remaining just under 1% in 2007 and 2008 significantly down from 12.2% in 2006.

The financial markets abroad has seen a battering recently and because of the global crisis the valuation declined to more than 70% from previous values. In this situation the Bahrain is expected to take a substantial hit in term of depletion on its foreign holdings. This depletion in Government's holding will however not impact the economy though it will impact the financial flexibility of the government since most of the amount which was invested abroad was a result of windfall income as a result of sky rocketing oil prices during 2007 and 2008. The private sector foreign investment is one area of concern that can impact the profitability of the financial institutions in Bahrain. The 2008 results have shown many banks taking a hit on profitability and few of the bank needed Central Bank intervention. Going forward IIRA will continue to closely monitor the developments in financial sector and their impact on the overall economy and country's credit rating. External debt is an IMF estimate and it is estimated at 58% of GDP by 2008 and expected to reach 60% by 2009.

Economy (In Mill. BD, unless indicated)	2004	2005	2006	2007	2008	2009f
GDP at current prices (Million US\$)	11,205	13,424	15,786	18,398	21,844	21,991
GDP at current prices (Million BD)	4,224	5,061	5,951	6,936	8,235	8,291
GDP at current prices Growth	15.3%	19.8%	17.6%	16.5%	18.7%	0.7%
Major Sector of GDP- Crude Oil	963	1,267	1,550	1,710	2,346	2,287
Top 3 sectors of the economy	2,439	3,082	3,607	4,349	5,430	5,431
GDP-2001 prices (Million BD)	3,572	3,853	4,105	4,441	4,734	4,639
GDP-2001 prices growth	5.6%	7.9%	6.5%	8.2%	6.6%	-2.0%
Population (in ,000)	824	889	960	1,039	1,101	1,117
Inflation rate	2.4%	2.6%	2.0%	3.3%	3.5%	2.0%
Unemployed workforce	75,239	82,085	125,521	142,479	84,845	107,885
Total population	823,744	888,824	960,425	1,039,297	1,101,032	1,117,422
Government Finances	2004	2005	2006	2007	2008	2009f
Central government revenues- Oil Based	943.8	1,265.3	1,416.7	1,630.5	2,281.2	1,774.3
Central government revenues Non Oil Based	356.6	406.1	422.9	406.2	396.4	386.7
Total Central Government Revenues	1,300.4	1,671.4	1,839.6	2,036.7	2,677.6	2,161.0
Central government expenditures	1,240.4	1,289.2	1,558.4	1,818.1	2,060.3	2,179.6
Central govern primary balance (before interest)	139.2	471.2	378.8	324.5	816.8	190.9
Central govern financial balance (after interest)	60.0	382.2	281.1	218.6	617.3	-18.6
Central government interest payments	79.2	89.0	97.7	105.9	199.5	209.5
Domestic Short term debt	158.2	175.1	207.1	108.0	198.0	350.0
Domestic Medium- & Long-term debt	427.3	442.0	472.0	508.6	507.0	410.0
Total Central Government Domestic Debt	585.5	617.1	679.1	616.6	705.0	760.0
Government Debt Service	792.0	890.8	977.7	674.0	889.1	899.1
Principle repayment	712.8	801.8	880.0	568.1	689.6	689.6
Interest Payments on Government debt	79.2	89.0	97.7	105.9	199.5	209.5
New Loans taken by the Government	706.8	833.4	942.0	505.6	779.6	1,208.2
External Accounts	2004	2005	2006	2007	2008	2009f
Exports	-	3,891	4,640	5,185	6,577	5,074
Imports	-	3,335	3,743	4,108	5,357	4,620
Merchandise Balance	-	556	897	1,077	1,220	454
Services (Net)	-	614	646	686	643	625
Investment Income (Net)	-	(155)	(145)	(112)	(347)	(137)
Worker's Remittances (Net)	-	(460)	(576)	(558)	(667)	(634)
Current Account Balance	-	554	823	1,093	849	308
Foreign Direct Investments (net)	-	(33)	728	33	65	116
Portfolio Investments (net)	-	(1,735)	(3,321)	(3,219)	3,488	2,802
Other Investments (net)	-	1,249	2,047	2,602	(4,520)	(4,898)
Net International FX Reserves (inc Gold) USD mil	-	111	309	532	(111)	(122)
Financial Account Balance	-	(630)	(855)	(1,115)	(856)	(1,858)
Debt	2004	2005	2006	2007	2008	2009f
External debt	2,449.7	2,930.0	3,248.6	3,933.6	4,720.3	4,956.4
External debt service	494.0	673.0	854.0	1,027.0	1,146.0	1,084.0
Principal Repayment	290.0	349.0	439.0	537.0	622.0	572.0
Interest	204.0	324.0	415.0	490.0	524.0	512.0

GDP = Nominal GDP at year end, Population = Estimated population in millions at year end, real GDP growth = Percent change in GDP from year to year after deducting the nominal inflation rate, Inflation = Change in CPI from December to December, Public sector employment as percent of total employment, general Government debt/GDP = Total foreign and Local currency debt of all government sectors, exports of G&S (% change US\$) = Exports of goods and services year over year, 2004/2003 and 2005/2004 etc, imports of G&S (% change US\$) = Imports of goods and services year over year, 2004/2003 and 2005/2004 etc, import coverage = number of times FX reserves cover imports of goods and services, external debt = any debt of a country denominated in foreign currency and held by non-residents, short-term debt = any debt with a maturity of less than one year, debt service ratio = Sum of interest payments and current-year principal payments as percent of current account receipts, current account receipts = exports of goods and services + net factor income + official and private net transfers, factor income = the wages earned by natives abroad and the financial benefits and interest earned by natives-owned assets abroad

1: Gross Domestic Product	2004	2005	2006	2007	2008	2009f
GDP at Current Prices (Mill BD)	4,224.47	5,060.88	5,951.34	6,935.98	8,235.30	8,290.66
Agriculture	12.09	12.46	10.98	16.16	16.61	16.93
Fishing	7.48	7.22	8.77	9.15	9.51	9.70
Crude Petroleum & Natural Gas	963.07	1,267.40	1,550.26	1,709.68	2,345.50	2,286.86
Quarrying	16.76	18.13	25.74	30.77	38.20	38.94
Manufacturing	457.03	607.28	733.69	1,062.83	1,320.31	1,345.85
Electricity and Water	49.72	51.63	52.99	85.62	100.58	102.53
Construction	173.09	231.97	284.45	347.61	426.23	434.47
Trade	410.01	493.56	648.22	631.82	697.49	710.98
Hotels and Restaurants	92.50	107.94	124.64	141.82	164.38	167.56
Transport and communication	294.74	315.31	356.92	413.92	441.76	450.30
Government Health spending	67.29	72.45	85.84	97.43	109.27	111.39
Pvt Health spending	23.31	30.91	35.83	40.11	47.38	48.29
Government Education Spending	143.27	154.08	164.67	179.82	196.10	199.89
Pvt Education Spending	49.78	55.18	59.99	88.84	111.43	113.59
Other Government Services	371.78	422.03	452.20	533.88	565.52	576.46
Other Pvt Services	68.16	73.20	81.36	90.37	98.17	100.07
Real Estate & Business Activities	358.07	413.05	468.62	516.12	543.62	554.14
Financial Institutions	224.91	265.34	310.20	399.72	454.28	463.07
Offshore Financial Institutions	611.97	738.12	787.47	875.18	945.99	964.29
Insurance	181.57	203.75	225.38	301.49	364.29	371.34
Others	25.39	26.08	28.26	39.89	45.37	46.25
(Financial Intermediation)	(434.64)	(565.57)	(613.72)	(756.31)	(896.41)	(913.75)
Import Duties	57.12	59.36	68.58	80.06	89.78	91.52

GDP at 2001 prices	3,572.25	3,852.80	4,104.96	4,440.67	4,733.90	4,639.22
Agriculture	11.84	12.83	11.54	14.77	15.19	14.88
Fishing	11.44	10.43	10.01	12.99	13.91	13.63
Crude Petroleum & Natural Gas	660.54	602.20	595.94	602.62	576.43	564.90
Quarrying	14.88	15.78	21.96	25.74	31.35	30.72
Manufacturing	461.12	575.81	651.20	706.49	794.33	778.44
Electricity and Water	51.98	55.87	60.91	66.69	72.17	70.73
Construction	174.15	208.49	253.62	296.33	349.92	342.93
Trade	292.08	326.47	346.29	356.75	376.44	368.91
Hotels and Restaurants	85.22	98.33	115.81	131.47	150.81	147.79
Transport and communication	283.16	314.90	335.36	376.40	410.88	402.66
Government Health spending	61.85	64.70	71.70	79.55	85.87	84.15
Pvt Health spending	21.53	29.56	35.37	38.25	45.09	44.18
Government Education Spending	133.08	141.30	147.62	154.95	164.89	161.59
Pvt Education Spending	46.62	53.78	60.53	68.41	79.71	78.12
Other Government Services	343.60	358.45	366.85	395.30	410.40	402.19
Other Pvt Services	72.99	82.30	95.91	109.08	122.24	119.80
Real Estate & Business Activities	331.28	354.23	383.29	434.04	467.39	458.05
Financial Institutions	233.24	256.95	285.95	369.58	408.40	400.23
Offshore Financial Institutions	446.87	497.51	518.58	534.86	569.90	558.51
Insurance	203.89	213.63	243.13	279.84	328.18	321.62
Others	26.19	26.92	29.61	41.65	47.81	46.86
(Financial Intermediation)	(449.28)	(501.02)	(596.65)	(721.28)	(858.43)	(841.27)
Import Duties	53.98	53.38	60.43	66.19	71.01	69.59
Bahrain population	823,744	888,824	960,425	1,039,297	1,101,032	1,117,422
Bahraini	464,808	484,811	505,673	527,433	537,982	548,741

Non Bahraini	358,936	404,013	454,752	511,864	563,050	568,681
Population growth	7.75%	7.90%	8.06%	8.21%	5.94%	1.49%
Total Employment	285,390	336,508	351,862	379,471	471,088	471,555
Private Sector	247,814	299,080	313,039	340,217	430,882	430,947
Public Sector	37,576	37,428	38,823	39,254	40,206	40,608
Total Labor Force (Estimated)	360,629	418,593	477,383	531,950	585,933	594,440
Unemployed Labor force	75,239	82,085	125,521	142,479	84,845	107,885
Unemployment rate (Estimated)	9%	9%	13%	14%	8%	10%
GDP per capita (US\$)	13,603	15,103	16,437	17,702	19,840	19,680
GDP per capita (BD)	5,128	5,694	6,197	6,674	7,480	7,419
Source: Central Bank of Bahrain and Ministry of Finance						
e = Estimates: f: IIRA forecast						

2: Inflation	2004	2005	2006	2007	2008	2009f
CPI Index	104.40	107.10	109.30	103.30	106.90	109.04
Inflation rate	2.4%	2.6%	2.0%	3.3%	3.5%	2.0%
* Base changed from 1995 to 2006 in 2007						
Source: CBB Economic Indicators March 2008, Monetary Trend- Q3 2008						
e = Estimates f = IIRA forecast						

3: Public Sector Employment	2004	2005	2006	2007	2008	2009f
Total Employment	285,390	336,508	355,794	379,471	471,088	471,555
Public Sector Employment	37,576	37,428	38,823	39,254	40,206	40,608
Public Sector workforce (%)	13.2%	11.1%	10.9%	10.3%	8.5%	8.6%
Source: CBB Economic Indicators June 2006						
e = Estimates f = IIRA forecast						

4: GDP- Nominal by type of expenditure (BD Millions)	2004	2005	2006	2007	2008	2009f
Private Consumption	1,652	1,856	2,116	2,329	2,534	2,778
Private Investment	771	889	1,068	1,328	2,089	1,584
Government Consumption	707	796	847	979	1,109	1,168
Government Investment	253	278	472	505	536	602
Net exports of goods and services	815	1,169	1,543	1,763	1,856	2,103
Others	27	73	(86)	43	112	51
Total GDP	4,224	5,061	5,960	6,946	8,235	8,286
Gross Investment/GDP	24.2%	23.1%	25.8%	26.4%	31.9%	47.1%
Source: Ministry of Finance GDP by consumption and investment						
e = Estimate f = IIRA forecast						

5: Public Finance	2004	2005	2006	2007	2008	2009f
Total Revenues in million BD	1,300.4	1,671.4	1,839.6	2,036.7	2,677.6	2,161.0
Oil Contribution (in %age)	73%	76%	77%	80%	85%	82%
Non Oil Contribution (in %age)	27%	24%	23%	20%	15%	18%
Revenues	1,300.4	1,671.4	1,839.6	2,036.7	2,677.6	2,161.0
Growth	14%	29%	10%	11%	31%	-19%
Oil	943.8	1,265.3	1,416.7	1,630.5	2,281.2	1,774.3
Growth	13%	34%	12%	15%	40%	-22%
Non Oil	356.6	406.1	422.9	406.2	396.4	386.7
Growth	15%	14%	4%	-4%	-2%	-2%

Details of non oil revenues						
Taxation & Fees	-	-	140.4	156.3	153.1	150.1
Gov. Goods & Services	-	-	150.3	117.3	115.6	110.0
Investments & Gov. Properties	-	-	87.2	78.8	75.0	70.0
Grants	-	-	28.2	35.9	37.7	39.6
Sale of Capital Assets	-	-	0.7	4.2	0.6	2.0
Fines, Penalties & Misc.	-	-	16.0	13.7	14.4	15.1
Expenditures						
Central Govt. Expenditure (BD Millions)	1,240.4	1,289.2	1,558.4	1,818.1	2,060.3	2,179.6
Current	864.0	902	1,101.3	1,331.1	1,552.0	1,629.6
Manpower	-	-	628.1	725.5	784.0	823.2
Services (Including interest)	-	-	97.7	105.9	199.5	209.5
Consumables	-	-	96.5	146.5	180.0	189.0
Assets	-	-	14.4	17.8	20.0	21.0
Maintenance	-	-	31.4	46.4	65.0	68.3
Transfers	-	-	135.4	198.1	208.0	218.4
Grants and Subsidies	-	-	97.8	91.0	95.5	100.3
Growth	5%	4%	22%	21%	17%	5%
Capital	240.6	387	457.2	487.0	508.3	550.0
Total Capital Expenditure	376.4	386.8	457.2	487.0	508.3	550.0
Growth	21%	3%	18%	7%	4%	8%
Debt Servicing (included in current exp.)	79.2	89.0	97.7	105.9	199.5	209.5
Total Expenditures	1,240.4	1,289.2	1,558.4	1,818.1	2,060.3	2,179.6
Govt. primary balance (BD Millions)	139.2	471.2	378.8	324.5	816.8	190.9
Govt. financial balance (BD Millions)	60.0	382.2	281.1	218.6	617.3	-18.6
Source: Central Bank of Bahrain and Ministry of Finance						
e = Estimate f = IIRA forecast						

Oil Imports Exports and Production	2004	2005	2006e	2007	2008	2009f
Total Oil Production (Thousands of barrel per day)	183	183	183	184	183	190
Total Oil Imports	232	232	232	232	232	232
Total Oil Exports	282	283	283	283	283	288
Domestic Consumption	133	132	132	133	132	134
Average Price	37.66	50.04	58.3	64.2	99.5	70
Source: Oil Prices History www.inflationdata.com/inflation/Inflation_Rate/Historical_Oil_Prices_Table.asp	36%	33%	17%	10%	55%	-30%
e = Estimate f = IIRA forecast						

6: Balance of Payments (BD Millions)	2004	2005	2006e	2007	2008	2009f
1. Current Account (a+b+c+d)	-	554	823	1,093	848.6	308
	-	47%	49%	54%	51%	41%
a. Goods	-	556	897	1,077	1,220	454
General Merchandise	-	515	845	1,018	1,154	387
Exports (fob)	-	3,851	4,587	5,126	6,511	5,007
Oil	-	2,927	3,466	4,059	5,185	3,647
Non Oil	-	924	1,121	1,067	1,326	1,359
Imports (fob)	-	3,335	3,743	4,108	5,357	4,620
Oil	-	1,568	1,843	2,205	2,709	1,906
Non Oil	-	1,768	1,900	1,903	2,648	2,714
Repairs on goods	-	40	53	59	66	67
b. Services (net)	-	614	646	686	643	625
Transportation	-	20	18	19	(54)	(55)
Travel	-	190	223	236	249	237

Communication services	-	236	232	242	250	254
Financial Services	-	158	161	176	183	174
Other Business Services	-	10	12	14	15	15
c. Investment Income (net)	-	(155)	(145)	(112)	(347)	(137)
Direct Investment Income	-	(258)	(315)	(448)	(479)	(300)
Portfolio Income	-	386	598	772	409	568
Other Investment Income	-	(283)	(427)	(437)	(277)	(406)
d. Worker's Remittances (net)	-	(460)	(576)	(558)	(667)	(634)
2. Capital Account	-	19	28	19	18.8	19
Capital Transfers	-	19	28	19	18.8	19
3. Financial Account (a+b+c+d)	-	(630)	(855)	(1,115)	(856.0)	(1,858)
a. Direct Investments	-	(33)	728	33	65.2	116
Abroad	-	(427)	(369)	(628)	(609.3)	(457)
In Bahrain	-	394	1,096	660	674.5	573
b. Portfolio Investments	-	(1,735)	(3,321)	(3,219)	3,488.1	2,802
Abroad	-	(2,646)	(3,958)	(3,719)	2,363.8	2,127
In Bahrain	-	911	638	500	1,124.3	675
c. Other Investments	-	1,249	2,047	2,602	(4,519.9)	(4,898)
Assets	-	(4,348)	(11,368)	(14,478)	(1,227.5)	(1,277)
Liabilities	-	5,596	13,416	17,080	(3,292.4)	(3,622)
d. Reserve Assets	-	(111)	(309)	(532)	110.6	122
4. Errors and omissions	-	(57)	(4)	(4)	(11.4)	(1,532)
Source: Balance of Payment Report Ministry of Finance						
Major Exports						
Mineral products (Including Oil)	-	2,993	3,566	4,135	6,408	4,587
Base metal and articles	-	488	685	542	564	586
Product of chemical and allied	-	98	109	219	228	237
Major Imports						
Mineral products (Including Oil)	-	1,708	1,975	2,295	3,557	2,503
Machinery, appliance and electricity equipment	-	271	480	426	443	461
Transport Equipment	-	219	334	371	386	401
Bahrain Major Export Destination (Non Oil) %						
Arab countries	-	47.6	40.9	49.6	51	53
Asian countries	-	31.2	35.2	19.6	18	17
The Americas	-	10.1	9.8	13.3	15	18
Europe, Africa and others	-	11.1	14.1	17.5	16	12
Bahrain Major Import Destination (Non Oil) %.						
Arab countries	-	17.6	20.6	19.2	18	24
Asian countries	-	32.2	34	32.8	30	28
The Americas	-	11.2	10.7	9	9	11
Europe, Africa and others	-	38.9	34.7	39	43	37
7: Detail Debt Structure (In Mill. BD)	2004	2005	2006	2007	2008	2009f
Domestic Debt:	585.5	617.1	679.1	616.6	705.0	760.0
Treasury Bills (90 days)	130.0	130.0	162.0	90.0	180.0	320.0
Development Bonds	0.0	0.0	0.0	-	-	0.0
Al Salam Securities (90 days)	28.2	45.1	45.1	18.0	18.0	30.0
Islamic Leasing (3,5 & 10 years)	427.3	442.0	472.0	508.6	507.0	410.0
Total Domestic Short-Term Debt	158.2	175.1	207.1	108.0	198.0	350.0
Total Domestic Medium to Long-Term Debt	427.3	442.0	472.0	508.6	507.0	410.0
Domestic Debt Service (In Mill. BD)	792.0	890.8	977.7	674.0	889.1	899.1
Principal (in Mill. BD)	712.8	801.8	880.0	568.1	689.6	689.6
Interest (in Mill. BD)	79.2	89.0	97.7	105.9	199.5	209.5

Total External Debt :	2004	2005	2006	2007	2008	2009f
Total External Debt (USD Millions)	6,498.0	7,772.0	8,617.0	10,434.0	12,520.8	13,146.8
Total External Debt (BD Millions)	2,449.7	2,930.0	3,248.6	3,933.6	4,720.3	4,956.4
External Debt Service (In Mill. BD)	494.0	673.0	854.0	1,027.0	1,146.0	1,084.0
Principle (In USD Millions)	290.0	349.0	439.0	537.0	622.0	572.0
Interest (In USD Millions)	204.0	324.0	415.0	490.0	524.0	512.0
External Debt Service (In Mill. BD)	186.2	253.7	322.0	387.2	432.0	408.7
Principal (in Mill. BD)	109.3	131.6	165.5	202.4	234.5	215.6
Interest (in Mill. BD)	76.9	122.1	156.5	184.7	197.5	193.0
Source: External Debt taken from IMF international Financial Statistics						
e = Estimate						

7a. Debt Reconciliation:	2004	2005	2006	2007	2008	2009f
Domestic Debt - Beginning Balance	591.5	585.5	617.1	679.1	616.6	706.6
Addition in Stock of Debt	706.8	833.4	942	505.6	779.6	1208.2
Conventional Debt	460	525	642	295	588	805
Islamic Securities	246.8	308.4	300	210.6	191.6	403.2
Principal Repayment (Maturities)	712.8	801.8	880	568.1	689.6	689.6
Conventional Debt	600	525	610	367	498	498
Islamic Securities	112.8	276.8	270	201.1	191.6	191.6
Domestic Debt - Ending Balance	585.5	617.1	679.1	616.6	706.6	760.0

Source: CBB Monetary and Banking Statistics (Table 10)

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