

IMPORTANT NOTICE

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THE KINGDOM OF BAHRAIN
acting through the Ministry of Finance and National Economy
Global Medium Term Note Programme

This base offering circular supplement (the “**Base Offering Circular Supplement**”) has been prepared in order to reflect certain recent developments to the information contained in the Base Offering Circular (as defined below).

This Base Offering Circular Supplement has been prepared in connection with the Global Medium Term Note Programme (the “**Programme**”) of The Kingdom of Bahrain, acting through the Ministry of Finance and National Economy (the “**Issuer**”). This Base Offering Circular Supplement is supplemental to, and forms part of and should be read and construed in conjunction with the Base Offering Circular dated 10 October 2022 (the “**Base Offering Circular**”). Capitalised terms used but not otherwise defined in this Base Offering Circular Supplement shall have the meanings ascribed thereto in the Base Offering Circular.

Application may be made to the United Kingdom (the “**UK**”) Financial Conduct Authority (the “**FCA**”) for Notes issued under the Programme 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 Notes to be admitted to trading on the London Stock Exchange’s main market. For the purposes of any such application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (as amended, the “**UK Prospectus Regulation**”). Accordingly, this Base Offering Circular Supplement has not been reviewed or approved by the FCA or by any other competent authority under the UK Prospectus Regulation. Notes admitted to the Official List and admitted to trading on the London Stock Exchange’s main market will not be subject to the prospectus requirements but will be issued in accordance with the listing rules of the London Stock Exchange.

This Base Offering Circular Supplement 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). This Base Offering Circular Supplement and related offering documents have not been, and will not be, registered as a prospectus with the Central Bank of Bahrain (the “**CBB**”). Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Offering Circular Supplement or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Notes, whether directly or indirectly, to persons in Bahrain, other than as marketing to accredited investors (as such terms is defined by the CBB) for an offer outside Bahrain.

A copy of this Base Offering Circular Supplement has been filed with the CBB. The CBB has not reviewed, approved or registered this Base Offering Circular Supplement or related offering documents, and it has not in any way considered the merits of the Notes 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 Offering Circular Supplement 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 Offering Circular Supplement. No offer of Notes will be made to the public in Bahrain, and this Base Offering Circular Supplement must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

The offering of Notes issued under the Programme will comply with Legislative Decree № (4) of 2001 with respect to the Prevention and Prohibition of the Laundering of Money and the Ministerial Orders issued thereunder, including, but not limited to, Ministerial Order № (7) of 2001 with respect to Institutions’ 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.

The Issuer accepts responsibility for the information contained in this Base Offering Circular Supplement and the applicable Pricing Notification for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Offering Circular Supplement is in accordance with the facts and this Base Offering Circular Supplement makes no omission likely to affect its import.

The date of this Base Offering Circular Supplement is 5 April 2023.

RECENT DEVELOPMENTS

The purpose of this Base Offering Circular Supplement is to reflect the following changes and updates to the information contained in the Base Offering Circular as set out in more detail below.

To the extent that there is any inconsistency between (a) any statement in this Base Offering Circular Supplement or any statement incorporated by reference into the Base Offering Circular by this Base Offering Circular Supplement and (b) any other statement in or incorporated by reference in the Base Offering Circular, the statements in (a) above will prevail.

RATINGS

(replacing the first sentence of the ninth paragraph on the front cover of the Base Offering Circular)

The Issuer has been assigned a long-term foreign currency rating of B+ (positive 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**”).

OVERVIEW

Overview of the Kingdom *(replacing the fourth sentence of the first paragraph, the second paragraph, the third, fourth and fifth sentences of the third paragraph and the tables in the section entitled “Overview—Overview of the Kingdom” beginning on page 1 of the Base Offering Circular)*

The hydrocarbons sector (crude petroleum and natural gas) accounted for 17.7% of real GDP in each of 2018 and 2019, 18.5% of real GDP in 2020, 18.0% of real GDP in 2021 and 16.9% of real GDP in 2022.

Bahrain’s real GDP grew by 2.1% in 2018 and 2.1% 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 4.7%. In 2021 and 2022, Bahrain’s real GDP grew by 2.7% and 4.9%, respectively. The IMF (in its October 2022 World Economic Outlook) forecasts Bahrain’s real GDP to grow by 3.0% in 2023.

In 2022, revenue from non-oil and gas revenues represented 31.0% of total revenues, as compared to 31.8% in 2021 and 40.8% in 2020. 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 increased globally during 2022 (with an inflation rate of 3.6% in Bahrain) and is expected to continue to increase during 2023. The inflation rate in the last twelve months ended 31 January 2023 was 0.8%.

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

	As at, and for the year ended, 31 December ⁽¹⁾				
	2018	2019	2020	2021 ⁽²⁾	2022 ⁽²⁾
GDP at current prices (U.S.\$ millions) ⁽³⁾	37,802.0	38,653.3	34,621.8	39,303.4	44,390.7
GDP at 2010 constant prices (U.S.\$ millions) ⁽³⁾	33,826.9	34,551.3	32,946.5	33,826.1	35,470.2
GDP Growth at 2010 constant prices	2.1%	2.2%	(4.7)%	2.7%	4.9%
Inflation Rate.....	2.1%	1.0%	(2.3)%	(0.6)%	3.6% ⁽⁴⁾
Total External Debt (U.S.\$ millions) ⁽⁵⁾	18,752.9	21,741.8	25,439.9	29,982.7	29,892.2
Outstanding Government debt as a percentage of GDP	87.5%	93.3%	114.5%	114.1%	100.2%

Notes:

- (1) Certain figures in this table differ from previously published figures.
- (2) Figures are based on preliminary data.
- (3) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.
- (4) The inflation rate for the last twelve months ended 31 January 2023 was 0.8%.
- (5) Outstanding and total debt figures exclude borrowings from the CBB. Borrowings from the CBB were BHD 2,773.8 million (U.S.\$7,377.1 million) as at 31 December 2022.

Source: Information eGovernment Authority and Ministry of Finance and National Economy

	For the year ended 31 December				
	2018	2019	2020	2021	2022 ⁽¹⁾
	(U.S.\$ millions)				
Inward FDI flow	29,181.1	30,683.8	31,705.2	33,573.1	33,931.4
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)	(474)
Government Revenue	7,381	7,719	5,538	6,956	9,281
Oil and Gas Revenue	6,080	5,559	3,279	4,743	6,438
Non-oil Revenue.....	1,301	2,160	2,260	2,213	2,843
Total Expenditure	9,762	9,537	9,981	9,489	9,755
Overall Budget Deficit to GDP Ratio (%)...	(6)	(5)	(13)	(6)	(1)

Note:

- (1) Preliminary estimated figures.

Source: CBB and Ministry of Finance and National Economy

RISK FACTORS

Risk factors relating to the Issuer

The worldwide economic effect of the COVID-19 pandemic could adversely affect Bahrain's economy (replacing the third, fourth and fifth sentences of the third paragraph under the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—The worldwide economic effect of the COVID-19 pandemic could adversely affect Bahrain's economy" beginning on page 11 of the Base Offering Circular)

Economic growth in Bahrain has, however, rebounded in recent years and, in 2021 and 2022, Bahrain's real GDP grew by 2.7% and 4.9%, respectively. The IMF (in its October 2022 World Economic Outlook) forecasts Bahrain's real GDP to grow by 3.0% in 2023.

Bahrain's economy may be impacted by global inflationary trends (replacing the fourth sentence of the second paragraph under the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—Bahrain's economy may be impacted by global inflationary trends" beginning on page 11 of the Base Offering Circular)

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

Bahrain's economy remains significantly dependent on oil revenues and is vulnerable to external shocks (replacing the first and second paragraph under the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—Bahrain's economy remains significantly dependent on oil revenues and is vulnerable to external shocks" beginning on page 12 of the Base Offering Circular)

Although the Government has sought to promote the growth of the non-oil sector and in 2022, the non-oil sector grew by 6.2% in real terms and 9.4% in nominal terms, as compared to 2021, Government revenues remain significantly dependent on oil revenues. Actual revenue from oil and gas accounted for approximately 69.4% 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 oil price environment. In early March 2020, there was a substantial drop in global 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 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. During the second half of 2022, crude oil prices generally decreased, as concerns about a possible economic recession reduced demand, and, on 8 December 2022, the price of Brent crude oil dropped to its lowest 2022 price of U.S.\$75.00 per barrel. On 7 March 2023, the U.S. Energy Information Administration's March 2023 Short-Term Energy Outlook forecast the price of Brent crude oil at U.S.\$82.95 per barrel in 2023 and U.S.\$77.57 per barrel in 2024. Bahrain's oil price estimate is set at U.S.\$50 per barrel in the 2021/2022 budget and the average oil price target in the FBP for 2023 is U.S.\$60 per barrel. 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.

Bahrain has large fiscal deficits, its fiscal consolidation efforts may not be successful, leading to an increase in public debt and debt financing costs (replacing the first paragraph and the second paragraph under the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—Bahrain has large fiscal deficits, its fiscal consolidation efforts may not be successful, leading to an increase in public debt and debt financing costs" beginning on page 13 of the Base Offering Circular)

Whilst revenues, and in particular oil revenues, have declined in the past during periods of relatively low oil prices prior to an overall increasing trend since 2021, Government spending has been stable in recent years, although spending increased in 2020 (due to the need to increase spending to help combat the impact of the COVID-19 pandemic) leading to a larger fiscal deficit. Bahrain had an overall budget deficit of U.S.\$474 million in 2022 (according to preliminary estimated figures), 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. The oil price estimate was U.S.\$50 per barrel in the 2021/2022 budget. The average oil price target in the FBP for 2023 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, as well as a result of a decrease in project expenditures from U.S.\$532 million in 2021 to U.S.\$505 million in 2022.

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.\$44.5 billion as at 31 December 2022, as compared to 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 100.2% as at 31 December 2022, as compared to 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, respectively.

Bahrain's economy is dependent on economic and other conditions of Saudi Arabia in particular, as well as the GCC countries (replacing the third and fourth sentences of the first paragraph and the fourth sentence of the fourth paragraph of the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—Bahrain's economy is dependent on economic and other conditions of Saudi Arabia in particular, as well as the GCC countries" beginning on page 14 of the Base Offering Circular)

Based on IGA statistics, non-oil exports to GCC countries amounted to 35.6% of total non-oil exports for the nine months ended 30 September 2022, and Saudi Arabia accounted for 19.2% of total non-oil exports and 54.1% of non-oil exports to GCC countries. As for non-oil imports, 15.9% of total non-oil imports for the nine months ended 30 September 2022 were from other GCC countries, and Saudi Arabia accounted for 5.7% of total non-oil imports and 35.9% of non-oil imports from GCC countries.

As at 31 December 2022, Bahrain had received U.S.\$7.5 billion in support and expects to receive the remaining amounts in 2023 and 2024, as part of the total U.S.\$10.2 billion pledged.

As of 31 December 2022, an amount of U.S.\$7.4 billion had been committed to 48 GCC Development Fund projects, and U.S.\$5.1 billion had been certified as paid.

Bahrain is subject to a number of on-going domestic political risks (replacing the third paragraph of the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—Bahrain is subject to a number of on-going domestic political risks" on page 15 of the Base Offering Circular)

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.

Bahrain's sovereign credit ratings are subject to revision and downgrade (supplementing the first paragraph of the risk factor entitled "Risk Factors—Risk factors relating to the Issuer—Bahrain's sovereign credit ratings are subject to revision and downgrade" on page 17 of the Base Offering Circular)

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.

A crisis in the financial services and banking sectors could have an adverse effect on Bahrain’s economy (replacing the second and third sentences of the first paragraph and the second and third paragraph of the risk factor entitled “Risk Factors—Risk factors relating to the Issuer—A crisis in the financial services and banking sectors could have an adverse effect on Bahrain’s economy” on page 18 of the Base Offering Circular)

The financial services sector accounted for 17.1% of real GDP for the year ended 31 December 2020, 17.7% of real GDP in 2021 and 17.5% of real GDP in 2022.

The Government is also a shareholder in various Bahraini banks, and Bahraini banks are major lenders to the Government. As at 31 December 2022, approximately 78.7% 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 recent disruptions in the global banking sector in March 2023, including the merger of UBS and Credit Suisse, as well as the failure of Silicon Valley Bank and Signature Bank) could have an adverse impact on Bahrain’s economy, its extractive, financial, real estate and manufacturing sectors, and/or its credit rating and adversely affect the trading price of the Notes. See “*Monetary and Financial System—The Banking Sector*”.

Bahrain’s currency may be subject to depreciation (replacing the sixth, seventh and eighth sentence of the first paragraph of the risk factor entitled “Risk Factors—Risk factors relating to the Issuer—Bahrain’s currency may be subject to depreciation” beginning on page 18 of the Base Offering Circular)

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. As at 31 December 2021, Bahrain’s gross foreign reserves were estimated by the CBB to be sufficient to finance 3.2 months of obligations in respect of imports of goods. As at 31 December 2022, Bahrain’s gross foreign reserves were estimated by the CBB to be sufficient to finance 2.5 months of obligations in respect of imports of goods and 3.9 months of non-oil import coverage.

Bahrain has significant plans to expand its oil and gas capacities, and these plans are subject to construction and financing risks. Moreover, nogaholding may not pay any dividends to the Government in future years (replacing the first and second sentence of the risk factor entitled “Risk Factors—Risk factors relating to the Issuer—Bahrain has significant plans to expand its oil and gas capacities, and these plans are subject to construction and financing risks. Moreover, nogaholding may not pay any dividends to the Government in future years” beginning on page 19 of the Base Offering Circular)

Although Bahrain continues to seek to diversify its economy, the oil 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, 18.5% 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.

The prices of aluminium are cyclical, and sustained low prices may impact the economy (replacing the eighth sentence of the second paragraph of the risk factor entitled “Risk Factors—Risk factors relating to the Issuer—The prices of aluminium are cyclical, and sustained low prices may impact the economy” beginning on page 20 of the Base Offering Circular)

During the first half of 2022, aluminium prices increased due to 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, reaching a peak of U.S.\$3,985 per tonne in March 2022. However, during the second half of 2022, aluminium prices declined due to global concerns regarding inflation, potential recession and rising interest rates, coupled with weaker global demand, with prices reaching a low of U.S.\$2,079 per tonne in September 2022.

OVERVIEW OF THE KINGDOM OF BAHRAIN

Constitution and Government

The National Assembly and Elections (replacing the fourth paragraph in the section entitled “Overview of the Kingdom of Bahrain—Constitution and Government—The National Assembly and Elections” beginning on page 90 of the Base Offering Circular)

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.

International Relations

GCC (replacing the fifth sentence of the third paragraph in the section entitled “Overview of the Kingdom of Bahrain—International Relations—GCC” beginning on page 93 of the Base Offering Circular)

As of 31 December 2022, an amount of U.S.\$7.4 billion had been committed to 48 GCC Development Fund projects and U.S.\$5.1 billion had been certified as paid.

ECONOMY OF THE KINGDOM OF BAHRAIN

Introduction (replacing the second sentence of the third paragraph in the section entitled “Economy of the Kingdom of Bahrain—Introduction” on page 101 of the Base Offering Circular)

Bahrain is believed to have one of the most diverse economies in the GCC, the hydrocarbons sector only accounted for 18.5% of real GDP in 2018 and 2019, 19.4% of real GDP in 2020, 18.9% of real GDP in 2021 and 17.7% of real GDP in 2022.

Manufacturing: (replacing the fourth and fifth sentences of the section entitled “Economy of the Kingdom of Bahrain—Introduction—Manufacturing” on page 101 of the Base Offering Circular)

The manufacturing sector accounted for 14.4% of real GDP in 2019, 14.3% of real GDP in 2020 and 14.0% of real GDP in 2021 and for 14.0% of real GDP in 2022.

ICT: (replacing the third sentence of the section entitled “Economy of the Kingdom of Bahrain—Introduction—ICT” beginning on page 101 of the Base Offering Circular)

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 54th of 131 countries in the 2022 Network Readiness Index published by the World Economic Forum.

Financial Services: (replacing the fourth and fifth sentences of the section entitled “Economy of the Kingdom of Bahrain—Introduction—Financial Services” on page 102 of the Base Offering Circular)

The financial services sector accounted for 16.0% of real GDP in 2019, 17.1% of real GDP in 2020, 17.7% of real GDP in 2021 and 17.5% of real GDP in 2022.

Gross Domestic Product (replacing the section entitled “Economy of the Kingdom of Bahrain—Gross Domestic Product” beginning on page 103 of the Base Offering Circular)

The hydrocarbons sector (mining and quarrying) is the largest contributor to GDP (19.4% for the year ended 31 December 2020, 18.9% for 2021 and 17.7% for 2022), 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 and 17.5% for 2022), reflecting the importance of trade and finance to the domestic economy.

In 2020, economic growth in Bahrain was primarily impacted by the COVID-19 pandemic and lower international oil prices, with real GDP declining by 4.7%. In 2021 and 2022, Bahrain’s real GDP grew by 2.7% and 4.9%, respectively. The IMF (in its October 2022 World Economic Outlook) forecasts Bahrain’s real GDP to grow by 3.0% in 2023.

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⁾				
	2018	2019	2020	2021 ⁽²⁾	2022 ⁽²⁾
GDP at current prices (<i>U.S.\$ millions</i>) ⁽³⁾	37,802.0	38,653.3	34,621.8	39,303.4	44,390.7
GDP at constant 2010 prices (<i>U.S.\$ millions</i>) ⁽³⁾	33,826.9	34,551.3	32,946.5	33,826.1	35,470.2
Percentage change over previous period					
At current prices (%).....	6.6	2.2	(10.4)	13.5	12.9
At constant 2010 prices (%).....	2.1	2.2	(4.7)	2.7	4.9
<i>Per capita</i> ⁽⁴⁾⁽⁵⁾					
At current prices (<i>U.S.\$</i>) ⁽³⁾⁽⁴⁾	25,073.0	26,050.8	23,585.7	25,836.8	28,657.7
At constant 2010 prices (<i>U.S.\$</i>) ⁽³⁾⁽⁴⁾	22,362.0	23,286.2	22,310.1	22,319.1	22,898.8

Notes:

- (1) Certain figures in this table differ from previously published figures.
- (2) Figures are based on preliminary data.
- (3) Using the fixed conversion rate of BD0.376 = U.S.\$1.00.
- (4) Assuming a population of 1,503,091 in 2018, 1,483,756 in 2019, 1,472,204 in 2020 and 1,504,365 in 2021, according to Information eGovernment Authority data and 1,549,000 in 2022, according to IMF data.
- (5) 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.\$5,933.1 in 2020 and U.S.\$6,211.1 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	
	<i>(U.S.\$ million s)⁽¹⁾</i>	<i>(%)</i>	<i>(U.S.\$ million s)⁽¹⁾</i>	<i>(%)</i>	<i>(U.S.\$ million s)⁽¹⁾</i>	<i>(%)</i>	<i>(U.S.\$ million s)⁽¹⁾</i>	<i>(%)</i>
Private consumption.....	15,404.5	40.8	15,616.8	40.4	14,586.3	42.1	15,383.0	39.1
Government consumption.....	6,156.6	16.3	6,064.7	15.7	5,933.1	17.1	6,211.1	15.8
Gross fixed capital formation.....	11,137.1	29.5	10,742.8	27.8	10,004.1	28.9	9,699.9	24.6
Change in stocks ⁽²⁾	2,193.6	5.8	1,873.0	4.8	2,146.3	6.2	382.2	1.0
Net exports of goods and services.....	2,910.4	7.7	4,356.7	11.3	1,952.4	5.6	7,657.2	19.5
Exports of goods and services.....	29,959.0	79.3	29,564.4	76.5	25,249.2	72.9	35,234.6	89.6
Imports of goods and services.....	27,048.7	71.6	25,207.7	65.2	23,296.8	67.3	25,577.4	70.2
GDP⁽³⁾.....	37,802.0⁽³⁾	100.0	38,653.3	100.0	34,723.4⁽³⁾	100.0	39,303.4	100.0

Notes:

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

(2) Including net errors and omissions.

(3) Updated consumption figures are not available as at the date of this Base Offering Circular. Accordingly, 2018 and 2020 GDP figures in this table differ from other published GDP figures.

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	
	<i>(U.S.\$ millions)⁽¹⁾</i>	<i>(%)</i>	<i>(U.S.\$ millions)⁽¹⁾</i>	<i>(%)</i>	<i>(U.S.\$ millions)⁽¹⁾</i>	<i>(%)</i>	<i>(U.S.\$ millions)⁽¹⁾</i>	<i>(%)</i>
Private consumption.....	13,096.0	38.7	13,162.1	38.1	12,584.8	38.2	14,965.6	44.2
Government consumption.....	5,659.2	16.7	5,573.8	16.1	5,432.7	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⁾	1,047.9	3.1	658.6	1.9	686.5	2.1	(5,429.6)	16.1
Net exports of goods and services.....	4,247.1	12.6	5,659.0	16.4	5,105.6	15.5	9,753.9	28.8
Exports of goods and services.....	27,709.0	81.9	27,814.5	80.5	27,105.7	82.3	35,094.7	103.8
Imports of goods and services.....	23,461.8	69.4	22,155.5	64.1	22,000.1	66.8	25,340.82	74.9
GDP⁽³⁾.....	33,818.4⁽³⁾	100.0	34,551.3	100.0	32,946.5	100.0	33,826.1	100.0

Notes:

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

(2) Including net errors and omissions.

(3) Updated consumption figures are not available as at the date of this Base Offering Circular. Accordingly, 2018 GDP figures in this table differ from other published GDP figures.

Source: Information eGovernment Authority

Principal Sectors of the Economy (replacing the tables set out in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy” beginning on page 105 of the Base Offering Circular)

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 ⁽¹⁾		2021 ⁽¹⁾		2022 ⁽²⁾	
	(U.S.\$ millions) ⁽²⁾	(%)	(U.S.\$ millions) ⁽²⁾	(%)	(U.S.\$ millions) ⁽³⁾	(%)	(U.S.\$ millions) ⁽³⁾	(%)	U.S.\$ millions) ⁽²⁾	(%)
Non-financial corporations	25,981.0	68.7	26,370.5	68.2	22,358.6	64.6	26,464.3	67.3	30,288.3	68.2
Agriculture and fishing.....	108.9	0.3	108.7	0.3	108.6	0.3	109.7	0.3	114.4	0.3
Mining and quarrying ⁽⁴⁾	5,965.1	15.8	5,771.2	14.9	4,045.0	11.7	6,161.4	15.7	8,114.4	18.3
(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
(ii) Quarrying.....	365.4	1.0	388.9	1.0	406.9	1.2	431.7	1.1	454.8	1.0
Manufacturing.....	6,660.7	17.6	6,811.3	17.6	6,333.8	18.3	8,071.8	20.5	9,516.5	21.4
Electricity and water.....	475.7	1.3	502.2	1.3	546.3	1.6	555.7	1.4	609.6	1.4
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
Trade.....	1,625.8	4.3	1,663.6	4.3	1,566.8	4.5	1,563.7	4.0	1,597.6	3.6
Hotels and restaurants.....	834.5	2.2	915.6	2.4	520.4	1.5	562.9	1.4	670.3	1.5
Transport and communications.....	2,810.0	7.4	3,002.1	7.8	2,380.0	6.9	2,516.3	6.4	2,550.0	5.7
Social and personal services.....	2,328.3	6.2	2,412.5	6.2	2,104.6	6.1	2,142.1	5.5	2,113.3	4.8
Real estate and business activities.....	2,071.3	5.5	2,002.6	5.2	1,873.8	5.4	1,902.2	4.8	1,985.3	4.5
Financial corporations	6,173.0	16.3	6,060.6	15.7	6,225.7	18.0	6,640.3	16.9	6,959.7	15.7
Financial institutions.....	2,137.9	5.7	1,992.9	5.2	2,103.2	6.1	2,444.6	6.2	2,752.5	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	2,055.9	4.6
Insurance.....	1,980.4	5.2	2,017.7	5.2	2,004.1	5.8	2,047.3	5.2	2,151.4	4.8
Government services	4,875.0	12.9	4,780.6	12.4	4,748.9	13.7	4,832.8	12.3	5,089.3	11.5
Government education services.....	939.9	2.5	846.3	2.2	787.1	2.3	802.4	2.0	856.4	1.9
Government health services.....	726.9	1.9	723.5	1.9	749.5	2.2	792.6	2.0	758.4	1.7
Other Government services.....	3,208.2	8.5	3,210.8	8.3	3,212.4	9.3	3,237.9	8.2	3,474.4	3.6
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
Households with employed persons	340.7	0.9	328.0	0.8	282.3	0.8	275.7	0.7	301.1	0.7
GDP producer prices	37,389.4	98.9	37,555.6	97.2	33,627.7	97.1	37,225.0	97.3	42,650.5	96.1
Import duties	412.6	1.1	1,097.7	2.8	994.1	2.9	1,078.4	2.7	1,619.0	3.6
GDP⁽⁵⁾	37,802.0	100.0	38,653.3	100.0	34,621.8	100.0	39,303.4	100.0	44,390.8	100.0

Notes:

- (1) Certain figures in this table differ from previously published figures.
- (2) Figures are based on preliminary data.
- (3) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.
- (4) Mining and quarrying is comprised of (i) crude petroleum and natural gas and (ii) quarrying.
- (5) GDP figures for 2018, 2019 and 2020 differ from those previously published.

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 ⁽¹⁾		2021 ⁽¹⁾		2022 ⁽²⁾	
	(U.S.\$ millions) ⁽³⁾	(%)	(U.S.\$ millions) ⁽³⁾	(%)	(U.S.\$ millions) ⁽³⁾	(%)	(U.S.\$ millions) ⁽³⁾	(%)	U.S.\$ millions) ⁽²⁾	(%)
Non-financial corporations	23,150.0	68.5	23,426.4	67.8	21,813.8	66.2	22,208.6	65.7	22,730.7	64.1
Agriculture and fishing	95.6	0.3	94.7	0.3	94.8	0.3	101.78	0.3	106.2	0.3
Mining and quarrying ⁽⁴⁾	6,256.1	18.5	6,383.6	18.5	6,389.3	19.4	6,389.0	18.9	6,292.8	17.7
(i) Crude petroleum and natural gas	5,982.1	17.7	6,112.2	17.7	6,105.7	18.5	6,089.8	18.0	6,006.8	16.9
(ii) Quarrying	274.0	0.8	271.4	0.8	283.6	0.9	299.2	0.9	286.0	0.8
Manufacturing	4,883.8	14.4	4,961.2	14.4	4,715.4	14.3	4,749.3	14.0	4,982.9	14.0
Electricity and water	335.5	1.0	381.2	1.1	509.4	1.5	524.6	1.6	523.7	1.5
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
Trade	1,512.6	4.5	1,528.7	4.4	1,418.1	4.3	1,434.6	4.2	1,512.3	4.3
Hotels and restaurants	793.2	2.3	854.9	2.5	482.7	1.5	519.2	1.5	591.3	1.7
Transport and communications	2,802.6	8.3	2,660.7	7.7	2,080.9	6.3	2,315.3	6.8	2,420.3	6.8
Social and personal services	2,115.4	6.3	2,177.4	6.3	1,891.8	5.7	1,866.7	5.5	1,858.7	5.2
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	1,896.1	5.3
Financial corporations	5,692.1	16.8	5,537.4	16.0	5,619.0	17.1	5,970.7	17.7	6,218.1	17.5
Financial institutions	1,794.1	5.3	1,708.7	4.9	1,754.4	5.3	2,052.4	6.1	2,302.2	6.5
Offshore financial institutions	2,054.7	6.1	1,966.7	5.7	2,016.6	6.1	2,041.6	6.0	1,940.7	5.5
Insurance	1,843.3	5.5	1,862.0	5.4	1,847.9	5.6	1,976.8	5.5	1,975.2	5.6
Government services	4,289.3	12.7	4,218.7	12.2	4,285.1	13.0	4,341.4	12.8	4,631.2	13.1
Government education services	823.6	2.4	740.3	2.1	680.8	2.1	688.0	2.0	723.7	2.0
Government health services	679.6	2.0	685.4	2.0	689.8	2.1	762.4	2.3	719.3	2.3
Other Government services	2,786.1	8.2	2,793.0	8.1	2,914.5	8.8	2,891.0	8.5	3,188.3	9.0
Private non-profit institutions serving households	13.2	0.0	14.0	0.0	12.6	0.0	12.4	0.0	12.4	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
GDP producer prices	33,438.4	98.9	33,477.2	96.9	31,977.6	97.1	32,775.0	96.9	33,851.3	95.4
Import duties	380.1	1.1	1,074.1	3.1	968.9	2.9	1,051.0	3.1	1,619.0	4.6
GDP	33,826.9	100.0	34,551.3	100.0	32,946.5	100.0	33,826.1	100.0	35,470.3	100.0

Notes:

- (1) Certain figures in this table differ from previously published figures.
- (2) Based on preliminary data.
- (3) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.

Mining

Oil Production (replacing the first paragraph in the section entitled "Economy of the Kingdom of Bahrain—Mining—Oil Production" on page 106 of the Base Offering Circular)

Bahrain has one of the smallest oil reserves of the GCC countries and daily average crude oil production of 42,122 bpd in 2018, 42,378 bpd in 2019, 43,229 in 2020, 42,588 bpd in 2021 and 39,536 bpd in 2022 from its only onshore oilfield, Awali.

Tatweer Petroleum. (replacing the last sentence of the first paragraph, the second sentence of the second paragraph and the first sentence of the third paragraph in the section entitled "Economy of the Kingdom of Bahrain—Mining—Oil Production—Tatweer Petroleum" beginning on page 106 of the Base Offering Circular)

The company continues to hire local employees and drilled a total of 66 wells in 2017, 70 in 2018, 110 in 2019, 165 in 2020, 199 in 2021 and 68 in 2022.

Tatweer Petroleum maintained crude oil production (including condensate) by arresting the decline from 2011's daily average of 42,510 bpd to 42,588 bpd in 2021 and 39,536 bpd in 2022.

Tatweer's infill drilling strategy envisages the drilling of 446 wells, with 69 wells drilled in 2019, 102 wells drilled in 2020, 78 wells drilled in 2021, 26 wells drilled in 2022 and 171 wells expected to be drilled between 2023 and 2025.

Block-1. (replacing the section entitled “Economy of the Kingdom of Bahrain—Mining—Oil Production—Block-1” on page 107 of the Base Offering Circular)

In May 2019, NOGA signed an exploration and production-sharing agreement with ENI for Block-1 exploration, following the completion of a joint study agreement signed in 2016. During the first exploration phase, ENI conducted detailed geological and geophysical evaluations and drilled one exploratory well towards the North of the block. Following the completion of the first phase, ENI decided not to proceed towards a second exploration phase.

Khalij Al-Bahrain Basin. (replacing the first paragraph of the section entitled “Economy of the Kingdom of Bahrain—Mining—Oil Production—Khalij Al-Bahrain Basin” on page 107 of the Base Offering Circular)

Recently, NOGA announced a discovery of oil and gas resources in Bahrain., comprising (i) unconventional oil resources within the Khalij Al-Bahrain Basin encompassing areas both offshore and onshore, close to a fully-operational oil field and potential for substantial cost optimisation; and (ii) significant gas reserves in two accumulations below Bahrain’s main gas reservoir. See “—Gas—Pre-Unayzah Gas Reserves”.

Pre-Unayzah Gas Reserves. (replacing and renaming the section entitled “Economy of the Kingdom of Bahrain—Mining—Oil Production—Pre-Unayzah” on page 108 of the Base Offering Circular)

The appraisal and early production of the Pre-Unayzah (deep gas) resources are currently ongoing. Two wells are already in production and are connected to the gas supply network. In addition, Tatweer Petroleum drilled and completed two additional wells in 2022 to appraise and develop gas reserves in Jubah and Jauf reservoirs. The appraisal campaign has been expanded to include drilling, testing and potentially producing eight additional wells during 2023 and 2024. These wells are expected to be key in evaluating the reservoirs and the full field development potential of these resources. Tatweer is also engaged in joint evaluation studies with regional national oil companies and international oil companies to re-evaluate the technical and economic feasibility of Khalij Al-Bahrain Basin development and to put together working recommendations to best approach to develop both resources.

In addition, Tatweer 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. Tatweer 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.

Abu Saafa Oilfield. (replacing the last sentence of the first paragraph and the table in the section entitled “Economy of the Kingdom of Bahrain—Mining—Oil Production—Abu Saafa Oilfield” on page 108 of the Base Offering Circular)

Bahrain’s share in the Abu Saafa production amounted to 152,057 bpd in 2018, 151,830 bpd in 2019, 150,874 bpd in 2020, 150,403 bpd in 2021 and 149,998 in 2022.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>(bpd)</i>				
Refined oil production.....	270,902	273,950	229,732	235,910	258,894
Local sales of refined products.....	31,266	30,533	26,964	28,471	30,965
Exports ⁽¹⁾	233,491	239,521	209,863	214,237	224,663

Note:

(1) Includes exports by Bapco.

Source: Ministry of Oil & Environment

Refining (replacing the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Mining—Refining” beginning on page 108 of the Base Offering Circular)

Bahrain has an oil refinery at Sitra operated by Bapco. The refinery has a nameplate capacity of 267,000 bpd. The refinery was established in 1936 as the first refinery in the Arabian Gulf region with a capacity of 10,000 bpd. Several investments and improvements were made to refinery operations to comply with the highest industry safety standards, meet the international market demands, achieve high reliability, implement cost efficiencies and improve 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 2004 and 2014, Bapco invested U.S.\$1.0 billion pursuant to its Strategic Investment Program (“SIP”), where several new units were added to the Sitra Refinery to ensure continued profitability, including the upgrading of low value fuel oil to

more valuable low sulphur diesel and the production of Group III lube base oil. New processing facilities and environmental projects were also executed as part of the SIP, including improvements to the wastewater treatment facilities at the Sitra Refinery to ensure all refinery water routed to the sea is in compliance with acceptable environmental standards.

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. 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 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 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 and 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 financial close, the number of participating banks has grown to 30. As of 31 December 2022, the EPC elements of the Bapco Modernisation Programme were approximately 88.4% complete, which represents a delay to the originally scheduled progress of the project. While detailed engineering and manufacturing work is at an advanced stage (approximately 99% completed), certain construction, pre-commissioning and commissioning work is still to be completed. One of the primary causes of the delay to the project has been the impact of the COVID-19 pandemic, which limited the availability of workforce resources to subcontractors and delivery of material by vendors and suppliers. It is expected that completion of works will be delayed by approximately 22 months, although the delay is not expected to have a material impact on the overall cost of the project or the ability to begin loan repayments as planned. Construction of the project is expected to be completed by the end of 2023, with commissioning and start-up due to be completed in 2024.

Gas (replacing the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Mining—Gas” beginning on page 110 of the Base Offering Circular)

Tatweer Petroleum, a wholly-owned subsidiary of noholding, currently manages and distributes gas from the Khuff Gas Reservoir to end-user customers including Bapco’s oil refinery.

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

	2018	2019	2020	2021	2022
	<i>(billion cubic feet)</i>				
Khuff gas production.....	522.6	612.2	609.5	597.6	600.7
Associated gas production.....	250.0	266.6	277.4	308.2	306.3
Total gas production	772.6	878.9	886.9	905.8	907.0

Source: Tatweer Petroleum

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 907.0 billion cubic feet in 2022. Fluctuations in production are affected by demand. Tatweer Petroleum 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 Banagas and Tawseah. Tatweer Petroleum is responsible for the operation and maintenance of the gas distribution network, which provides approximately 1,300 mmscfd of Khuff gas from Bahraini 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 other industries.

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>(percentage of total quantity sold)</i>				
Electricity and Water Directorate.....	43	40	41	39	38
ALBA.....	27	32	33	33	34
Bapco	10	9	9	9	9
GPIC	8	8	8	8	8
Others.....	12	11	9	11	11

Source: Tatweer Petroleum

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% and 33% of oil field injection in 2018, 2019, 2020, 2021 and 2022 respectively.

Bapco completed the drilling of four Khuff gas wells before transferring management of the Awali field to Tatweer Petroleum, 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. Tatweer Petroleum drilled four additional wells as part of this project and constructed gas processing facilities. The Khuff gas drilling programme started in early 2009 and was 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, Tatweer Petroleum built a new 500 mscf processing facility and commenced another drilling campaign of Khuff gas wells. As at 31 December 2022, 30 wells had been 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. *(renaming the section and replacing the first paragraph set out in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Mining—Gas—Pre-Khuff Gas Reserves” on page 111 of the Base Offering Circular)*

The appraisal and early production of the Pre-Unayzah (deep gas) resources are currently ongoing. Two wells are already in production and are connected to the gas supply network. In addition, Tatweer Petroleum drilled and completed two additional wells in 2022 to appraise and develop gas reserves in Jubah and Jauf reservoirs. The appraisal campaign has been expanded to include drilling, testing and potentially producing eight additional wells during 2023 and 2024. These wells are expected to be key in evaluating the reservoirs and the full field development potential of these resources.

Bahrain LNG Terminal Project. *(replacing the first sentence of the fourth paragraph set out in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Mining—Gas—Bahrain LNG Terminal Project” on page 112 of the Base Offering Circular)*

The estimated total cost of the Bahrain LNG terminal currently stands at U.S.\$1,407 million (including financing costs).

Financial Services *(replacing the third sentence and deleting the fourth sentence of the first paragraph set out in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Financial Services” beginning on page 112 of the Base Offering Circular)*

Financial services remain the largest non-oil component of the real economy, accounting for approximately 16.8%, 16.0%, 17.1%, 17.7% and 17.5% of real GDP in, 2018, 2019, 2020, 2021 and 2022.

Manufacturing *(replacing the first sentence and deleting the second sentence of the first paragraph set out in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Manufacturing” beginning on page 113 of the Base Offering Circular)*

The manufacturing sector accounted for approximately 14.0% of real GDP in 2022.

Aluminium *(replacing the last sentence of the third paragraph in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Manufacturing—Aluminium beginning on page 113 of the Base Offering Circular)*

During the first half of 2022, aluminium prices increased due to 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, reaching a peak of U.S.\$3,985 per tonne in March 2022. However, during the second half of 2022,

aluminium prices declined due to concerns regarding inflation, potential recession and rising interest rates, coupled with weaker global demand, with prices reaching a low of U.S.\$2,079 per tonne in September 2022.

Telecommunications (replacing the first sentence and deleting the second sentence of the first paragraph, replacing the last sentence of the fifth paragraph and the last sentence of the seventh paragraph and supplementing the ninth paragraph in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Telecommunications” beginning on page 116 of the Base Offering Circular)

Telecommunications revenues, together with transport revenues, represented approximately 6.3% of real GDP in 2020 and 6.8% of real GDP in each of 2021 and 2022.

At the end of September 2022, there were 2.1 million mobile subscriptions in Bahrain, representing a mobile penetration rate of 134%.

As at 30 September 2022, there were approximately 2.3 million broadband subscriptions, with a broadband penetration rate of 146.5%.

As of 2020, telecommunications sector revenues were BD 460 million.

Trade (replacing the first sentence and deleting the second sentence of the first paragraph, replacing the third paragraph and accompanying tables set out in the section entitled “Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Trade” beginning on page 119 of the Base Offering Circular)

The trade sector accounted for 4.3% of real GDP in 2020, 4.2% of real GDP in 2021 and 4.3% of real GDP 2022.

Based on IGA statistics, non-oil exports to GCC countries amounted to 37.3% of total non-oil exports for the year ended 31 December 2022, and Saudi Arabia accounted for 20.2% of total non-oil exports and 54.0% of non-oil exports to GCC countries. As for non-oil imports, 16.4% of total non-oil imports for the year ended 31 December 2022 were from other GCC countries, and Saudi Arabia accounted for 5.7% of total non-oil imports and 34.9% 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				
	2018	2019	2020	2021	2022
	<i>(U.S.\$ millions, except percentages)</i>				
GCC Total	2,637.5	2,124.6	1,994.0	2,253.8	2,544.8
Saudi Arabia	1,093.2	926.8	935.9	966.4	888.0
Kuwait.....	111.9	90.9	92.7	138.3	195.9
Oman.....	123.0	179.2	137.2	102.2	173.3
UAE.....	1,308.9	927.7	828.1	1,046.9	1,285.7
Qatar	0.0	0.0	0.0	0.0	1.9
Total non-oil imports	14,871.3	13,255.6	12,759.6	14,137.8	15,537.2
<i>GCC of total non-oil imports</i>	<i>17.7%</i>	<i>16.0%</i>	<i>15.6%</i>	<i>15.9%</i>	<i>16.4%</i>

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				
	2018	2019	2020	2021	2022
	<i>(U.S.\$ millions, except percentages)</i>				
GCC Total	3,694.3	4,194.5	3,677.9	4,957.8	5,649.0
Saudi Arabia	1,910.7	2,027.4	1,948.5	2,460.7	3,048.1
Kuwait.....	877.9	292.2	225.0	284.0	285.9
Oman.....	251.1	439.3	479.4	569.7	639.4
UAE.....	654.6	1,435.6	1,023.6	1,623.4	1,642.3
Qatar	—	—	1.4	20.1	33.3
Total non-oil exports	7,449.4	8,224.9	8,146.0	12,428.3	15,125.0
<i>GCC share of total non-oil exports</i> ...	<i>49.6%</i>	<i>51.0%</i>	<i>45.1%</i>	<i>39.9%</i>	<i>37.3%</i>

Source: Information and eGovernment Authority

Tourism, Hotels and Restaurants (replacing the fourth sentence and deleting the fifth sentence of the first paragraph, replacing the second sentence and deleting the third sentence of the tenth paragraph and table set out in the section entitled "Economy of the Kingdom of Bahrain—Principal Sectors of the Economy—Other Services—Tourism, Hotels and Restaurants" beginning on page 121 of the Base Offering Circular)

The tourism industry (hotels and restaurants) contributed 1.7% of real GDP in 2022 and 1.5% of real GDP in each of 2021 and 2020.

In 2022, 13.8 million visitors entered Bahrain, as compared to 4.9 million visitors in 2021.

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

	2018	2019	2020	2021	2022
	<i>(number of arrivals)</i>				
Saudi Causeway	13,408,395	12,215,363	2,065,322	3,874,750	11,782,860
Airport.....	2,593,173	2,724,878	712,366	1,035,067	1,951,727
Sea Port.....	112,541	160,974	64,530	9,504	35,564
Total	16,114,109	15,101,215	2,842,218	4,919,321	13,770,151

Source: Nationality Passport and Residence Affairs.

BALANCE OF PAYMENTS AND FOREIGN TRADE

(replacing the table set out in the section entitled "Balance of Payments and Foreign Trade" on page 127 of the Base Offering Circular)

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				
	2018	2019	2020	2021	2022
	<i>(U.S.\$ millions)⁽¹⁾⁽²⁾⁽³⁾</i>				
1. Current account (a+b+c+d)	(2,434.6)	(794.1)	(3,244.7)	2,602.4	6,838.6
a. Goods	(1,066.5)	856.4	(127.1)	4,905.1	8,244.7
General Merchandise.....					
Exports (fob)	18,043.6	18,119.7	14,065.7	22,369.4	30,193.9
Imports (fob)	(19,110.1)	(17,263.3)	(14,192.8)	(17,464.4)	21,949.4
b. Services (net)	3,976.9	3,500.3	2,079.5	2,752.1	3,268.4
Maintenance	466.5	495.4	430.3	418.4	466.0
Transportation	(1,061.2)	(1,768.6)	(1,911.2)	(1,964.4)	(2,288.8)
Travel	2,205.1	2,495.7	1,437.8	2,166.5	3,082.4
Construction	5.1	14.9	12.0	11.2	11.2
Insurance	1,214.4	1,129.4	972.9	905.6	757.2
Financial services	124.2	122.3	103.2	107.7	160.1
Communication services.....	780.9	799.3	840.2	897.9	876.9
Other business services.....	242.0	211.3	193.6	209.3	203.5
c. Income (net)	(2,076.1)	(2,260.6)	(2,459.0)	(2,527.9)	(1,962.8)
Investment income.....	(2,076.1)	(2,260.6)	(2,459.0)	(2,527.9)	(1,962.8)
Direct investment income.....	(755.3)	(864.2)	(854.0)	(844.4)	(1,094.9)
Portfolio income.....	(1,229.0)	(1,368.8)	(1,563.3)	(1,620.2)	(576.9)
Other investment income.....	(91.8)	(27.7)	(41.8)	(63.3)	(291.0)
d. Current transfers (net)	(3,268.9)	(2,890.2)	(2,738.0)	(2,526.9)	(2,711.7)
Workers' remittances.....	(3,268.9)	(2,890.2)	(2,738.0)	(2,526.9)	(2,711.7)
2. Capital and financial account (net)(A+B)	4,079.0	1,867.3	4,631.1	(1,109.6)	(5,669.4)
A. Capital account (net)	795.2	896.3	779.5	564.1	472.9
Capital transfers.....	795.2	896.3	779.5	564.1	472.9
B. Financial account (I+II+III+IV)⁽⁴⁾.....	3,283.8	971.0	3,851.6	(1,673.7)	(6,142.3)
I. Direct investment	1,543.1	1,698.4	1,226.3	1,714.9	(1,415.7)
Abroad.....	(111.2)	197.1	205.1	(64.4)	(1,947.9)
In Bahrain.....	1,654.3	1,501.3	1,021.3	1,779.3	532.2
II. Portfolio investment (net)	(1,504.3)	76.6	2,173.7	(1,130.3)	501.1
Assets	(2,176.6)	(1,301.9)	(1,255.9)	(3,501.1)	(909.3)
Liabilities	672.3	1,378.5	3,429.5	2,370.7	1,410.4
III. Other investment (net)	2,775.8	726.1	(1,005.3)	258.5	(5,458.0)
Assets	(2,201.3)	3,453.5	(1,119.4)	(1,056.6)	(5,085.9)
Liabilities	4,977.1	(2,727.4)	114.1	1,315.2	(372.1)
IV. Reserve assets (net)	469.2	(1,530.1)	1,456.9	(2,516.8)	230.3
3. Errors and omissions	(1,644.4)	(1,073.2)	(1,386.8)	(1,492.8)	(1,169.1)

Notes:

- (1) 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").
- (2) The data contained in this table is structured to be consistent with the BPM6.
- (3) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00.
- (4) A negative sign or parentheses means net outflows/increases in external assets.

Source: CBB

Current Account (replacing the fourth and sixth sentences of the first paragraph and the fourth and eighth paragraphs in the section entitled “Balance of Payments and Foreign Trade—Current Account” on page 128 of the Base Offering Circular)

For 2022, the current account registered a surplus of U.S.6,838.6 million. 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 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, a substantial increase from U.S.\$1,850.8 million in 2017. 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 were U.S.\$3,082.4 million.

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.

Capital and Financial Accounts (replacing the fourth and fifth sentences of the first paragraph, the fifth and sixth sentences of the second paragraph, the third paragraph and the last sentence of the fourth paragraph in the section entitled “Balance of Payments and Foreign Trade—Capital and Financial Accounts” beginning on page 128 of the Base Offering Circular)

In 2021, total direct investment recorded an inflow of U.S.\$1,714.9 million. In 2022, total direct investment recorded an outflow of U.S.\$1,415.7 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.\$532.2 million.

Portfolio investments (which principally comprises debt and equity securities issued by banks) demonstrated a net inflow of U.S.\$3,214.9 in 2017, 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 and a net outflow of U.S.\$1,130.3 million in 2021, in 2022, portfolio investments demonstrated a net inflow of U.S.\$501.1 million.

In 2022, other investments demonstrated a net outflow of U.S.\$5,458.0 million.

Balance of Payments (replacing the last sentence of the section entitled “Balance of Payments and Foreign Trade—Balance of Payments” on page 129 of the Base Offering Circular)

In 2022, Bahrain’s balance of payments showed a deficit of U.S.\$230.3 million.

Foreign Trade (replacing the table, the third paragraph and the last sentence of the fifth paragraph in the section entitled “Balance of Payments and Foreign Trade—Foreign Trade” on page 129 of the Base Offering Circular)

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

	Year ended 31 December				
	2018	2019	2020	2021	2022
Imports of oil (U.S.\$ millions) ⁽¹⁾	5,720.2	5,333.5	2,776.3	4,740.4	7,965.4
As a percentage of total imports (%).....	29.9	30.9	19.6	27.1	36.3

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.

The IGA estimates that aluminium accounted for 45.4% of total non-oil exports in 2022 and 22.8% of total exports in 2022.

MONETARY AND FINANCIAL SYSTEM

Role of the Central Bank of Bahrain (replacing the third and fourth sentences of the fifth paragraph of the section entitled “Monetary and Financial System—Role of the Central Bank of Bahrain” beginning on page 130 of the Base Offering Circular)

In each of May, June, July, September, November and December 2022 and February and March 2023, the CBB raised interest rates concurrently with the U.S. Federal Reserve, in an attempt to ease inflationary pressures. In addition, in light of market conditions, the lending rate was raised to 6.75% in February 2023 and the overnight deposit rate and four-week deposit rates were further raised to 5.50% and 6.50%, respectively, in March 2023.

Money Supply (replacing the section entitled “Monetary and Financial System—Money Supply” beginning on page 131 of the Base Offering Circular)

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.\$7.4 billion debt owed to CBB by the Government.

	2018	2019	As at 31 December		2022	% Change 2021 – 2022
			2020	2021		
	(U.S.\$ millions) ⁽¹⁾					(%)
Currency in circulation ⁽²⁾	1,404.5	1,423.1	1,577.0	1,484.2	1,347.2	(9.2)
M1 ⁽³⁾	7,080.1	6,986.3	7,768.8	8,576.4	8,147.2	(5.0)
M2 ⁽⁴⁾	28,843.8	32,053.6	34,148.9	35,812.3	37,193.6	3.9
M3 ⁽⁵⁾	33,569.4	36,361.4	37,636.3	39,585.7	40,253.8	1.7

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 supplies, as at the dates indicated.

	2018		2019		As at 31 December 2020		2021		2022	
	(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	7,080.1	0.0	6,986.3	(1.3)	7,768.8	11.2	8,576.4	10.4	8,147.2	(5.0)
Total private sector deposits ⁽²⁾	27,439.4	2.5	30,630.5	11.6	32,571.9	6.3	34,328.4	5.4	35,846.36	4.4
M2	28,843.8	2.4	32,053.6	11.1	34,148.9	6.5	35,812.4	4.9	37,193.6	3.9
Time and savings deposits.....	19,742.7	2.5	22,708.9	15.0	23,827.2	4.9	23,817.7	(0.0)	26,807.7	12.6
General government deposits ⁽³⁾	4,725.5	(0.1)	4,307.8	(8.8)	3,487.4	(19.0)	3,773.4	8.2	3,060.2	(18.9)
M3	33,569.4	0.8	36,361.4	8.3	37,636.3	3.5	39,585.7	5.2	40,253.8	1.7
Net foreign assets ⁽⁴⁾	(1,076.2)	—	796.9	—	(1,581.4)	—	(60.8)	—	(3,179.3)	—
Domestic assets.....	34,645.5	3.7	35,564.5	2.7	39,217.8	10.3	39,646.6	1.1	43,433.0	9.6

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

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.

In 2022, M3 increased by U.S.\$668.1 billion, or 1.7%, from U.S.\$39,585.7 million as at 31 December 2021 to U.S.\$40,253.8 million as at 31 December 2022. General government deposits (with both the CBB and retail banks) decreased by U.S.\$713.2 million, or 18.9%, from U.S.\$3,773.4 million as at 31 December 2021 to U.S.\$3,060.2 million as at 31 December 2022. Government deposits accounted for 7.6% of M3 as at 31 December 2022. 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.\$3,179.3 million as at 31 December 2022, as compared to net foreign liabilities of U.S.\$60.8 million as at 31 December 2021.

Inflation (replacing the section under the caption “Monetary and Financial System—Inflation” beginning on page 132 of the Base Offering Circular)

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) in 2022 and is expected to continue to increase in 2023. The inflation rate in the twelve months ended 31 January 2023 was 0.8%. See “Risk Factors—Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—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.

	2018	2019	2020	2021	2022	As at 31 January 2023
CPI (April 2019 =100).....	98.9	99.9	97.6	97.0	100.5	100.4
Inflation Rate.....	2.1%	1.0%	(2.3%)	(0.6%)	3.6	0.8 ⁽¹⁾

Source: Information eGovernment Authority

Note:

(1) Inflation rate for the last twelve months ended 31 January 2023.

In 2018, the CPI increased by 2.1% to 98.9 primarily due to increases in the prices of alcoholic beverages and tobacco, transportation and health care services. 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 primarily due to increases in the prices of food and non-alcoholic beverages, restaurants and hotels, transport and miscellaneous goods and services.

As at 31 January 2023, the CPI increased to 100.4 primarily due to increases in the prices of food and non-alcoholic beverages, in particular as a result of increases in the price of milk, dairy products, bread and cereal, recreation and cultural activities due to an increase in package holiday prices and miscellaneous goods and services.

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

The table below shows the last twelve months inflation rate for each of the months in the period 1 January 2022 to 31 January 2023.

	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022	May 2022	Jun. 2022	Jul. 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023
CPI (April 2019=100).....	99.6	99.7	100.3	99.6	100.1	100.0	100.9	101.1	101.4	101.3	101.2	100.9	100.4
Year on year change (%).....	3.1	3.2	3.9	3.5	3.5	3.1	3.9	4.0	4.0	3.8	3.9	3.6	0.8

Source: Information eGovernment Authority

The inflation rate in 2022 was 3.6%, which was primarily due to global increases in the prices of food and non-alcoholic beverages, in particular as a result of increases in the price of milk, dairy products, bread and cereal, recreation and cultural activities due to an increase in package holiday prices, and miscellaneous goods and services. According to the IMF (in its October 2022 outlook), Bahrain’s projected consumer price inflation rate for 2023 is 1.8% (on an end of period basis) and 3.4% (on an average basis), although these are susceptible to change given Bahrain’s dependence on imports. The inflation rate in the twelve months ended 31 January 2023 was 0.8%.

Foreign Direct Investment (replacing the table and the first sentence of the fourth paragraph in the section under the caption “Monetary and Financial System—Foreign Direct Investment” on page 133 of the Base Offering Circular)

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

	2018	2019	2020	2021	2022 ⁽¹⁾
	<i>(U.S.\$ millions)</i>				
Direct Investment (net).....	(9,792)	(11,536)	(12,748)	(14,458)	(12,976.9)
Outward FDI Stock	19,344	19,147	18,942	19,006.6	20,954.5
Inward FDI Stock.....	29,181.1	30,683.8	31,705.2	33,573.1	33,931.4

Note:

(1) Provisional figures.

Source: UNCTAD World Investment Reports and Information eGovernment Authority

Bahrain attracted U.S.\$33.6 billion of inward foreign direct investment stocks in 2021 and U.S.\$33.9 billion of inward foreign direct investment stocks in 2022 (according to provisional figures).

Foreign Reserves (replacing the section under the caption “Monetary and Financial System—Foreign Direct Investment” beginning on page 134 of the Base Offering Circular)

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

	As at 31 December				
	2018	2019	2020	2021	2022
	<i>(U.S.\$ millions)</i>				
Foreign exchange ⁽¹⁾	1,861.2	3,393.9	1,946.8	3,905.9	3,727.7
SDRs	91.4	92.0	96.4	623.7	593.8
Reserve position in the IMF	189.4	188.3	196.2	190.6	181.3
Total gross foreign reserves	2,142.0	3,674.2	2,239.4	4,720.2	4,502.8
Gold	6.6	6.6	6.6	6.6	6.6
Total gross foreign reserves (including gold)	2,148.6	3,680.8	2,246.0	4,726.8	4,509.4

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 2022, BD 506.5 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) decreased from U.S.\$4,726.8 million as at 31 December 2021 to U.S.\$4,509.4 million as at 31 December 2022. The decrease was primarily due to a U.S.\$178.2 million decrease in foreign exchange.

As at 31 December 2018, 2019, 2020, 2021 and 2022, Bahrain’s gross foreign reserves were U.S.\$2,148.6 million, U.S.\$3,680.8 million, U.S.\$2,246.0 million, U.S.\$4,726.8 million and U.S.\$4,509.4 million, respectively, and 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.

Gross foreign reserves represented 4.5 months and 3.9 months of non-oil import coverage as at 31 December 2021 and 31 December 2022, respectively.

On 28 July 2017, Moody’s (which provides an issuer rating for the Kingdom on an unsolicited basis) downgraded Bahrain’s long-term issuer rating to B1 from Ba2, noting foreign exchange reserves at the CBB to be low following the decline since 2015. On 17 December 2018, Moody’s changed the outlook to stable from negative on the Government of Bahrain’s issuer ratings and affirmed the ratings at B2 on the basis that disbursements under the U.S.\$10 billion financial support agreement signed with Saudi Arabia in October 2018 (see “Overview of The Kingdom of Bahrain—International Relations—GCC”) will reduce the risk that the central bank foreign exchange reserves could be rapidly depleted. This rating and outlook was affirmed in October 2020. On 29 April 2021, Moody’s 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. 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, March 2022 and December 2022. 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. 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 its 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.

See "Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risk factors relating to the Issuer—Bahrain's sovereign credit ratings are subject to revision and downgrade".

The Banking Sector (replacing the second paragraph and the table under the caption "Monetary and Financial System—The Banking Sector" on page 135 of the Base Offering Circular)

The total assets of the banking system were U.S.\$192.6 billion as at 31 December 2018, 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 and U.S.\$224.1 billion as at 31 December 2022.

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

	As at 31 December				
	2018	2019	2020	2021	2022 ⁽¹⁾
	(U.S.\$ millions) ⁽²⁾				
Wholesale Banks					
Assets	106,029.7	110,838.2	113,078.8	118,102.7	122,372.8
Domestic.....	12,077.9	15,466.1	15,821.1	17,232.3	17,918.9
Foreign.....	93,951.8	95,372.1	97,257.7	100,870.4	104,453.9
Liabilities.....	106,029.7	110,838.2	113,078.8	118,102.7	122,372.8
Domestic.....	10,471.1	11,864.2	12,721.2	13,487.8	15,729.6
Foreign.....	95,558.6	98,974.3	100,357.6	104,614.9	106,643.2
Retail Banks					
Assets	86,619.7	94,068.6	94,274.8	99,399.0	101,721.9
Domestic.....	50,370.5	53,049.4	55,690.8	58,846.3	63,517.1
Foreign.....	36,249.2	41,019.2	38,584.0	40,552.7	38,204.8
Liabilities.....	86,619.7	94,068.7	94,274.8	99,399.0	101,721.9
Domestic.....	47,426.6	50,445.8	52,156.0	54,872.9	56,603.6
Foreign.....	39,193.1	43,622.8	42,118.9	44,526.0	45,118.3
Total assets	192,649.4	204,906.8	207,353.5	217,501.6	224,094.6

Notes:

(1) Preliminary Data.

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

Source: CBB

Conventional Banks

Retail Banks (replacing the table under the caption “Monetary and Financial System—The Banking Sector—Conventional Banks—Retail Banks” beginning on page 135 of the Base Offering Circular)

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				
	2018	2019	2020	2021	2022
Number of retail banks ⁽¹⁾	30	31	30	30	30
<i>of which: Islamic retail banks</i>	6	6	6	6	6
Aggregate balance sheet of retail banks (U.S.\$ millions) ⁽²⁾	86,619.7	94,068.6	94,274.8	99,399.0	101,721.9
Combined foreign and local deposits of retail banks (U.S.\$ millions) ⁽²⁾	47,483.2	47,777.7	44,968.8	49,745.2	50,541.8
Business loans made by retail banks (% of total loans).....	53.5	52.8	51.2	49.0	43.8
Loans to Government made by retail banks (% of total loans).....	2.7	3.1	3.5	4.2	5.6
Personal loans made by retail banks (% of total loans).....	43.7	44.1	45.3	46.9	50.6

Notes:

- (1) Including Islamic retail banks
(2) Using the fixed conversion rate of BD 0.376 = U.S.\$1.00

Source: CBB

Wholesale Banks (replacing the second paragraph and the table under the caption “Monetary and Financial System—The Banking Sector—Conventional Banks—Wholesale Banks” on page 136 of the Base Offering Circular)

Wholesale banks, including wholesale Islamic banks, are the most important sector in Bahrain’s financial services industry. As at 31 December 2018, 2019, 2020 and 2021 and 2022, there were 68, 63, 61, 59, and 56 wholesale banks in Bahrain, respectively, of which 15, 14, 12, 10, and 8 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									
	2018		2019		2020		2021		2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Domestic (U.S.\$ billions)...	12.1	10.5	15.5	11.9	15.8	12.7	17.2	13.5	17.9	15.7
Foreign (U.S.\$ billions).....	94.0	95.6	95.4	99.0	97.3	100.4	100.9	104.6	104.5	106.6
Share of GCC countries (%) ⁽¹⁾	29.8	35.7	31.2	35.9	31.3	34.2	32.0	35.7	27.3	38.7
Share of Western Europe (%).....	34.3	29.0	29.5	26.1	31.0	26.2	28.3	23.8	31.0	23.4
Share of Americas (%).....	9.9	3.6	10.2	3.6	9.4	3.1	11.1	3.0	12.2	3.8
Share of Asian countries (%).....	8.4	6.5	8.3	7.7	7.3	9.9	7.3	11.5	6.9	7.6
Denominated in U.S. Dollars (%).....	68.8	78.3	69.0	75.8	68.6	75.7	70.8	79.2	72.3	77.9
Denominated in Euros (%).	11.0	9.1	11.2	9.4	11.0	8.6	11.7	8.3	13.0	8.6
Denominated in GCC currencies (%) ⁽¹⁾⁽²⁾	9.6	7.1	10.2	10.3	11.6	11.0	10.4	8.0	7.9	9.5

Notes:

- (1) Excluding Bahrain.
- (2) Excluding the Bahraini Dinar.

Source: CBB

Islamic Banks (replacing the second, third and fourth paragraphs under the caption “Monetary and Financial System—The Banking Sector—Islamic Banks” beginning on page 137 of the Base Offering Circular)

The number of Islamic banking licences has remained relatively stable for the past seven years and, as at 31 December 2022, there were a total of 14 Islamic banking licences, of which six 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 2018, increasing from U.S.\$27,928.2 million as at 31 December 2018 and 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 stood at 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 stood at 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 2018, 2019, 2020, 2021 and 2022, Islamic banks’ assets accounted for 14.5%, 15.7%, 15.2%, 15.9% and 16.1% of total banking sector assets, respectively.

Credit Developments (replacing the section under the caption “Monetary and Financial System—The Banking Sector—Credit Developments” beginning on page 137 of the Base Offering Circular)

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				
	2018	2019	2020	2021	2022
	<i>(U.S.\$ millions)</i>				
Business Sector	13,554.3	13,666.5	14,167.2	14,205.2	13,168.8
Manufacturing	2,436.9	2,840.6	3,121.9	3,436.9	3,248.1
Mining and Quarrying	256.7	230.7	401.0	198.6	385.8
Agriculture Fishing and Dairy	6.1	17.9	32.1	35.1	44.2
Construction and Real Estate	4,964.9	4,897.4	5,138.3	5,344.7	4,392.9
Trade	3,010.9	2,848.3	2,485.2	2,404.1	2,164.9
Non-Bank Financial	606.7	669.6	604.9	450.9	449.9
Other Sectors, of which:	2,272.0	2,162.0	2,383.7	2,335.2	2,482.9
Transportation and Communication	381.5	338.3	555.8	392.3	385.0
Hotels and Restaurants	471.7	403.2	500.3	521.7	429.1
General Government	694.5	802.0	983.1	1,208.6	1,675.1
Personal Sector	11,070.1	11,426.0	12,546.1	13,592.3	15,204.2
Secured by Mortgage	4,778.3	5,194.6	5,845.5	6,014.7	7,342.6
Secured by Vehicle Title	274.0	327.1	314.2	290.3	283.6
Secured by Deposit	356.7	372.6	499.0	355.5	344.0
Secured By Salary Assignment	3,524.1	4,195.3	4,522.2	5,141.0	5,093.1
Credit Card Receivables	192.9	276.7	245.1	264.6	223.9
Other	1,944.0	1,059.9	1,120.0	1,526.0	1,916.9
Total	25,318.9	25,894.7	27,696.2	29,006.1	30,048.1

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.\$28,373.0 million as at 31 December 2022, a decrease of 1.4% compared to as at 31 December 2021. The decline in credit growth was due to a decrease in trade financing.

Total business sector credit was U.S.\$13,168.8 million as at 31 December 2022, reflecting a 7.3% decrease, as compared to U.S.\$14,205.2 million as at 31 December 2021. Principal contributors to business lending were the construction and real estate, manufacturing, and other sectors, which accounted for 33.4%, 24.7% and 18.9% of total business sector credit, respectively. As at 31 December 2022, the largest increase in business credit was in the mining and quarrying sectors, which was U.S.\$187.2 million (reflecting a 94.3% increase, as compared to as at 31 December 2021).

Total personal sector credit was U.S.\$15,204.2 million as at 31 December 2022. Personal sector loans were primarily loans secured by mortgages and salary assignments, which accounted for 48.3% and 33.5% of total personal sector credit, respectively. As at 31 December 2022, the largest increase in personal credit was credit secured by vehicles which was U.S.\$1,327.9 million (reflecting a 22.1% increase, as compared to as at 31 December 2021).

Non-Performing Loans (replacing the section under the caption “Monetary and Financial System—The Banking Sector—Non-Performing Loans” beginning on page 139 of the Base Offering Circular)

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.

	<u>June 2018</u>	<u>Dec. 2018</u>	<u>June 2019</u>	<u>Dec. 2019</u>	<u>June 2020</u>	<u>Dec. 2020</u>	<u>June 2021</u>	<u>Dec. 2021</u>	<u>June 2022</u>	<u>Dec. 2022⁽¹⁾</u>
	(%)									
Conventional Retail Banks	5.8	5.5	5.5	4.9	4.6	4.7	4.3	3.9	3.8	3.3
Conventional Wholesale Banks	5.3	5.7	5.3	4.5	4.7	4.1	3.6	2.8	2.5	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
Islamic Wholesale Banks	1.8	1.3	1.1	1.1	1.4	1.6	1.7	0.7	6.3	4.8
Total Banking Sector.....	5.6	5.5	5.3	4.8	4.5	4.3	3.8	3.2	3.3	3.0

Note:

(1) Preliminary Data.

Source: CBB

Between June 2022 and December 2022, NPLs of conventional retail banks decreased by 0.5%, from 3.8% to 3.3%; NPLs of conventional wholesale banks decreased by 0.2%, from 2.5% to 2.3%; NPLs of Islamic retail banks increased by 0.4%, from 4.4% to 4.8%; and NPLs of Islamic wholesale banks decreased by 1.5%, from 6.3% to 4.8%. Taken as a whole, between December 2021 and December 2022, NPLs for the total banking sector decreased by 0.2%, from 3.2% to 3.0%.

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.

	<u>June 2018</u>	<u>Dec. 2018</u>	<u>June 2019</u>	<u>Dec. 2019</u>	<u>June 2020</u>	<u>Dec. 2020</u>	<u>June 2021</u>	<u>Dec. 2021</u>	<u>June 2022</u>	<u>Dec. 2022⁽¹⁾</u>
	(%)									
Conventional Retail Banks	54.3	63.8	66.0	66.1	66.2	69.9	69.6	71.9	73.2	74.3
Conventional Wholesale Banks	66.6	67.9	74.3	74.3	72.3	74.3	73.9	72.8	69.6	67.0
Islamic Retail Banks	43.5	39.4	38.0	36.7	40.7	42.9	51.8	56.4	59.0	54.8
Islamic Wholesale Banks	85.3	79.6	91.7	93.8	78.6	87.6	79.4	92.0	86.7	94.9
Total Banking Sector	58.2	61.3	64.7	62.0	64.8	68.0	69.0	70.1	69.9	68.5

Note:

(1) Preliminary Data.

As at 31 December 2022, provisions for NPLs of the entire banking sector were 68.5%, provisions for NPLs of conventional retail banks increased to 74.3%, provisions for NPLs of conventional wholesale banks decreased to 67.0%, provisions for NPLs of Islamic retail banks decreased to 54.8%, and provisions for NPLs of Islamic wholesale banks increased to 94.9%.

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 have been 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 the CBB expects NPL provisioning levels to be sufficient to withstand any potential NPL shocks following the expiry of COVID-19-related payment deferrals.

Capital Adequacy (replacing the table and first paragraph under the caption “Monetary and Financial System—The Banking Sector—Capital Adequacy” on page 141 of the Base Offering Circular)

The table below shows a breakdown of the Capital Adequacy Ratios (“CAR”) by the banking institutions in Bahrain (conventional and Islamic) as at the dates indicated.

	As at 31 December				
	2018	2019	2020	2021	2022
	(%)				
Conventional Retail Banks	20.9	21.1	20.0	20.6	21.5
Conventional Wholesale Banks	18.1	18.6	17.8	17.1	17.5
Islamic Retail Banks	17.8	18.3	20.3	21.7	21.2
Islamic Wholesale Banks	17.9	18.2	16.4	15.8	16.9
Total Banking Sector	18.9	19.4	18.6	18.7	19.5

Note:

(1) Preliminary Data.

Source: CBB

The CAR for the entire banking sector increased by 0.8%, from 18.7% as at 31 December 2021 to 19.5% as at 31 December 2022. The CAR of conventional retail banks increased by 0.9%, from 20.6% as at 31 December 2021 to 21.5% as at 31 December 2022, while the CAR of conventional wholesale banks increased by 0.4%, from 17.1% to 17.5% during the same period. The CAR of Islamic retail banks decreased by 0.5%, from 21.7% as at 31 December 2021 to 21.2% as at 31 December 2022. The CAR of Islamic wholesale banks increased by 1.1%, from 15.8% to 16.9% during the same period.

Insurance (replacing the table under the caption “Monetary and Financial System—Insurance” beginning on page 143 of the Base Offering Circular)

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
	2017	2018	2019	2020	2021	September 2022
Insurance companies and organisations registered in Bahrain ⁽¹⁾	155	150	149	144	140	138
Gross premiums of the insurance market (U.S.\$ millions) ⁽²⁾	714.5	755.4	764.4	736.4	733.9	545.1
Gross premiums of the insurance market (% change year on year)	(1.2)	5.7	1.2	(3.6)	(0.3)	(25.7)

Notes:

(1) Includes representative offices and ancillaries.

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

Source: CBB

Capital Markets (replacing the second and third paragraphs and the table under the caption “Monetary and Financial System—Capital Markets” beginning on page 144 of the Base Offering Circular)

As at 31 December 2022, a total of 43 companies were listed on the Bahrain Bourse with a total market capitalisation of U.S.\$30.3 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 2022, at 1,895.3. The value of shares traded in the year ended 31 December 2022 was U.S.\$451.6 million, while the number of shares traded in 2022 was 536.9 million. A number of transactions were concentrated in the financial sector, which represented 45.4% of the total value of shares traded and 74.7% of the total volume of shares traded as at 31 December 2022. Bahraini investors accounted for 67.2% of the total value of traded shares, while non-Bahraini investors accounted for 32.8% in December 2022.

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				
	2018	2019	2020	2021	2022
Companies listed on the Bahrain Bourse.....	44	44	43	44	43
Total market capitalisation (U.S.\$ billion) ⁽¹⁾	21.8	27.0	24.7	28.8	30.3
Growth rate (%).....	0.6	23.6	(8.5)	16.6	5.2
Bahrain All Share Index close.....	1,337.3	1,610.2	1,489.8	1,797.3	1,895.3
Volume of shares traded (millions of shares).....	1,441.1	1,157.3	1,209.3	1,018.3	536.9
Value of shares traded (U.S.\$ million) ⁽¹⁾	861.3	761.2	566.0	520.4	451.6
Bahrain All Share index (points).....	1,337.3	1,610.2	1,489.8	1,797.3	1,895.3
Number of listed Bahraini companies ⁽²⁾	41	41	40	42	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

PUBLIC FINANCE

(replacing the table in the section entitled “Public Finance” on page 146 of the Base Offering Circular)

The following table summarises the Government budget and the revised FBP targets for the years indicated.

	2020 Actual	2021 Actual	2022 Budget	2022 FBP Revised ⁽¹⁾	2022 Actual ⁽¹⁾	2023 Forecast ⁽²⁾	2024 Forecast ⁽²⁾
	<i>(U.S.\$ millions)</i>						
Revenue	5,538	6,956	6,535	6,908	9,281	8,420	9,169
Oil	3,279	4,743	4,073	4,106	6,438	5,056	5,708
Non-Oil	2,260	2,213	2,462	2,802	2,843	3,364	3,461
Expenditure	9,981	9,489	9,685	9,737	9,755	9,028	9,149
Primary Surplus/(Deficit)	(2,674)	(677)	(1,137)	(840)	1,486	1,387	2,013
Surplus/(Deficit)	(4,443)	(2,533)	(3,150)	(2,829)	(474)	(610)	18

Notes:

(1) Preliminary figures.

(2) The revised FBP forecasts do not include potential additional revenue from targeted increases in corporate income tax.

Budget revenues and expenditures (replacing the table in the section entitled “Public Finance—Budget revenues and expenditures” on page 148 of the Base Offering Circular)

The following table summarises the execution of the Government budget for the years indicated.

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 FBP Revised ⁽¹⁾	2022 Actual ⁽²⁾	2023 FBP Revised ⁽¹⁾
Revenues	7,381	7,719	5,538	6,956	6,908	9,281	8,420
Oil and gas	6,080	5,559	3,279	4,743	4,106	6,438	5,056
Non-oil and gas	1,301	2,160	2,260	2,213	2,802	2,843	3,364
Expenditures	9,762	9,537	9,981	9,489	9,737	9,755	9,028
Recurrent expenditure ⁽³⁾	8,891	8,867	8,994	8,661	8,939	9,063	8,430
Emergency expenditure.....	—	—	402	296	80	186	—
Projects expenditure.....	871	670	585	532	718	505	598
Surplus/(deficit)	(2,380)	(1,818)	(4,443)	(2,533)	(2,829)	(474)	(610)
Primary surplus/(deficit)	(735)	(105)	(2,674)	(677)	(840)	1,486	1,387
Overall Budget Deficit to GDP Ratio (%).....	(6)	(5)	(13)	(6)	(6)	(1)	(1)
Primary Budget Surplus/(Deficit) to GDP Ratio (%).....	(2)	(0.3)	(8)	(2)	(2)	3	3

Notes:

(1) Based on the revised FBP.

(2) Preliminary figures

(3) 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

(supplementing the section entitled “Public Finance—Budget revenues and expenditures—2021/2022 Budget” on page 149 of the Base Offering Circular)

According to preliminary figures, in 2022, an actual deficit of U.S.\$474 million was recorded (compared to a budgeted deficit in the FBP Revised 2022 budget of U.S.\$2,829 million). Total expenditure reached U.S.\$9,755 million (compared to budgeted total expenditure of U.S.\$9,737 million in the FBP Revised 2022 budget).

Non-budget expenditures (replacing the first sentence of the last paragraph in the section entitled “Public Finance—Budget revenues and expenditures—Non-budget expenditures” beginning on page 149 of the Base Offering Circular)

As of 31 December 2022, an amount of U.S.\$7.4 billion had been committed to 48 GCC Development Fund projects and U.S.\$5.1 billion had been certified as paid.

Revenue *(replacing the first, second and third paragraph and the table in the section entitled “Public Finance—Revenue” on page 153 of the Base Offering Circular)*

The actual total revenues for the years ended 31 December 2018, 2019, 2020, 2021 and 2022 (based on preliminary estimated figures), as well as budgeted and revised FBP revenues for 2022 budget and revised FBP revenues for 2023 budget, are set forth below.

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 FBP Revised ⁽²⁾	2022 Actual ⁽³⁾	2023 FBP Revised ⁽²⁾
Oil and gas	6,080	5,559	3,279	4,743	4,073	4,106	6,438	5,056
Non-oil and gas⁽¹⁾	1,302	2,160	2,260	2,213	2,462	2,802	2,843	3,364
Of which:								
Taxation and fees	780	1,471	1,276	1,434	1,799	2,150	2,318	2,349
Government goods and services.....	228	205	194	164	216	208	199	403
Government investment and properties	186	367	680	499	347	347	216	501
Grants.....	—	—	—	—	—	—	—	—
Fines, penalties and misc.....	107	117	108	115	99	96	108	111
Sale of capital assets	1	1	1	1	1	1	3	1
Total	7,382	7,719	5,538	6,956	6,535	6,908	9,281	8,420

Notes:

- (1) Includes grants
- (2) Based on the revised FBP.
- (3) Preliminary figures

Bahrain’s principal source of revenues 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 69.4%, respectively, of total revenue. The share of non-oil and gas revenues to total revenues has increased since 2018. In 2018, 2019, 2020, 2021 and 2022 non-oil revenues represented 17.6%, 28.0%, 40.8%, 31.8% and 30.6%, respectively, of total revenues.

In 2018, 2019, 2020, 2021 and 2022 taxation and fees revenues represented 10.6%, 19.1%, 23%, 20.6% and 25.0%, respectively, of total revenue.

Mumtalakat *(replacing the section entitled “Public Finance—Revenue—Mumtalakat” beginning on page 153 of the Base Offering Circular)*

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, 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, Batelco 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 31 December 2022, 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, in over 13 countries across the MENA region, Europe and North America. The portfolio also includes assets in six publicly listed companies (Alba, Bahrain Flour Mills, Beyon (formerly Batelco), Delmon Poultry Company, Gulf Hotels Group and NBB).

The following companies were subsidiaries of Mumtalakat as at 31 December 2022.

	Equity holding
	(%)
Aluminium Bahrain B.S.C. (Alba)	69.4
Atbahrain B.S.C (c).....	100.0
Bahrain Flour Mills Company B.S.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 2021, Mumtalakat recorded record consolidated net profit of BD 329 million, as compared to a consolidated net loss of BD 528 million in 2020. The net income in 2021 was primarily due to an increase in profits of its subsidiary, Alba (from a profit of BD 9.8 million in 2020 to a profit of BD 452 million in 2021) on account of higher London Metal Exchange (“LME”) prices (averaging 45%), continued growth in volumes with Line 6 and cost saving initiatives. Mumtalakat’s operating profit for the year amounted to BD 345 million, as compared to an operating loss of BD 48 million in 2020.

In the six months ended 30 June 2022, Mumtalakat reported increased profitability, with consolidated net income of BD 289 million (U.S.\$768 million), as compared to BD 70 million (U.S.\$ 186 million) for the corresponding period in 2021. The increase in the six months ended 30 June 2022 was primarily due to an increase in profits of its subsidiary, Alba, in the first half of 2022.

In 2021, Mumtalakat’s consolidated revenue increased by BD 0.6 million, or 34%, from BD 1.6 billion in 2020 to BD 2.2 billion in 2021. This increase was primarily due to increased profits of Alba, due to higher LME prices. In addition, the aviation industry experienced modest recovery due to the lifting of COVID-19-related travel restrictions in 2021, resulting in an increase in Gulf Air ticket sales. Mumtalakat’s principal associates, NBB and Batelco continued to report positive results. In 2021, Mumtalakat’s share of profits from Batelco and NBB were BD 22.6 million and BD 21.9 million, respectively, as compared to BD 20.3 million and BD 10.8 million, respectively, in 2020.

In the six months ended 30 June 2022, Mumtalakat’s consolidated revenue increased by 39% from BD 953 million (U.S.\$2,535 million) to BD 1,328 million (U.S.\$ 3,532 million). This increase was primarily due to increased profits of Alba, due to higher LME prices. In addition, Gulf Air Group’s revenues also increased, primarily due to an increase in Gulf Air ticket sales. Mumtalakat’s key associates, NBB and Batelco continued to report positive results.

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.

On 1 September 2019, Khaled Omar Alromaihi replaced Mahmood Hashem Alkooheji as the Chief Executive Officer of Mumtalakat. On 30 March 2023, Shaikh Abdulla bin Khalifa Al Khalifa was appointed as the Chief Executive Officer of Mumtalakat and Khaled Omar Alromaihi was appointed to the Mumtalakat Board of Directors, effective 1 May 2023. The current board of directors of Mumtalakat was appointed for a four year-term by Prince Salman bin Hamad Al Khalifa, the Crown Prince, Prime Minister and Chairman of the Economic Development Board and is currently chaired by the Minister of Finance and National Economy Sheikh Salman bin Khalifa Al Khalifa.

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 2017 and 2018, BD 30.0 million (U.S.\$79.8 million) for each of 2019 and 2020 and BD 20 million (U.S.\$53.2 million) for each of 2021 and 2022.

Gulf Air (replacing the section entitled "Public Finance—Revenue—Gulf Air" beginning on page 155 of the Base Offering Circular)

Since the commencement of a restructuring programme of Gulf Air in 2012, the amount of funding from the Government and Gulf Air Group to Gulf Air totalled U.S.\$1.9 billion as at 30 June 2022. In 2021, Gulf Air recorded a net loss of BD 93.0 million (U.S.\$247.3 million), as compared to net losses of BD 162.7 million (U.S.\$432.7 million) in 2020 and BD 38.0 million (U.S.\$77.9 million) in 2019. In the six months ended 30 June 2022, Gulf Air recorded a net loss of BD 48.8 million (U.S.\$129.8 million), as compared to a net loss of BD 49.5 million (U.S.\$131.6 million) during the corresponding period in 2021.

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 increased its network and launched a number of new destinations. In 2021, related party liabilities amounting to BD 69.5 million were written off by Gulf Air.

In October 2022, a new board of directors was appointed to manage Gulf Air, which includes two new members with international experience. Captain Waleed Al Alawi was appointed as the Chief Executive Officer.

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 and one additional A321neo aircraft during 2022. As of 31 December 2022, Gulf Air operated a fleet of 30 aircraft comprising of 23 narrow-bodied aircraft and seven wide-bodied aircraft.

nogaholding (replacing the seventh paragraph, supplementing the tenth paragraph and replacing the first sentence of the twelfth paragraph and the table in the section entitled "Public Finance—Revenue—nogaholding" beginning on page 156 of the Base Offering Circular)

As of 30 September 2022, nogaholding had outstanding debt of U.S.\$4.6 billion, Tawseah had outstanding debt of U.S.\$577 million, and Bapco had outstanding debt of U.S.\$2.5 billion. nogaholding has also granted a letter of credit in respect of its associate, Bahrain LNG, for an amount of U.S.\$4.2 million in 2021.

On 14 October 2022, nogaholding entered into a sustainability-linked push financing facility with SACE S.p.A. in an aggregate amount of U.S.\$300 million. HSBC Bank acted as the structuring bank, agent and sustainability coordinator. The sustainability-linked facility is expected to be used for general corporate purposes and is repayable in eight years from the drawdown period in 16 semi-annual equal instalments at an interest rate of 1.75%, plus the Secured Overnight Financing Rate.

With respect to natural gas, Tatweer Petroleum is responsible for developing drilling projects and infrastructure at Bahrain Field required to support nogaholding's natural gas production capacity and meet sales of 1.5 billion standard cubic feet per day by 2023, which is expected to satisfy projected demand for Khuff natural gas.

The table below sets out companies in which nogaholding holds equity as at 31 December 2018, 2019, 2020, 2021 and 2022.

Company	As at 31 December				
	2018	2019	2020	2021	2022
	(%)				
Bapco	100	100	100	100	100
Banagas	75	75	75	75	75
Tawseah	100	100	100	100	100
Bahrain Aviation Fuel Co	60	60	60	60	60
GPIC	33	33	33	33	33
Bahrain Lube Base Oil Company ⁽³⁾	55	55	55	55	72.5
Tatweer Petroleum ⁽¹⁾	100	100	100	100	100
Bahrain LNG W.L.L.	30	30	30	30	30
BAC Jet Fuel Company	50	50	50	50	50
Bahrain Gasoline Blending	85	85	85	85	85
Saudi Bahrain Pipeline Company	100	100	100	100	100
Trident Logistics Bahrain CO. W.L.L.	49	49	49	49	49
Aromatics Petchem Company W.L.L.	100	100	100	100	100
Bapco Retail Company S.P.C.	—	100	100	100	100
Arab Shipbuilding and Repair Yard Co. B.S.C. (c) ⁽²⁾	—	36.96	36.96	36.96	36.96

Notes:

- (1) nogaholding acquired 100% equity in Tatweer Petroleum on 1 July 2016.
(2) nogaholding acquired its 36.96% interest in Arab Shipbuilding and Repair Yard Co. B.S.C. (c) in October 2019.
(3) nogaholding acquired 45% shareholding of Neste Bahrain W.L.L in Bahrain Lube Base Oil Company in March 2022.

Source: nogaholding

Bapco (supplementing the second paragraph of the section entitled “Public Finance—Revenue—Bapco” beginning on page 158 of the Base Offering Circular)

Dr. Ashok Krishna resigned from Bapco’s Board of Directors with effect from October 2022.

Recurrent Expenditure (replacing the table, first paragraph, second paragraph and the first sentence of the third paragraph of the section entitled “Public Finance—Recurrent Expenditure” beginning on page 159 of the Base Offering Circular)

The following table shows the structure of the Government recurrent expenditure budget (which includes debt service) for the periods indicated.

	2018	2019	2020	2021	2022	2022	2023
	Actual	Actual	Actual	Actual	FBP Revised ⁽¹⁾	Actual ⁽²⁾	FBP ⁽¹⁾
Manpower	3,849	3,720	3,696	3,753	3,831	3,925	3,691
Services	628	656	590	591	546	622	483
Consumables	409	398	355	343	305	393	270
Assets	72	70	40	30	43	44	38
Maintenance	163	132	132	115	124	111	110
Transfers	1,340	1,333	1,529	1,042	1,153	960	1,010
Grants, subsidies and payment ⁽³⁾	2,431	2,558	2,652	2,788	2,938	3,007	2,828
Emergency Expenditure	—	—	402	296	80	186	—
Total	8,891	8,867	9,396	8,957	9,019	9,249	8,430

Notes:

- (1) Based on the revised FBP.
(2) Preliminary figures
(3) 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 65.2% in 2022

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 42.4%, 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 45.5% 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 1% of recurrent expenditure in 2021.

Project Expenditure (replacing the table and the second sentence of the first paragraph of the section entitled “Public Finance—Project Expenditure” beginning on page 160 of the Base Offering Circular)

The following table shows the structure of the Government’s project expenditure for the years indicated.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>FBP Revised⁽¹⁾</u>	<u>Actual⁽²⁾</u>	<u>FBP Revised</u>
	<i>(U.S.\$ millions)</i>						
Infrastructure.....	435.9	359	332.4	269.4	403.6	258.8	341.8
Social services.....	114.9	87.5	66.5	80.1	82.7	66.2	56.5
Economic services.....	20.2	91.6	15.7	16.6	18.7	16	8.2
Administrative services.	62.8	49.5	57.2	92.7	100	69.4	55.5
Others.....	236.7	82.8	113.1	72.8	113.1	94.9	136.3
Total	<u>870.5</u>	<u>670.4</u>	<u>584.9</u>	<u>531.7</u>	<u>718.1</u>	<u>505.3</u>	<u>598.3</u>

Source: Ministry of Finance and National Economy

Notes:

- (1) Based on the revised FBP
- (2) Preliminary figures

In 2022, actual project expenditure was U.S.\$505.3 million (according to preliminary estimated figures), as compared to U.S.\$531.7 million in 2021 and U.S.\$584.9 million in 2020.

INDEBTEDNESS

(replacing the second paragraph, the third paragraph and the table under the section entitled “Indebtedness” beginning on page 162 of the Base Offering Circular)

The Notes offered by this Base Offering Circular are authorised under Decree Law No (27) of 2020 (the “**2020 Decree**”). The 2020 Decree establishes Bahrain’s debt ceiling in respect of certain borrowings at U.S.\$39,893.6 million in principal amount outstanding at any time (as increased in September 2020), of which U.S.\$37,426.1 million was utilised, and U.S.\$2,467.6 million remained available as at 31 December 2022. 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 31 December 2022, 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.\$44,493.2 million, of which U.S.\$14,601.0 million was denominated in Bahraini dinars, and U.S.\$29,892.2 million was denominated in foreign currencies.

	As at 31 December				
	2018	2019	2020	2021	2022 ⁽¹⁾
	<i>(U.S.\$ millions, except where indicated)</i>				
Outstanding external debt	18,752.7	21,741.8	25,439.9	29,982.7	29,892.2
Outstanding gross domestic debt.....	14,335.1	14,335.1	14,335.1	14,867.0	14,601.0
Total outstanding Government debt⁽²⁾	33,087.8	36,076.9	39,775.0	44,849.7	44,493.2
Outstanding external debt as a percentage of GDP	49.8%	56.5%	73.3%	76.3%	67.3%
Outstanding Government debt as a percentage of GDP ⁽²⁾	87.5%	93.3%	114.5%	114.1%	100.2%

Note:

(1) Preliminary figures.

(2) 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 (replacing the section entitled “Indebtedness—External Government Debt” beginning on page 163 of the Base Offering Circular)

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				
	2018	2019	2020	2021	2022⁽¹⁾
	<i>(U.S.\$ millions)</i>				
GCC Development Funds ⁽²⁾	2,617.9	4,041.8	4,989.9	6,507.7	7,067.2
<i>The Kuwait Fund</i>	61.1	51.9	128.5	232.8	221.4
<i>Arab Fund for Economic and Social Development</i> ..	107.5	86.3	79.2	68.7	56.6
<i>The Saudi Fund</i>	1,146.4	1,876.4	2,431.0	3,031.0	3,325.6
<i>The Abu Dhabi Fund</i>	1,155.5	1,890.0	2,223.4	3,045.5	3,341.0
<i>Qatar Fund for Development</i>	70.0	70.0	70.0	70.0	70.0
<i>Islamic Development Bank</i>	77.4	67.2	57.8	59.7	52.6
International bonds Issue № 1 (2010)	1,250.0	1,250.0	—	—	—
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
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
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
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
International Islamic Certificates Issue № 4.....	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
International bonds Issue № 11 (2017) ⁽³⁾	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
International bonds Issue № 13 (2017).....	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
International Islamic Certificates Issue № 6 (2018) .	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
International bonds Issue № 14 (2018) ⁽³⁾	500.0	500.0	500.0	500.0	500.0
International Islamic Certificates Issue № 7 (2018) ⁽³⁾	500.0	500.0	500.0	—	—
International bonds Issue № 15 (2019).....	—	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
International bonds Issue № 16 (2020).....	—	—	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 9 (2020) .	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 17 (2020).....	—	—	1,000.0	1,000.0	1,000.0
International Islamic Certificates Issue № 10 (2020)	—	—	1,000.0	1,000.0	1,000.0
International bonds Issue № 18 (2021).....	—	—	—	500.0	500.0
International bonds Issue № 19 (2021).....	—	—	—	1,000.0	1,000.0
International bonds Issue № 20 (2021)	—	—	—	500.0	500.0
International Islamic Certificates Issue № 11 (2021) ⁽³⁾	—	—	—	500.0	500.0
International Islamic Certificates Issue № 12 (2021)	—	—	—	1,000.0	1,000.0
International bonds Issue № 21 (2021)	—	—	—	1,000.0	1,000.0
International bonds Issue № 22 (2022).....	—	—	—	—	500.0
International bonds Issue № 23 (2022).....	—	—	—	—	500.0
International Islamic Certificates Issue № 13 (2022) ⁽³⁾	—	—	—	—	350.0
Total outstanding external debt	18,752.7	21,741.8	25,439.9	29,982.7	29,892.2

Notes:

- (1) Preliminary figures.
- (2) “GCC Development Funds” is the total borrowing from the six funds listed below it. U.S.\$29,892.2 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 31 December 2022, all these loans are not included in the calculation of Bahrain’s current debt ceiling as issued under several different decrees over the years.
- (3) 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 31 December 2022.

	<u>Amount of debt to be re-paid in each year⁽¹⁾</u>	<u>Total External Debt⁽¹⁾</u>
	<i>(U.S.\$ millions)</i>	
2022	-	29,892.2
2023	2,526.6	27,365.6
2024	2,018.6	25,347.0
2025	1,913.8	23,433.2
2026	2,303.2	21,130.0
2027	2,223.4	18,906.6
2028	2,718.6	16,187.9
2029	2,544.7	13,643.3
2030	1,304.9	12,338.4
2031	1,304.9	11,033.5
2032	1,304.9	9,728.6
2033	1,304.9	8,423.7
2034	1,304.9	7,118.8
2035	304.9	6,813.9
2036	304.9	6,509.0
2037	304.9	6,204.1
2038	304.9	5,899.2
2039	304.9	5,594.4
2040	302.2	5,292.1
2041	299.6	4,992.5
2042	299.6	4,693.0
2043	299.6	4,393.4
2044	1,549.6	2,843.8
2045	299.6	2,544.3
2046	381.8	2,162.5
2047	1,188.9	973.6
2048	241.0	732.6
2049	126.6	606.0
2050	65.4	540.6
2051	527.9	12.7
2052	12.7	0.0

Note:

(1) Preliminary figures.

Source: Ministry of Finance and National Economy

The total outstanding external debt as at 31 December 2022 was U.S.\$29,892.2 million. The majority of the Government's external debt as at 31 December 2022 was denominated in GCC currencies and in U.S. Dollars. The current average maturity of the external debt is approximately 9.22 years.

Domestic Government Debt (replacing the section entitled “Indebtedness—Domestic Government Debt” beginning on page 165 of the Base Offering Circular)

The table below shows a breakdown of Bahrain’s domestic debt as at the dates indicated.

	As at 31 December				
	2018	2019	2020	2021	2022⁽¹⁾
	<i>(U.S.\$ millions)</i>				
Treasury bills (three month)	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
Treasury bills (12 months).....	3,191.5	3,191.5	3,191.5	3,191.5	2,925.5
Al Salam Islamic securities (three month).....	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
Development bonds	6,170.2	6,170.2	6,170.2	6,968.1	6,968.1
Gross domestic debt	14,335.1	14,335.1	14,335.1	14,867.0	14,601.0
Held by SIO and pension funds.....	416.8	235.4	256.9	215.4	463.0
Net domestic debt	13,918.3	14,099.7	14,078.2	14,651.6	14,138.0

Note:

(1) Preliminary figures.

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 estimated 2022 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		
	2020	2021	2022⁽¹⁾
	<i>(%)</i>		
Short-Term Domestic Debt			
Treasury bills (three month)	2.2	1.4	5.2
Treasury bills (six month).....	2.6	1.5	5.0
Treasury bills (12 months).....	2.8	1.8	4.4
Al Salam Islamic securities (three month).....	2.2	1.4	5.1
Islamic certificates (six month)	2.6	1.5	4.6
Overall Short-Term Domestic Debt Average Interest Rate	2.5	1.5	4.9
Long-Term Domestic Debt			
Development bonds	5.3	4.5	4.5
Islamic certificates.....	5.0	5.1	5.0
Overall Long-Term Domestic Debt Average Interest Rate	5.2	4.8	4.8

Note:

(1) Preliminary figures.

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.

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 Offering Circular 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 3 September 2020, pursuant to the 2020 Decree, the Government raised the debt ceiling from BD 13,000 million to BD 15,000 million, of which U.S.\$37,426.1 million was utilised and U.S.\$2,467.6 million remained available as at 31 December 2022.

GENERAL INFORMATION

Significant Change

(replacing the section entitled “General Information—Significant Change” on page 188 of the Base Offering Circular in its entirety)

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 Issuer since 31 December 2022.