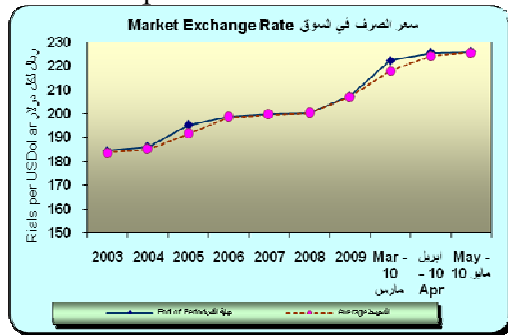


Review of Monetary and Banking Developments

Exchange Rate

The exchange rate increases slightly by 225.64 Rials per US Dollar at the end of May 2010 compared with 225.32 Rials per US Dollar at the end of April 2010, a percentage increase of 0.14%. The average exchange rate during May 2010 was 225.56 Rials per US Dollar against 224.04 Rials per US Dollars in the pervious month.



Consumer Price Index:

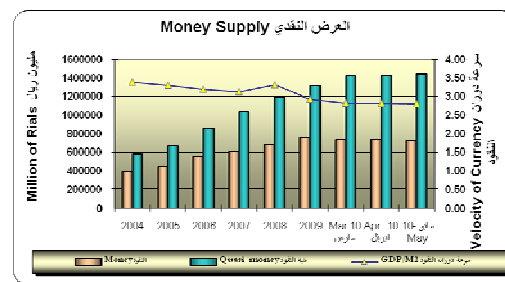
Consumer Price Index (CPI) increased from 111.47 at the end of March 2010 to 112.56 at the end of April 2010. Monthly inflation at the end of April 2010 was (0.98%). Accumulative inflation during December 2009 – April 2010 was 1.43%, while yearly inflation in April 2010 was 9.38% compared with 7.04% in March 2010.

Money Supply

Money supply increased from 2156.8 billion Rials at the end of April 2010 to 2166.5 billion Rials at the end of May 2010, an increase of 9.7 billion Rials or 0.5% compared with an increase of 6.7 billion Rials or 0.3% during April 2010. Money

supply during May 2009 was 1967.6 billion Rials.

Net foreign assets of the banking system amounted to 1727.6 billion Rials at the end of May 2010, compared with 1797.6 billion Rials at the end of April 2010, a decrease of 70.1 billion Rials or 3.9%. Net foreign assets of the banking system were 1723.6 billion Rials at the end of May 2009.



Net claims on government amounted to 617.2 billion Rials at the end of May 2010 compared with an amount of 568.3 billion Rials at the end of the previous month. Net claims on government were 321.4 billion Rials at the end of May 2009.

Claims on non-government sector increased from 536.7 billion Rials at the end of April 2010 to 567.7 billion Rials at the end of May 2010, an increase of 31.1 billion Rials or 5.8%. Claims on non-government sector were (516.1) billion at the end of May 2009.

Balance Sheet of Central Bank

Total balance sheet of Central Bank showed a decrease of 4.8 billion Rials or 0.3% amounting to 1861.3 billion Rials at the end of May 2010 compared with a decrease of 2.1% during the previous month. Total balance sheet was 1627.7 billion Rials at the end of May 2009.

Foreign assets of the Central Bank at the end of May 2010 amounted to 1335.8 billion Rials (dollar value 5918.7 million US Dollars) covering 7.9 months of imports compared with 1381.9 billion Rials (dollar value 6134.3 million US Dollars) covering 8.2 months of imports at the end of April 2010. Foreign assets of the Central Bank at the end of May 2009 were 1468.2 billion Rials (equivalent to 7325.0 million US Dollars).

Currency issued amounted to 541.7 billion Rials at the end of May 2010 compared with 535.2 billion Rials at the end of April 2010, an increase of 6.6 billion Rials.

Treasury Bills Yield:

The weighted average yield of treasury bills during May 2010 auctions amounted to: -

For three months 22.98 % per annum compared with 22.98% per annum during April 2010.

For six months 22.97% per annum compared with 22.98% per annum during April 2010.

For one year 22.97 % per annum compared with 22.96% per annum during April 2010.

Government Bonds issued for 3 years in May 2010 amounted to 2400 million Rials compared with 4200 million Rials in April 2010. The total outstanding balance in May 2010 is 397 billion Rials

Clearing Room

Total number of Rial checks transacted in the clearing rooms amounted to 61.3 thousand checks valued at 178.4 billion Rials during May 2010 against 59.7 thousand checks valued at 187.1 billion Rials during April 2010, an increase of 2.6% in number of checks and a decrease of 4.7% in their value.

Crude Oil Exports:

Crude oil exports (government share) during May 2010 amounted to 3.04 million barrels with total value of 226.95 million US Dollars (at an average price of US \$74.65/ barrel) compared with 2.85 million barrels valued at 239.7 million US Dollars in April 2010. Crude oil exports (government share) during January- May 2010 amounted to 14.46 million barrels with a total value of 1131.96 million US Dollars (at an average price of US \$ 78.28/barrel) compared with 10.16 million barrels valued at 483.24 million US Dollars (at average price of US\$47.56/barrel) during January – May 2009, an increase of 42.32% in quantity and 134.24% in value

Domestic consumption during January-May 2010 amounted to 8.65 million barrels compared with 11.59 million barrels during January-May 2009.

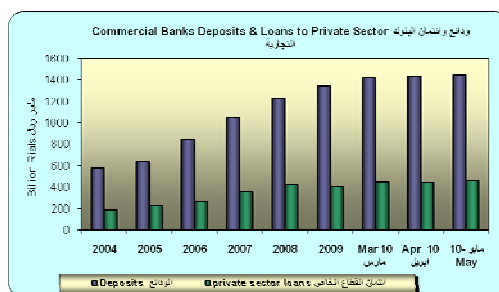
Consolidated Balance Sheet of Commercial and Islamic Banks*

The total of the consolidated balance sheet of commercial and Islamic banks showed an increase of 34.1 billion Rials or 1.9% at the end of May 2010 amounting to 1807.7 billion Rials compared with a increase of 16.5 billion Rials or 0.9% during April 2010. The total of the consolidated balance sheet of commercial and Islamic banks was 1573.7 billion Rials at the end of May 2009

Foreign assets of banks amounted to 455.7 billion Rials (dollar value of 2019.1 million US Dollars) at the end of May 2010 compared with 476.7 billion Rials (equivalent to 2116.0 million US Dollars) at the end of April 2010, a decrease of 21.0 billion Rials or 4.4%. Foreign assets of commercial and Islamic banks at the end of May 2009 were 328.0 billion Rials (dollar value of 1636.5 million US Dollar).

Total reserves of banks at the end of May 2010 increased by 28.1 billion Rials or 12.7% to amount to 249.3 billion Rials compared with 221.2 billion Rials at the end of the previous month.

Total credits and loans granted by commercial and Islamic banks to the private sector amounted to 468.0 billion Rials at the end of May 2010 compared with an amount of 438.8 billion Rials at the end of April 2010. Treasury bills amounted to 502.9 billion Rials at the end of May 2010 compared with 481.0 billion Rials at the end of April 2010.



Total deposits with banks increase by 0.8% from 1432.7 billion Rials at the end of April 2010 to 1443.9 billion Rials at the end of May 2010.

* Since The beginning of February 2009, the government has issued government bonds for pension and insurance funds for 3 years with an annual interest by 7%

* Including provisions against nonperforming loans.