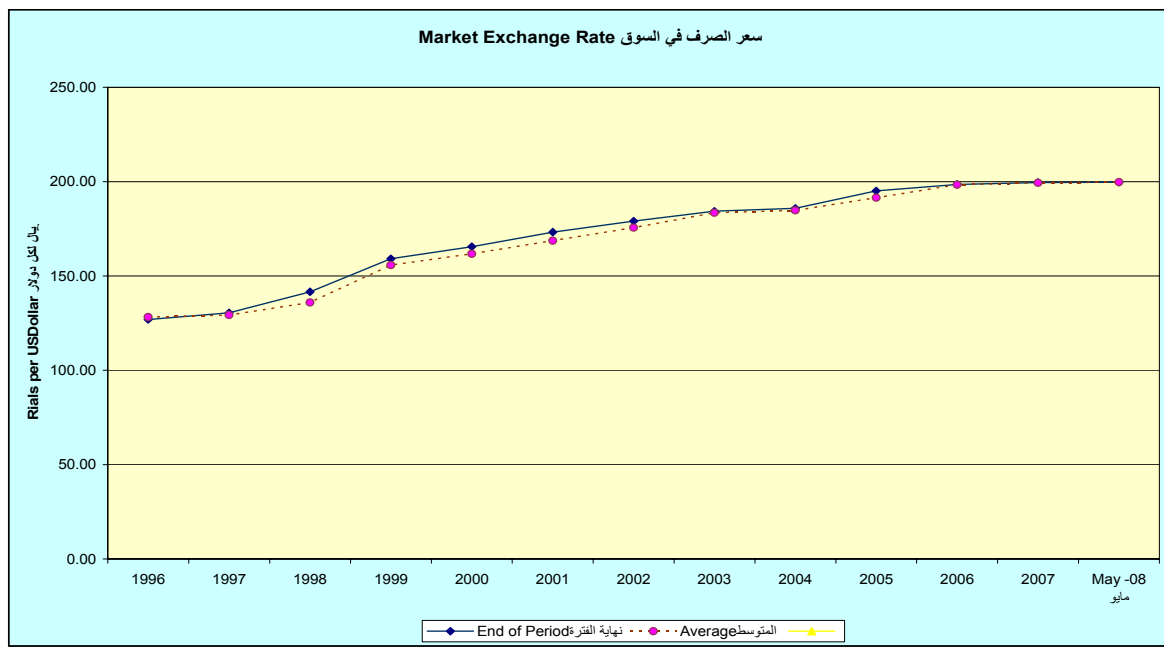


Review of Monetary and Banking Developments

Exchange Rate

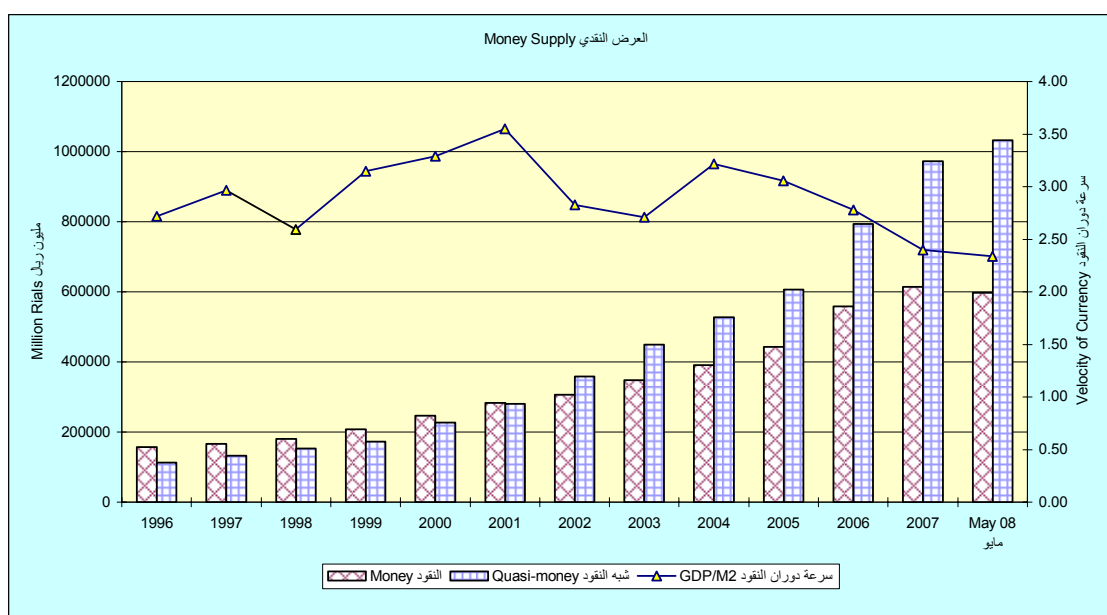
The end of period exchange rate increased slightly from 199.67 Rials per US Dollar at the end of April 2008 to 199.74 Rials per US Dollar at the end of May 2008, a percentage increase of 0.04%. The average exchange rate during May 2008 was 199.68 Rials per US Dollar.



Money Supply

Money supply increased from 1576.3 billion Rials at the end of April 2008 to 1629.5 billion Rials at the end of May 2008, an increase of 53.2 billion Rials or 3.37% compared with a decrease of 14.8 billion Rials or 0.93% during April 2008. Money supply at the end of May 2007 was 1406.2 billion Rials.

Net foreign assets of the banking system amounted to 1783.6 billion Rials at the end of May 2008 compared with 1736.7 billion Rials at the end of April 2008, an increase of 46.9 billion Rials or 2.7%. Net foreign assets of the banking system were 1685.9 billion Rials at the end of May 2007.



Net claims on government amounted to -60.8 billion Rials at the end of May 2008 compared with an amount of -11.4 billion Rials at the end of the previous month. Net claims on government were -89.1 billion Rials at the end of May 2007.

Claims on non-government sector increased from 451.4 billion Rials at the end of April 2008 to 478.7 billion Rials at the end of May 2008, an increase of 27.3 billion Rials or 6.05%. Claims on non-government sector were 324.7 billion at the end of May 2007.

Balance Sheet of Central Bank

Total balance sheet of Central Bank showed an increase of 47.8 billion Rials or 2.9% amounting to 1707.5 billion Rials at the end of May 2008 compared with a decrease of 3.8% during the previous month. Total balance sheet was 1554.6 billion Rials at the end of May 2007.

Foreign assets of the Central Bank at the end of May 2008 amounted to 1609.0 billion Rials (dollar value 8056.5 million US Dollars) covering 11.8 months of imports compared with 1554.5 billion Rials (dollar value 7785.4 million US Dollars) covering 11.4 months of imports at the end of April 2008. Foreign assets of the Central Bank at the end of May 2007 were 1511.9 billion Rials (dollar value 7595.7 million US Dollars).

Currency issued amounted to 418.4 billion Rials at the end of May 2008 compared with 406.6 billion Rials at the end of April 2008, an increase of 11.8 billion Rials.

Treasury Bills

The weighted average yield of treasury bills during May 2008 auctions amounted to: -

For three months 14.99% per annum compared with 14.66% per annum during April 2008.

For six months 14.94% per annum compared with 14.28% per annum during April 2008.

For one year 14.98% per annum compared with 14.35% per annum during April 2008.

Clearing Room

Total number of Rial checks transacted in the clearing rooms amounted to 59.3 thousand checks valued at 143.2 billion Rials during May 2008 against 61.0 thousand checks valued at 148.8 billion Rials during April 2008, a decrease of 2.8% in number of checks and 3.8% in their value.

Crude Oil

Crude oil exports (government share) during January-May 2008 amounted to 19.61 million barrels with a total value of 2103.14 million US Dollars (at average price of US\$107.2 /barrel) compared with 16.86 million barrels valued at 1015.22 million US Dollars (at average price of US\$60.2/barrel) during January -May 2007, an increase of 16.3% in quantity and 107.2% in value.

Consolidated Balance Sheet of Commercial and Islamic Banks*

The total of the consolidated balance sheet of the commercial and Islamic banks showed an increase of 29.6 billion Rials or 2.21% amounting to 1374.2 billion Rials during May 2008 compared with an increase of 16.0 billion Rials or 1.2% during April 2008. The total of the consolidated balance sheet of the commercial and Islamic banks was 1137.2 billion Rials at the end of May 2007.

Foreign assets of banks amounted to 258.8 billion Rials (dollar value of 1295.8 million US Dollars) at the end of May 2008 compared with 269.3 billion Rials (dollar value of 1348.8 million US Dollars) at the end of April 2008, a decrease of 10.5 billion Rials or 3.9%. Foreign assets of commercial and Islamic banks at the end of May 2007 were 265.3 billion Rials.

Total reserves of banks at the end of May 2008 increased by 13.6 billion Rials or 7.8% to 189.2 billion Rials compared with 175.6 billion Rials at the end of the previous month. Certificates of deposits amounted to 122.8 billion Rials at the end of May 2008.

Total credits and loans granted by commercial and Islamic banks to the private sector amounted to 414.8 billion Rials at the end of May 2008 compared with an amount of 403.7 billion Rials at the end of April 2008. Treasury bills amounted to 309.0 billion Rials at the end of May 2008 compared with 302.1 billion at the end of April 2008.

Total deposits with banks increased by 2.6% from 1080.2 billion Rials at the end of April 2008 to 1108.4 billion Rials at the end of May 2008.

* Including provisions against nonperforming loans.