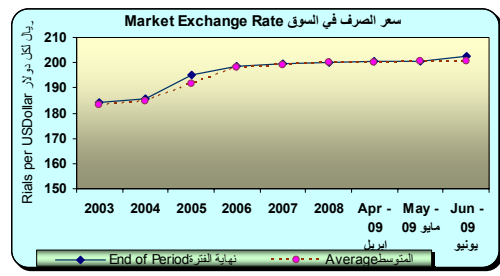


Review of Monetary and Banking Developments

Exchange Rate

The end of period exchange rate increased slightly from 200.43 Rials per US Dollar at the end of May 2009 to 202.72 Rials per US Dollar at the end of June 2009, a percentage increase of 1.1%. The average exchange rate during June 2009 was 200.76 Rials per US Dollar.



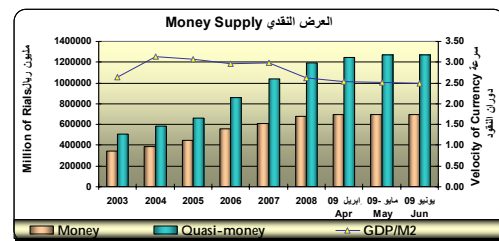
Consumer Price Index:

Consumer Price Index (CPI) increased from 144.46 at the end of May 2009 to 145.80 at the end of June 2009. Monthly inflation at the end of June 2009 was (0.93%). Cumulative inflation during December 2008 - June 2009 was 1.46%, while yearly inflation in June 2009 was 3.97% compared with 1.36% in May 2009.

Money Supply

Money supply increased from 1967.6 billion Rials at the end of May 2009 to 1969.3 billion Rials at the end of June 2009, an increase of 1.8 billion Rials or 0.1% compared with an increase of 27.8 billion Rials or 1.4% during May 2009. Money supply at the end of June 2008 was 1718.0 billion Rials.

Net foreign assets of the banking system amounted to 1706.8 billion Rials at the end of June 2009 compared with 1723.6 billion Rials at the end of May 2009, a decrease of 16.8 billion Rials or 1.0%. Net foreign assets of the banking system were 1842.0 billion Rials at the end of June 2008.



Net claims on government amounted to 358.6 billion Rials at the end of June 2009 compared with an amount of 321.4 billion Rials at the end of the previous month. Net claims on government were -81.3 billion Rials at the end of June 2008.

Claims on non-government sector increased from 516.1 billion Rials at the end of May 2009 to 517.0 billion Rials at the end of June 2009, an increase of 1.0 billion Rials or 0.2%. Claims on non-government sector were 485.6 billion at the end of June 2008.

Balance Sheet of Central Bank

Total balance sheet of Central Bank showed an increase of 38.7 billion Rials or 2.4% amounting to 1666.3 billion Rials at the end of June 2009 compared with an increase of 1.5% during the previous month. Total balance sheet was 1753.8 billion Rials at the end of June 2008.

Foreign assets of the Central Bank at the end of June 2009 amounted to 1442.1 billion Rials (dollar value 7112.0 million US Dollars) covering 8.5 months of imports compared with 1468.2 billion Rials (dollar value 7325.0 million US Dollars) covering 8.8 months of imports at the end of May 2009. Foreign assets of the Central Bank at the end of June 2008 were 1652.9 billion Rials (dollar value 8273.5 million US Dollars).

Currency issued amounted to 482.7 billion Rials at the end of June 2009 compared with 481.2 billion Rials at the end of May 2009, an increase of 1.5 billion Rials.

Treasury Bills Yield:

The weighted average yield of treasury bills during June 2009 auctions amounted to: -

For three months 12.96% per annum compared with 13.69% per annum during May 2009.

For six months 12.97% per annum compared with 13.70% per annum during May 2009.

For one year 12.96% per annum compared with 13.50% per annum during May 2009.

Government Bonds issued in June 2009 amounted to 35.5 billion Rials compared with 17.3 billion Rials in May 2009. The total outstanding at June 2009 is 281.7 billion Rials.

Clearing Room

Total number of Rial checks transacted in the clearing rooms amounted to 62.1 thousand checks valued at 182.4 billion Rials during June 2009 against 59.3 thousand checks valued at 164.0 billion Rials during May 2009, an increase of 4.8% in number of checks and 11.2% in their value.

Crude Oil Exports:

Crude oil exports (government share) during June 2009 amounted to 2.6 million barrels with total value of 181.6 million US Dollars compared with 2.1 million barrels valued at 118.2 million US Dollars in May 2009. Crude oil exports (government share) during January- June 2009 amounted to 12.8 million barrels with a total value of 664.92 million US Dollars (at average price of US\$ 51.9/barrel) compared with 23.8 million barrels valued at 2660.8 million US Dollars (at average price of US\$112.0/barrel) during January - June 2008, a decrease of 46.1% in quantity and 75.0% in value. Domestic consumption during January-June 2009 amounted to 12.6 million barrels compared with 10.9 million barrels during January-June 2008.

Consolidated Balance Sheet of Commercial and Islamic Banks*

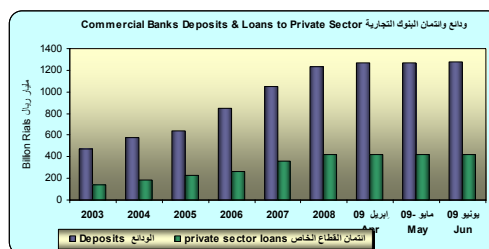
The total of the consolidated balance sheet of the commercial and Islamic banks showed an increase of 5.6 billion Rials or 0.4% amounting to 1579.3 billion Rials during June 2009 compared with an increase of 12.8 billion Rials or 0.8% during May 2009. The total of the consolidated balance sheet of the commercial and Islamic banks was 1394.5 billion Rials at the end of June 2008.

Foreign assets of banks amounted to 336.2 billion Rials (dollar value of 1658.1 million US Dollars) at the end of June 2009 compared with 328.0 billion Rials (dollar value of 1636.5 million US Dollars) at the end of May 2009, an increase of 8.2 billion Rials or 2.5%. Foreign assets of commercial and Islamic banks at the end of June 2008 were 277.9 billion Rials.

Total reserves of banks at the end of June 2009 increased by 1.4 billion Rials or 0.7% to 211.0 billion Rials compared with 209.6 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 417.7 billion Rials at the end of June 2009

compared with an amount of 416.0 billion Rials at the end of May 2009. Treasury bills amounted to 500.5 billion Rials at the end of June 2009 compared with 526.5 billion at the end of May 2009.



Total deposits with banks increased by 0.6% from 1271.4 billion Rials at the end of May 2009 to 1278.4 billion Rials at the end of June 2009.

* Including provisions against nonperforming loans.