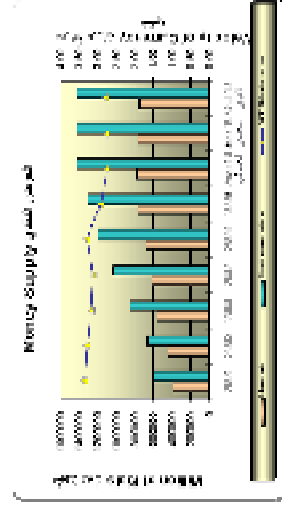


Review of Monetary and Banking Developments

Money Supply

Money supply decreased from 2190.5 billion Rials at the end of September 2010 to 2172.6 billion Rials at the end of October 2010, a decrease of 17.9 billion Rials or 0.8% compared with a decrease of 14.4 billion Rials or 0.7% during September 2010. Money supply during October 2009 was 1981.2 billion Rials.

Net foreign assets of the banking system amounted to 1700.4 billion Rials at the end of October 2010, compared with 1678.8 billion Rials at the end of September 2010, an increase of 21.6 billion Rials or 1.3%. Net foreign assets of the banking system were 1793.7 billion Rials at the end of October 2009.



Net claims on government amounted to 682.5 billion Rials at the end of October 2010 compared with an amount of 686.7 billion Rials at the end of the previous month. Net claims on government were 391.7 billion Rials at the end of October 2009.

Claims on non-government sector decreased from 587.8 billion Rials at the end of September 2010 to 572.3 billion Rials at the end of October 2010, a decrease of 15.4

billion Rials or 2.6%. Claims on non-government sector were (498.6) billion at the end of October 2009.

Balance Sheet of Central Bank

Total balance sheet of Central Bank showed an increase of 36.3 billion Rials or 1.9% amounting to 1832.7 billion Rials at the end of October 2010 compared with an increase of 1.7% during the previous month. Total balance sheet was 1770.0 billion Rials at the end of October 2009.

Foreign assets of the Central Bank at the end of October 2010 amounted to 1281.9 billion Rials (dollar value 5987.3 million US Dollars) covering 8.0 months of imports compared with 1299.4 billion Rials (dollar value 6055.0 million US Dollars) covering 8.1 months of imports at the end of September 2010. Foreign assets of the Central Bank at the end of October 2009 were 1494.2 billion Rials (equivalent to 7258.5 million US Dollars).

Currency issued amounted to 548.2 billion Rials at the end of October 2010 compared with 562.5 billion Rials at the end of September 2010, a decrease of 14.3 billion Rials.

Consolidated Balance Sheet of Commercial and Islamic Banks*

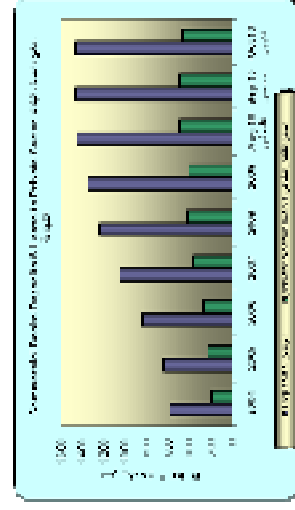
The total of the consolidated balance sheet of commercial and Islamic banks showed an increase of 41.4 billion Rials or 2.2% at the end

of October 2010 amounting to 1896.6 billion Rials compared with an increase of 32.4 billion Rials or 1.8% during September 2010. The total of the consolidated balance sheet of commercial and Islamic banks was 1596.2 billion Rials at the end of October 2009

Foreign assets of banks amounted to 503.5 billion Rials (dollar value of 2351.6 million US Dollars) at the end of October 2010 compared with 459.7 billion Rials (equivalent to 2142.3 million US Dollars) at the end of September 2010, an increase of 43.7 billion Rials or 9.5%. Foreign assets of commercial and Islamic banks at the end of October 2009 were 368.3 billion Rials (dollar value of 1789.0 million US Dollar).

Total reserves of banks at the end of October 2010 increased by 1.8 billion Rials or 0.7% to amount to 267.9 billion Rials compared with 266.0 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 463.9 billion Rials at the end of October 2010 compared with an amount of 483.3 billion Rials at the end of September 2010. Treasury bills amounted to 535.9 billion Rials at the end of October 2010 compared with 521.7 billion Rials at the end of September 2010.



Total deposits with banks increase by 0.04% from 1461.1 billion Rials at the end of September 2010 to 1461.6 billion Rials at the end of October 2010.

Clearing Room

Total number of Rial checks transacted in the clearing rooms amounted to 55.5 thousand checks valued at 186.9 billion Rials during October 2010 against 40.4 thousand checks valued at 142.5 billion Rials during September 2010, an increase of 37.4% in number of checks and 31.2% in their value.

Treasury Bills Yield:

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

For three months 22.98 % per annum compared with 22.99% per annum during September 2010.

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

For one year 22.99 % per annum compared with 22.98% per annum during September 2010.

Government Bonds** issued for 3 years in October 2010 amounted to 2500 million Rials compared with 1300 million Rials in September 2010. The total outstanding balance in October 2010 is 404.4 billion Rials

Crude Oil Exports:

Crude oil exports (government share) during October 2010 amounted to 1.44 million barrels with total value of 118.32 million US Dollars (at an average price of US \$82.17/barrel) compared with 2.5 million barrels valued at 198.4 million US Dollars in September 2010. Crude oil exports (government share) during January-October 2010 amounted to 26.08 million barrels with a total value of 2025.34 million US Dollars (at an average price of US \$ 77.66/barrel) compared with 24.48 million barrels valued at 1473.61 million US Dollars (at average price of US\$60.20/barrel) during January – October 2009, an increase of 6.54% in quantity and 37.44% in value

Domestic consumption during January-October 2010 amounted to 20.80 million barrels compared with 21.94 million barrels during January-October 2009.

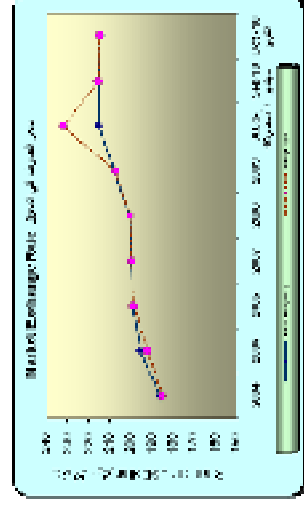
Consumer Price Index:

Consumer Price Index (CPI) increased from 119.64 at the end of September 2010 to 120.38 at the end of October 2010. Monthly inflation at

the end of October 2010 was (0.61%). Accumulative inflation during December 2009 –October 2010 was 8.48%, while yearly inflation in October 2010 was 11.86% compared with 11.79% in September 2010.

Exchange Rate

The YR exchange rate showed improvement against US Dollar to 214.10 Rials per US Dollar at the end of October 2010 compared with 214.60 Rials per US Dollar at the end of September 2010, a percentage increase in rial against US dollar of 0.5%. The average exchange rate during October 2010 was 214.40 Rials per US Dollar against 214.85 Rials per US Dollars in the pervious month



* Including provisions against nonperforming loans.

** 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%