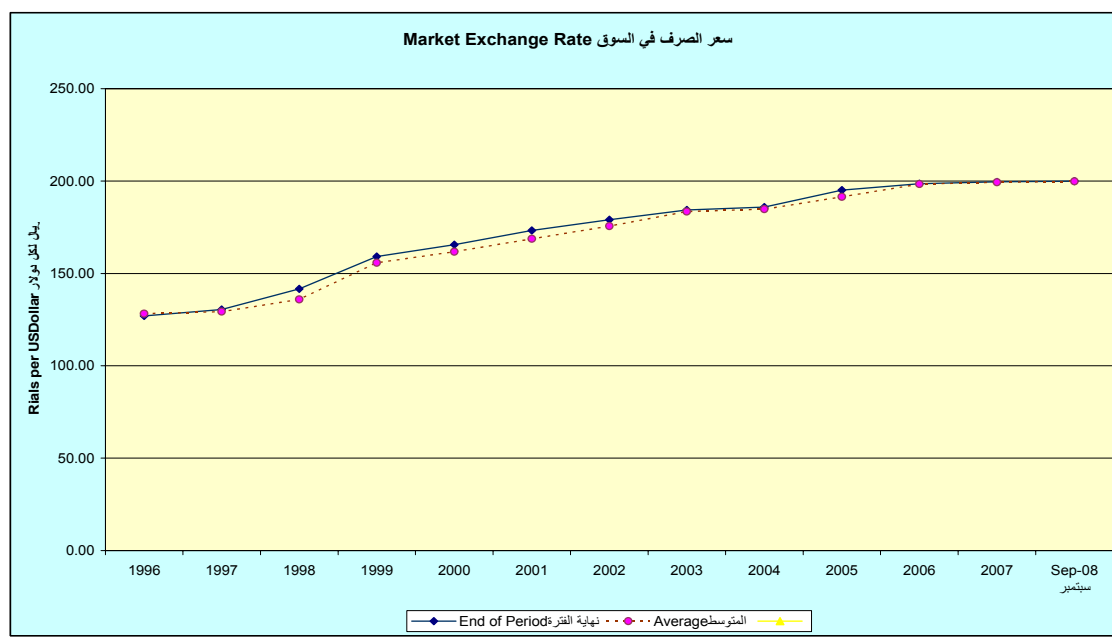


## Review of Monetary and Banking Developments

### Exchange Rate

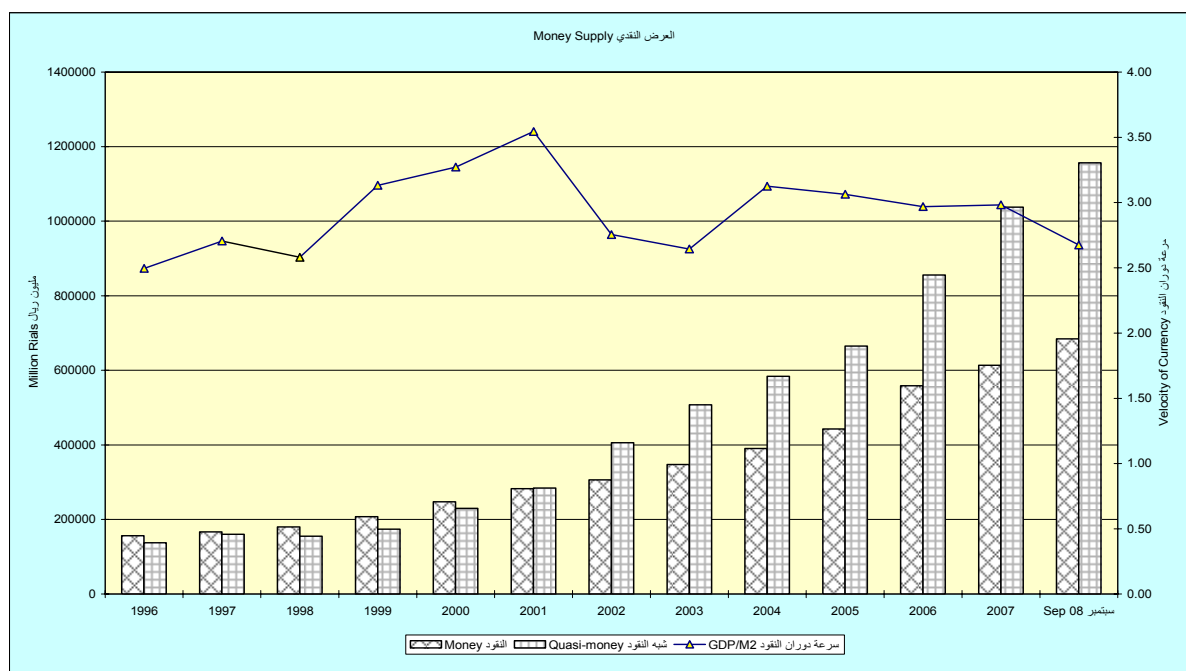
The end of period exchange rate increased slightly from 199.83 Rials per US Dollar at the end of August 2008 to 199.86 Rials per US Dollar at the end of September 2008, a percentage increase of 0.02%. The average exchange rate during September 2008 was 199.84 Rials per US Dollar.



### Money Supply

Money supply increased from 1763.1 billion Rials at the end of August 2008 to 1840.9 billion Rials at the end of September 2008, an increase of 77.7 billion Rials or 4.4% compared with an increase of 29.8 billion Rials or 1.7% during August 2008. The expansion of monetary survey was due mainly to the increase in the net of foreign assets, net claims on the government and claims on the private sector as a result of the increased public and private expenditures during Ramadan and Lesser Bairam holiday. Money supply at the end of September 2007 was 1538.7 billion Rials.

Net foreign assets of the banking system amounted to 1926.8 billion Rials at the end of September 2008 compared with 1838.7 billion Rials at the end of August 2008, an increase of 88.2 billion Rials or 4.8%. Net foreign assets of the banking system were 1713.9 billion Rials at the end of September 2007.



Net claims on government amounted to -37.3 billion Riads at the end of September 2008 compared with an amount of -92.4 billion Riads at the end of the previous month. Net claims on government were -57.3 billion Riads at the end of September 2007.

Claims on non-government sector increased from 530.2 billion Riads at the end of August 2008 to 540.1 billion Riads at the end of September 2008, an increase of 9.9 billion Riads or 1.9%. Claims on non-government sector were 344.4 billion at the end of September 2007.

### Balance Sheet of Central Bank

Total balance sheet of Central Bank showed an increase of 94.3 billion Riads or 5.2% amounting to 1897.3 billion Riads at the end of September 2008 compared with a decrease of 0.3% during the previous month. Total balance sheet was 1587.1 billion Riads at the end of September 2007.

Foreign assets of the Central Bank at the end of September 2008 amounted to 1762.6 billion Riads (dollar value 8819.4 million US Dollars) covering 12.9 months of imports compared with 1665.1 billion Riads (dollar value 8332.0 million US Dollars) covering 12.2 months of imports at the end of August 2008. Foreign assets of the Central Bank at the end of September 2007 were 1520.3 billion Riads (dollar value 7636.9 million US Dollars).

Currency issued amounted to 507.9 billion Riads at the end of September 2008 compared with 427.8 billion Riads at the end of August 2008, an increase of 80.2 billion Riads.

### Treasury Bills

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

For three months 15.09% per annum compared with 15.03% per annum during August 2008.

For six months 14.99% per annum compared with 14.99% per annum during August 2008.

For one year 14.96% per annum compared with 15.00% per annum during August 2008.

### **Clearing Room**

Total number of Rial checks transacted in the clearing rooms amounted to 51.6 thousand checks valued at 114.7 billion Rials during September 2008 against 60.3 thousand checks valued at 154.7 billion Rials during August 2008, a decrease of 14.5% in number of checks and 25.9% in their value.

### **Crude Oil**

Crude oil exports (government share) during January-September 2008 amounted to 34.75 million barrels with a total value of 3886.74 million US Dollars (at average price of US\$ 111.9/barrel) compared with 31.41 million barrels valued at 2088.84 million US Dollars (at average price of US\$66.5/barrel) during January -September 2007, an increase of 10.64% in quantity and 86.1% 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 38.7 billion Rials or 2.7% amounting to 1463.3 billion Rials during September 2008 compared with an increase of 20.4 billion Rials or 1.5% during August 2008. The total of the consolidated balance sheet of the commercial and Islamic banks was 1205.3 billion Rials at the end of September 2007.

Foreign assets of banks amounted to 255.3 billion Rials (dollar value of 1277.2 million US Dollars) at the end of September 2008 compared with 254.9 billion Rials (dollar value of 1275.6 million US Dollars) at the end of August 2008, an increase of 0.4 billion Rials or 0.1%. Foreign assets of commercial and Islamic banks at the end of September 2007 were 292.4 billion Rials.

Total reserves of banks at the end of September 2008 increased by 1.9 billion Rials or 1.0% to 188.1 billion Rials compared with 186.2 billion Rials at the end of the previous month. Certificates of deposits amounted to 191.9 billion Rials at the end of September 2008.

Total credits and loans granted by commercial and Islamic banks to the private sector amounted to 447.1 billion Rials at the end of September 2008 compared with an amount of 431.4 billion Rials at the end of August 2008. Treasury bills amounted to 296.8 billion Rials at the end of September 2008 compared with 287.8 billion at the end of August 2008.

Total deposits with banks increased by 0.6% from 1159.7 billion Rials at the end of August 2008 to 1166.6 billion Rials at the end of September 2008.

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\* Including provisions against nonperforming loans.