

No. 10/2/3/3/11575

Date: 6/11/2005

Instructions of Money Penalties on the Violations of Credit
Concentrations (Exposure Limits) and Credit Facilities in Foreign
Currencies

No. (23/2005)

Issued by the Central Bank of Jordan

Pursuant to the provisions of Article (99/b) of the Banking Law

Pursuant to the provisions of Article (88/b/4) of the Banking Law No. (28) for year 2000, and in light of the importance of banks' commitment to the pr-determined exposure limits due to the credit risks of exceeding these limits and upon the resolution of the Board of Directors of the Central Bank No. (108/2005) dated 24/10/2005, the following was decided:

First: Imposing money penalties on violating the instructions of credit concentration and credit facilities in foreign currencies as follows:

A/ 1- (2.0) percent of the exceeding amount of exposure beyond the allowed limit for:

- The related parties to the bank on an aggregated basis.
- Administrators of the bank and / or the administrators of its subsidiaries.
- Any subsidiary for the bank.
- The bank employees' funds or the employees' funds of its subsidiaries companies.

2- (1.0) percent of the exceeding amount of the exposure beyond the exposure limit for the counterparty or group of connected counterparties.

3- (5.0) percent of the exceeding amount of exposure beyond the exposure limit for the aggregate credit concentrations of the bank.

B/ 1- (10.0) percent of the utilized balance of credit facilities extended to the bank's auditor, or attorney at law or legal counsel under general power of attorney or an annual contract. The same applies in case any of the aforementioned guarantees one of the bank's debtors.

2- (5.0) percent of the utilized balance of credit facilities in case of extending direct credit facilities in the Jordanian Dinar or foreign

currencies to any person who does not practice an activity inside the Kingdom.

3- (2.0) percent of the utilized balance of credit facilities in case of extending credit facilities in foreign currencies to non-economic export activities.

C/ (0.5) percent of the undisclosed amounts -or falsely disclosed - in case of not partially or fully disclosing credit risks

Second: Imposing lump sum money penalty according to the categories below in case of the bank violates any of the following:

A- The maximum exposure limit of aggregate performing direct credit facilities extended to the largest ten clients of the bank clients in the Kingdom.

B- The maximum exposure limit of the extended exposure in the form of overdraft

C- The maximum exposure limit of aggregate performing direct credit facilities extended for the purposes of construction real estate activities.

D- The maximum exposure limit of aggregate credit facilities extended in foreign currencies inside the kingdom.

JD

| Exceeding Amount Beyond Allowed Ratio | Money Penalty |
|--|----------------------|
| Less than 10.0 percent | 2500 |
| From 10.0 percent to less than 25.0 percent | 5000 |
| From 25.0 percent to less than 50.0 percent | 10000 |
| From 50.0 percent to less than 100.0 percent | 20000 |
| 100.0 percent or more | 40000 |

Third: The month is the unit of seizing violations and charging money penalty.

Fourth: a- The money penalty will be doubled in the case the violations are not corrected within three months of the date of the Central Bank noticing the violation and for three months later.

b- In the case the violations are not corrected within six months of the date that the Central Bank notices the violation, the regulatory capital of the bank will be reduced -for the purpose of applying the instructions of credit concentrations- in an

amount equivalent to the exceeding, hand in hand with the continuous imposition of the doubled money penalty.

- Fifth: a- These instructions will be effective as of the statements of December 2005 and any other instructions which contradict the above should be canceled, including the item (16/10) of our instructions No. (9/2001) dated August 1, 2001 concerning the continuing of the deposits imposed on exceeding.
- b- Excluded from what came in (a) above the violation of the overdraft accounts' ratio until the end of the period of adjustments for conditions specified in our Circular No. (10/2/3/3/16009) dated October 6, 2002.

It should be emphasized that the 10th and the 15th of each month are the deadline for providing the Central Bank of Jordan respectively with the credit risk statements and the credit concentration statements.

Governor

Dr. Umayyah Toukan