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Date: 17/3/2008

**Instructions on the Ratio of Investments in Jordanian Dinar to the  
Sources of Fund in Jordanian Dinar No. (38/2008)  
Issued by the Central Bank of Jordan Pursuant to the Provisions of Article (99/b) of  
the Banking Law**

In pursuance of the Central Bank efforts to preserve the soundness and strength of the banking system and in order to enhance the role of management of assets and liabilities in Jordanian Dinar at banks, I have decided the following:

**First:** Each bank should calculate the ratio of its investments in Jordanian Dinar to its own sources of fund in Jordanian Dinar according to the following:

**a) The numerator of the ratio: consists the sum of following items in Jordanian Dinar:**

1. Net direct credit facilities, which , for the purpose of calculating this ratio represent total direct credit facilities net of the following:
  - Direct credit facilities extended for financing Initial Public Offerings (IPO's).
  - The impairment provision of direct credit facilities
  - Interest and commission in suspense
  - Cash margins on direct credit facilities, subject to a maximum ceiling of the outstanding balance of credit facilities guaranteed by this cash margin.
2. Financial assets available for sale (calculated on the basis of purchasing cost net of Jordanian Treasury bills, and bonds and development bonds).
3. Net financial assets (held) to maturity date (calculated on the basis of purchasing cost net of Jordanian Treasury bills and bonds and development bonds).
4. Investments in affiliated companies (calculated on purchasing cost basis).
5. Investments in subsidiaries (calculated on purchasing cost basis).

**Further, the following should be subtracted from the numerator of the ratio:**

1. Sold securities (included in the numerator of the ratio) with a commitment to be repurchased at a later date. (repurchase agreements).
2. Direct credit facilities which have been refinanced by Jordan Mortgage Refinance Company (JMRC).

**b) The denominator of the ratio: is basically the sum of following items in Jordanian Dinar:**

1. Customers' deposits (excluding cash required reserve in Jordanian Dinar for the month of which the statistics of this ratio belong to).
2. The accounts of free capital, which for the purpose of calculating this ratio represent, shareholders' equity net of the following:
  - 55.0 percent of the cumulative change in the fair market value, subject to be fully deducted if its magnitude was negative.
  - Fixed assets (Net).
  - Losses of the period (given that the profits of period should not be taken into account).
  - Any items subject to restrictions.
3. Interbank and other banking institution deposits with a maturity period exceeding one year.
4. Interbank and other banking institution deposits resulting from swap transactions (SWAPS).
5. Bonds.
6. Subordinated Debts.
7. Borrowed amounts, net of the following:
  - a) Liabilities corresponding to the repurchase agreements of any securities listed in the components of the numerator of this ratio.
  - b) Amounts borrowed from the JMRC.

**Second:** The bank should commit to the maximum limit of the ratio specified in the first item above, which amounts to 100.0 percent, under the legal responsibility of applying any of the penalties stated in article (88/b) of the Banking Law No. (28) For 2000.

**Third:** The Bank should provide the Central Bank with the investments ratio in Jordanian Dinar to the sources of fund in Jordanian Dinar, according to the attached table, on a monthly basis no later than the fifteenth day of the following month.

**Fourth:** The bank which exceeds the maximum limit of this ratio will be endowed with a period no later than the end of 2008 to take the needed corrective actions.

**Fifth:** The provisions of these instructions are applied to all operating licensed banks in the Kingdom while foreign branches of these banks are not subject to such provisions.

**Sixth:** The above instructions should come into effect as of 17/3/2008

Governor  
Dr. Umayya Toukan

-Attachment

Central Bank of Jordan  
Banking Supervision Department  
The Ratio of Investments in Jordanian Dinar to the Sources of Fund in Jordanian Dinar  
Name of the bank:  
Date:

<b>The numerator of the ratio: Investments in Jordanian dinar</b>	
<b>Direct Credit Facilities (Net) =</b>	
Total direct credit facilities less the following:	
Direct credit facilities extended for financing of (IPO's).	
Direct credit facilities which been refinanced by (JMRC).	
The impairment provision of direct credit facilities.	
Interest and commissions in suspense	
Cash margins on direct credit facilities, subject to a maximum ceiling of the outstanding balance of credit facilities extended by the guarantee of this cash margin.	
Net financial assets available for sale* =	
Financial assets available for sale* minus:	
Jordanian Treasury bills and bonds and development bonds	
Sold securities, with a commitment to be repurchased later on (repurchase agreements).	
<b>Net financial assets held to maturity at a laterdate* =</b>	
financial assets held to maturity net of the following:	
The impairment provision of the financial assets held to maturity.	
Jordanian Treasury bills and bonds and development bonds*	
Direct credit facilities	
Sold securities, with a commitment to be repurchased at a later date (repurchase agreements).	
<b>Investments in affiliates *</b>	
<b>Investments in subsidiaries</b>	
<b>The denominator of the ratio: the sources of fund in Jordanian Dinar</b>	
<b>Net customers' deposits =</b>	
<b>customers' deposits net of the following:</b>	
Cash required reserves in Jordanian dinar for the month of which the statistics of this ratio belong to.	
<b>The accounts of free capital =</b>	
Shareholders' equity minus the following:	
55.0 percent of the cumulative change in the fair market value, subject to be fully deducted if its magnitude was negative.	
Net fixed assets	
Losses of the period (given that the profits of period should not be taken into account).	
Any items that subject to restrictions	
<b>Interbank and other banking institution deposits with a maturity period</b>	

<b>exceeding one year.</b>	
<b>Interbank and other banking institution deposits resulting from swap transactions (SWAPS).</b>	
<b>Bonds</b>	
<b>Subordinated Debts</b>	
<b>Borrowed amounts less the following:</b>	
Liabilities corresponding to the agreements of repurchase any securities listed in the components of the numerator of this ratio.	
Amounts borrowed from (JMRC).	
The ratio**	

\* calculated on purchasing cost basis

\*\* The maximum limit of the ratio mentioned above is 100.0 percent