Corporate Governance Code

Introduction

The growing interest in the concept and mechanisms of governance in many developed and emerging economies, has become the fundamental pillars that must support economic units to improve their performance and raise the operational efficiency and continued sustainability, which would improve the business environment and stimulate foreign investment and support the national economy in general.

Governance has gained special importance in the rouse of the financial and economic crises, which came mainly as aggregate for the shortcomings in the issue of transparency in some financial institutions and the lack of its management to the good practices in control, accountability and effective supervision of work.

Banks' corporate governance is particularly taking special importance, given the magnitude of the risks and consequences resulting from improper practices in the banking business on the stability of the financial sector and the national economy. Working in the banking sector is categorized from other economic sectors that the risks are high, complex and interconnected, which requires the presence of corporate governance and an effective system of control customized for banks operations management in a safe and sound manner and directed towards drawing and achieving its strategic objectives in order to ensure the protection of the interests of shareholders and depositors and all other stakeholders in line with the laws, regulations and the internal regulations of the Bank.

Societe Generale Bank - Jordan is aware of the weaknesses in governance for any bank that may lead to exposure to the problems that may also affect other banks and the stability of the financial sector in general. Accordingly, the Bank pays great attention to the practices of corporate governance as a belief that the importance of corporate governance stems from providing a basis for the development of operational efficiency and improved future corporate performance, and enhance the depositors and investors' confidence as well as all other stakeholders in the Bank's activities, and to reduce the risk and exposure to crises and to enable the Bank to contribute
successfully in the development of the banking sector in Jordan, which in turn is an essential part of the national economy.

As the Bank is operating within a banking group which is the Societe Generale De Banque in Lebanon (SGBL), that in turn is an associate of the Bank Societe Generale in France, SGBL draws its strategic objectives and institutional values of the group and adopt policies and strategies that are consistent with those adopted by the parent company. The Group is committed to applying the policies and guide corporate governance at the group level and its subsidiaries to be in line with international best practices, and following the instructions issued in this regard from the central banks or regulators of the countries where its subsidiaries are located.

Accordingly, the Board of Directors formally decided to adopt the Corporate Governance Guide (referred to later “The Guide”) which was prepared according to the best accepted practices internationally and the approved policies at the group level and in line with the corporate governance of Banks Regulation (58/2014) issued by the Central Bank of Jordan on 30.09.2014 and other relevant laws. The Board also commits to any instructions issued by the Central Bank or other relevant regulatory authorities later in this area. In the event of a discrepancy between the strategies and policies for corporate governance of the parent company and those issued by the Central Bank or other relevant regulatory authorities, the Bank shall seek a preset approval of the Central Bank / or the regulatory authority to address it.

**Article (1): Attribution**

The Bank has referred in the preparation of this guide to the following sources:

- Corporate Governance for banks instructions (58/2014) issued by the Central Bank of Jordan on 30/09/2014.
- Policies and strategies of corporate governance followed by Societe Generale Group in Lebanon and France.
- Banks Law No. 28 of year 2000, and its amendments.
- Instructions of the internal control system number (35/2007) Dated 10/6/2007
- Dealing with customers in justice and transparency issued by the Central Bank of Jordan.
- Disclosure instructions, accounting standards and auditing standards.
- Corporate governance guide of the companies listed in Amman Stock Exchange.
- The publications of international bodies and organizations competent in this field as the organization for Economic Cooperation and Development (OECD) and the Basel Committee on Banking Supervision and the Financial Stability Board (FSB).
This guide is called "Corporate Governance Guide for Societe Generale De Banque – Jordanie" and shall take effect from the date of its adoption by the Board of Directors and the approval of any amendments thereto in the future by the Board.

**Article (2): Definitions**

The words and expressions used in this guide hold the meaning assigned to them hereunder, unless otherwise indicated or the context otherwise requires:

A. **Corporate Governance or Governance**: The system that directs and manages the Bank, which aims to identify and achieve institutional goals of the Bank, management of the Bank’s operations safely, protect the interests of depositors, abide by the due responsibility to the shareholders and other stakeholders, and the compliance with the Bank’s bylaw and internal policies.

B. **Suitability**: the fulfillment of certain requirements and criteria by the members of the Board and senior executives.

C. **Board**: The Board of Directors of the Bank.

D. **Related Parties to Board Member / Member of the Senior Executive Management**: Companies that have a Board member / member of the Senior Executive Management that has influential interest therein and / or is authorized signatory, his/her spouse and relatives of the member or his spouse up to the third degree.

E. **Related Parties with the Bank**: A person is considered a related party with the bank:
   - If either of them (the person or the Bank) has an influential interest in the other, either directly or indirectly (a subsidiary to the Bank is considered a related party) or;
   - If the person is an administrative in the Bank or has a mutual business interest with the administrative in the Bank or;
   - If the person is the spouse of an administrative in the Bank or was close to that administrative or his spouse up to the third degree or has a common business interest with any of them.

F. **Stakeholder**: any interested party in the bank, such as depositors, shareholders, employees, debtors or customers or suppliers or regulatory authorities concerned.

G. **Major shareholder**: the person who owns the proportion of (5%) or more of the Bank's capital, either directly or indirectly.

H. **Effective Interest**: control of at least (10%) of the capital of a moral person.

I. **Control**: direct or indirect ability to exercise significant influence on the business decisions of another person.
**J. Person:** natural or moral person.

**K. associate:** the person who controls another person or controlled by such person or jointly controlled by someone else.

**L. Company Subsidiary:** The Company where a person or persons with a joint interest own at least 50% of its capital, or this person or these persons have an effective interest allows to control its management or general policy.

**M. Administrative:** Member of the Board of Directors, both in his personal capacity or as a representative of a legal entity, or the General Manager or employees of the Bank.

**N. Executive Member:** Member of the Board who is paid in consideration for his/her employment at the Bank.

**O. Independent Member of the Board of Directors:** a Board Member that is not subject to any effects limiting his/her ability to make objective decisions in favor of the Bank, in which the following conditions are met:

1. He must not have been an Executive Member of the Board during the past three years.
2. He must not have been employed in the Bank or any of its subsidiaries during the past three years.
3. That has no relation to any of the other members of the Board or any member of the Boards of Directors of the Bank’s subsidiaries or relative to one of the major shareholders in the Bank to the second degree.
4. Is not relative (up to 2nd degree) to any of the Senior Members of the Executive Management of the Bank or any of the Senior Executive Management Members of the Bank's subsidiaries. Is not a partner or employee of the external auditor of the Bank, or has not been a partner or an employee during the past three years preceding to the date of his election as a member of the Board and is not a relative (up to the 1st degree) with the partner responsible for the audit.
5. Is not a major shareholder in the Bank or a representative or associate of a major shareholder in the Bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is a major shareholder of one of the Bank’s subsidiaries.
6. Has not been a member of the Board of Directors of the Bank or any of its subsidiaries for more than eight consecutive years.
7. Has not obtained, personally or through any other company in which he is a Board Member or owner or a major shareholder, credit facilities from the Bank in excess of 5% of the Bank’s share capital, nor is a guarantor of a facility which amount is in excess of the said percentage.
8. Has adequate knowledge and experience in the financial and banking sectors.

**P. Senior Executive Management:** includes General Manager of the Bank and Deputy General Manager and Assistant General Manager and Chief Financial Officer and Director of Operations and Director of Risk Management and Director of Internal Audit and Treasury Manager (Investment) and Director of Compliance in addition to
any employee of the Bank that has executive authority equal to any of the authorities of any of the mentioned and linked functionally directly with the General Manager.

**Q. Cumulative Voting:** each shareholder will have a number of votes equal to the number of shares owned, where he can vote for one candidate for membership of the Board of Directors or distribute the votes among the selected candidates without repetition of these votes.

**Article (3) : the parties to the Corporate Governance Related**

- Board of Directors
- Senior Executive Management
- Stakeholders (depositors, shareholders, employees, debtors, customers, suppliers and regulatory authorities)

**Article (4) : Principles of Corporate Governance**

The code is based on the following four principles:

- Justice in dealing with all stakeholders.
- Transparency and Disclosure to enable stakeholders to assess the status of the Bank, including its financial performance.
- Accountability in the relations between the executive management of the Bank and the Board of Directors, and between the Board of Directors and the shareholders and between the Board of Directors and other stakeholders.
- Responsibility - a clear separation of responsibilities and the delegation of authorities, particularly the separation between the responsibilities of the Chairman of the Board and the responsibilities of the General Manager and not to have any of the Board members as an Executive Member.

**Article (5): Standards of Corporate Governance**

- The existence of organizational and administrative structures which distribute powers and responsibilities in a clear and well defined manner, in order to achieve the principle of dual control and segregation of duties in order to enhance efficiency, accountability and internal control.
- The existence of effective organizational structures for control. This is done through the following levels:
  - Control and oversight by the Board of Directors in its capacity as the first and primary administrator to manage all the affairs of the Bank and monitor its performance, and therefore the Board should reflect complete corporate governance standards in all its practices and work.
  - Control and oversight by the units/persons not participating in the daily operations of the Bank's activities.
  - Direct control and oversight by the same work units.
  - Independent and qualified departments for risk management and compliance functions who do not exercise any daily operational work and communicate directly with the Board
committees and all these procedures are subject to internal auditing.

- Adoption of acceptable limits for all key risks facing the Bank and to monitor its compliance.
- Define the directions of the Bank and its implementation through the adoption of policies and action plans and documented work procedures covering all activities of the Bank in line with relevant legislations and to be reviewed regularly to monitor its implementation.
- Having the appropriate qualifications, competence, integrity and good reputation of the Board of Directors and the Senior Executive Management at the Bank and their continued acquaintance of the latest developments in the banking sector, particularly effective banking controls and good governance practices, in addition to enhancing the independence element in the Board of Directors.
- Establishing a culture of high ethical standards and integrity and professional conduct for the Bank administrative.
- Existence of Policies to reduce the conflict of interests and procedures for transactions between the related parties and the Bank, and the control for implementation.
- Establishing a system for evaluating and measuring the performance of managers objectively and approving it by the Board.
- Adjusting a system and policy of granting remuneration and adopting a remuneration policy compatible with the Bank risks in a very discreet way and linking these remunerations to performance evaluation and safety of the financial position in the medium and long term.
- Availability of policies and procedures for whistle-blowing in order to report any compliance / failures.
- Enhanced disclosure and transparency.

Article (6): Corporate Governance Commitment
- This Code has been approved by the Board based on the recommendation of the Board Corporate Governance Committee.
- The Board Corporate Governance Committee directs the preparation, review and update the Code in the light of internal and external developments and reflecting the latest developments in this regard. The Committee also ensures that everything stated in this Code is implemented and inform the Board about the results of this evaluation and recommendations to rectify the situation.
- The Bank posts the Code on its website within the annual report. The Bank should disclose in the annual report on the extent of the Bank's commitment in implementing all the provisions of the Code and other information of interest to stakeholders. The Bank can provide a copy of this Code to any shareholder upon his request.
Article (7) The Board of Directors

A- Composition of the Board

- The Bank's Board of Directors consists of eleven members at least elected by cumulative voting method by the General Assembly of the Bank by secret election. In accordance with the companies Act, the Board carries the functions and responsibilities of the Bank's management for four years from the date of his election. The Board of Directors invite the Bank's General Assembly to meet during the last three months of the Board to elect the new Board of Directors to replace the old one from the date of election, however the board should continue his work until a new Board is elected if the election is delayed for any reason, on the condition that extension in any case should not exceed three months from the ending date of the existing Board.

- The Bank's policy states that no member of the Board can be an Executive Member and the number of independent members on the Board should not be less than four members to strengthen the element of independence and impartiality in decision making.

- Determine the necessary requirements to ensure the independence of the member, by the Board Remuneration Committee. The Committee also verify if the member is independent or not according to the specific conditions that are defined in this Code.

- To ensure the proper balance of powers and enhancing responsibility and accountability and the independence of the Board, by separating the Chairman and General Manager posts, the Chairman or any Board Member or any of the principal shareholders, should not be a relative to the General Manager with relationship below the fourth degree.

- Derived from the Board specialized committees to be formed by the Board with objectives, delegated powers and specific responsibilities. These committees report regularly to the Board as a whole.

- The Board of directors appoints from among the staff of the company the Secretary of the Board and its committees and determines formally her/his scope of work and responsibilities, in line with the level of responsibilities. The decision of nominations and termination of the Board Secretary is taken by the Board unanimously.

- Adjustment regarding the number of the Board members requires the prior approval of the Central Bank of Jordan and display resolution at the extraordinary General Assembly for approval of subsequent amendments to the memorandum and articles of Association of the Bank.
- Any resigning Member from the Board should present a written letter to the Chairman of the Board, explaining the reason of the resignation. Resignation is to take effect from the date of submission to the Chairman and shall be irreversible. Resignation is disclosed with the relative reason without any delay and in a way that ensure the required speed (within 24 hours from the date of informing the Chairman of the Board). The resignation is presented to the Board at its first meeting following the date of delivery and the possible alternatives are discussed with the recommendations of the Nominations and Remuneration Committee.

- The Chairman and any member of the Board lose their membership of the Board and does not meet all the eligibility criteria set by the corporate governance directives in the following cases:

  - If he missed attending four consecutive meetings of the Board without any acceptable excuse to the Board or if absent from Board meetings for six consecutive months even if this absence has a reasonable excuse. And no special legal person loses his membership of the Board of Directors because of the absences of his representative in either of the above cases, but must appoint someone else instead during one month from informing him of his representative absence and loses his membership if he fails to appoint a new representative during this period.
  - If he is convicted by a competent court in any criminal or misdemeanor punishment for an offence harmful to honor as bribery, embezzlement, theft, forgery and abuse of trust and false testimony or any other offence against public morality and decency.
  - Death or loss of civil capacity.
  - Declared bankrupt, unless rehabilitated.
  - Inability to meet outstanding debts to the Bank.
  - Providing incorrect or misleading information on purpose to any regulatory authorities.
  - Prevail his special interests over the interest of the Bank and taking any actions or activities that might lead to an illegal conflict of interest or harmful to the interest of the Bank.
  - Failure to comply with the Bank secrecy.
  - If the number of his shares that must be owned for the quorum qualification for the Board of Directors and specified in the memorandum and articles of Association of the Bank is reduced for any reason, or seizure was installed by verdict acquired peremptory or mortgaged or to comply with any other restriction that prevents its absolute usage during his term at the Board, unless he completes stocks that drops his qualification shares during a period not exceeding thirty days, he may not attend any meeting of the Board of Directors during the occurrence of his stock shortage.
  - If a member resigns from the Board.
In the case of occupying a job in the government or in any official public institution within the Kingdom.

If the Board requests the removal of a Chairman or any of the members of the Board of Directors in the event that there are justified reasons for this, the interests of depositors and shareholders shall be required.

- If a board member becomes vacant for any reason listed above, he should be replaced by a member elected by Board of Directors from the qualified shareholders who participate in his entity in this election and this procedure is followed whenever there is a vacancy in the Board, provided that the number of vacancies is not more than half the number of the Board members, whereby the member nomination remains provisional until it is presented to the General Assembly of the Bank in the first meeting for approval or election to fill the vacant position. In this case the new member completes the period of his predecessor in the Board membership. If the number of vacancies exceeds half the number of the Board members, the General Assembly is called to elect a new Board.

B- Appropriateness of Board Members

a) The Board should adopt an effective policy to ensure the appropriateness of its members, including the policy of minimum standards and requirements and conditions specified in the candidate and appointed members, this policy should be reviewed whenever needed, and develop adequate procedures and regulations to ensure that all members have the relevant criteria and continue to have it. The Bank should provide the Central Bank with a copy of this policy and any modifications after its adoption by the Board of Directors.

b) The following terms, qualifications and requirements should be available for any member running (or candidate to run) a chair or member on the Board membership:

- To obtain the quorum qualification of shares for the Board of Directors during the period of membership.

- The legal quorum qualification for membership should be kept and reserved as long as the owner of the shares is a member of the Board and for six months after the end of his membership, and may not be traded during that time. To achieve this, the relative shares flagged as reserved and mortgaged in the shareholders register. This reservation is subject to the Bank's interest to ensure that the responsibilities and obligations entitled on that member and on the Board of Directors.

- Member should not be less than twenty-five years.
- Not to be a member on the Board of Directors of any other banks in the Kingdom or General Manager or Regional Director or Officer in it unless the other bank is an affiliate of that bank, also he may not do any business competing with the Bank.

- Not to be a lawyer or a legal adviser or auditor for the Bank.

- Must be of good character and reputation and must not have been sentenced by any competent court in any criminal or misdemeanor punishment for offence prejudicial to honor as bribery, embezzlement, theft, forgery and abuse of trust and false testimony or any other offence against public morality and decency.

- Enjoy greater credibility, integrity and efficiency

- Hold a first university degree at a minimum whether in economics or finance or accounting or business administration or any similar major, and the Nominations and Remuneration Committee may consider adding other majors if joined with experience related to banking.

- Not to be an employee of the Government of the Hashemite Kingdom of Jordan or any official public institution unless he is a representative to this institution.

- Not to be a Board member in more than 5 of the boards of public shareholding companies within Jordan, in his personal capacity and in his capacity as the representative of a legal person. If the number of memberships occupied by the candidate has exceeded the above stipulated number, he is allowed to resign from one of the memberships if so wished during the two weeks of his election to membership in the Bank, but he is not allowed to attend the Bank Board meetings prior to rectifying this condition.

- Must have experience in banking or finance or similar sectors for at least five years.

- Knowledge of legislation and principles of banking sector and operational environment of the Bank and keep abreast of developments and external developments that have to do with his work including the requirements for nominations to senior executive management positions in the Bank. It is obligatory on the Nominations and Remuneration Committee to ensure continuously brief the Board members on the latest topics related to banking business and participate in the competent forums in this area as well as organize orientation program for new members to provide them with an appropriate summary of the business of Bank, the Chairman of the Board should make sure of this procedure.

- Devote the appropriate time to the Bank through the commitment to attend Board meetings and meetings of its committees, General Assembly meetings, and preparation for meetings to ensure its
effectiveness, and make sure to get all the necessary information to enable them to make appropriate decisions. In this framework, the Board members should ensure to attend the General Assembly meeting by at least the number of members required for a successful meeting, failure to attend is not acceptable without reasonable excuse.

- Respect the Bank's confidential information and not to disclose or use it for his/her own good or for the benefit of others.

- Prevailing the Bank’s interest in all transactions with any other company he/her has a personal interest and not to take business opportunities for the Bank to his/her own advantage, and avoid conflicts of interest, and disclosure to the Board in details about any conflict of interest, if it happens, and document it in the minutes of the Board meetings, with the obligation not to attend or participate in the resolution meeting that deals with this particular subject.

a) Special legal person may run for seats on the Board of Directors according to the percentage of his contribution to the Bank's capital and if elected he should nominate a natural person to represent him at the Board of directors within ten days from the date of the election and the nominee should meet the requirements and qualifications for membership set forth above except possession of shares eligible for membership of the Board, the legal person loses his membership if he fails to rename a representative within one month from the date of election, and may replace another natural person represented by the Board.

b) The Central Bank of Jordan can object the nomination of any person membership of the Board of Directors if he does not meet any of the requirements in item (b) above.

c) Each of the Chairman or Board members should sign approval of propriety according to the form adopted by the Central Bank of Jordan and to provide the latter with the approval and related enclosures with a copy of the member's biography.

d) It falls under the responsibility of the Nomination and Remuneration Committee to ensure that all Board members fulfill and continue to fulfill the requirements of propriety and notify the Board of any important information that could negatively affect it.

e) The Chairman should make sure of notifying the Central Bank of Jordan of any core information that could adversely affect the appropriateness of any of its members.

**C- Board Meetings**
a. The Board holds a minimum of six meetings during the financial year, and that no more than two months elapse without a meeting. Meeting dates are selected in coordination with the Chairman of the Board. When scheduling meetings it should be taken into consideration availability of members to ensure quorum considering dates for disclosure of financial statements.

b. Meetings are held, with a written invitation by the Chairman or his Deputy in case of his absence, in the presence of the absolute majority of the Board members at the Bank's headquarters or at any other place within the Kingdom if holding it at Headquarters is not possible.

c. The Board Secretary shall establish the agenda for each Board meeting taking into account the issues and topics proposed by the Chairman and members of the Board of Directors and the Executive Management. The Chairman of the Board to adopt the agenda of the meeting, the Senior Executive Management should provide complete and accurate information for the Board members about the topics that will be discussed in the meeting with sufficient time prior to the meeting. Meeting agenda to be sent to the Board members by the Secretary of the Board and the Chairman should make sure of this action.

d. Board members should personally attend Board meetings as the power of attorney is not acceptable. Failing to attend personally, the Board member can express his point of view through video conference or telephone after the approval of the Chairman of the Board, without the right to vote or to sign the minutes of the meeting, and his presence doesn't count within the meeting's legitimate quorum. Apologizing to attend the meeting should be official by electronic mail.

e. The Board Chairman or his Deputy in his absence Heads the Board meeting and the General Assembly of the Bank or any delegate selected by the Board in case both are absent.

f. Decisions of the Board is issued with the absolute majority of members and if votes are equal, the decision is for the side that the Chairman voted with. It is obliged not to allow attending or sharing of any member related to any transactions with the Bank in the discussions related to that deal or voting and confirming this in the minutes of the meeting.

g. The Board Secretary should record the attendance of members of the Board and record meetings and all the debates and votes and any reservations raised by any member in an accurate and complete way. All these are retained appropriately in the bank records after signing it by all members who attended the meeting and from the Board Secretary.
h. The Board Secretary should follow up on the implementation of the Board resolutions and the topics deferred to another meeting that need to be discussed in details, and to provide a summary to the Board on the accomplishment of these decisions and revisit topics that require detailed research on the agenda of the next meeting.

**D- Responsibilities of the Board of Directors**

The Board assumes overall responsibility for the Bank, including the Bank's strategic objectives, risk strategy and governance standards, oversee the implementation of these goals and standards and ensure compliance, in addition to the responsibility for overseeing the operational management and ensure that they implement the tasks entrusted to in the different areas and activities of the business in a manner consistent with the policies and procedures adopted by the Board. In this context, the Board must:

a. Supervising Senior Executive Management and monitor their performance, and ensure the safety of the Bank's financial situation and financial solvency, and to adopt appropriate policies and procedures to supervise and control the performance of the Bank.

b. Define the Bank's strategic objectives, guiding Executive Management to prepare a strategy to achieve these goals, adopting this strategy, as well as the adoption of plans of action in line with this strategy.

c. Adopt a policy to monitor and review the performance of the Executive Management through key performance indicators (KPIs) to identify, measure and monitor performance and progress toward achieving corporate goals and enables the Board to the Executive Management accountability for any deviations in performance.

d. Ensure policies, plans and procedures of the Bank, including all its activities are in line with relevant legislation, and that it had been circulated to all administrative levels, and that it will be reviewed regularly.

e. Define the Bank's institutional values, and draw clear lines of responsibility and accountability for all activities of the Bank which is obligatory and compulsory at all administrative levels, and establishing a culture of high ethical standards and integrity and professional conduct for Bank’s administrators through the adoption of policies on business ethics and professional conduct which to be circulated to all staff and to educate and guide them towards healthy and functional ethics penal system at all levels, as well as develop procedures to enable employees to report confidentially whistleblowing to any concerns about possible wrongdoing, and allows to investigate and follow up these concerns separately.
f. The Board is responsible for the safety of all Bank operations including financial conditions and responsibility for implementation of the requirements of the Central Bank of Jordan, as well as the requirements of other regulators related to their work, and taking into account the stakeholders and that the Bank is managed within the framework of legislation and internal policies of the Bank, and that effective control is constantly available on the Bank's activities, including the activities of the bank assigned to third parties.

g. The Board, upon the recommendation of the related committee, shall appoint the General Manager, Head of Audit, Head of Risk Management and the Compliance Officer, and accept their resignations, to terminate their services, provided that the Central Bank does not object to the resignation or termination of any of them. Of reasons for resignation or termination of services.

h. Ensure hiring trained and qualified personnel for the internal audit and risk and compliance management to a sufficient level to carry out its tasks and ensure control and strengthen the independence of these departments. The functions and powers of the Department of the internal audit and risk management and compliance is documented in writing and approved by the Board. The Board also provide great importance to pursue correction of internal and external audit observations and embed it in the Bank.

i. Adopt regulations for internal control system, and review them periodically and ensure that the internal auditor and the external auditors are reviewing the structure of these systems at least once a year, the Board should state in the Bank's annual report confirming the adequacy of these systems.

j. Ensuring the independence of the external auditors in the first place and continuously through emphasis on the external auditor's failing to provide any other services outside the scope of the audit mission without prior approval of the Audit Committee derived from the Board, taking into account the external auditor's regular rotation between audit offices, in addition the Audit Committee derived from the Board to assess the external auditor and give their recommendation to the Board regarding the nominations or terminations of their work and determine their fees and any other conditions relating to hiring them.

k. The adoption of a risk management strategy and to monitor its implementation, to ensure acceptable risk level and ensure not to expose the Bank to high risks, and that the Board should be familiar with the Bank's operational working environment and the associated risks, and be assured of having the tools and infrastructure for risk management in the Bank that enable them to identify, measure, monitor and control all kinds of risks to the Bank. This strategy is
included in the report of the internal audit process for the Bank's capital adequacy "ICAAP".

l. To ensure that the management information systems (MIS) is sufficient and reliable covering all activities of the Bank.

m. Verify that the credit policy involves assessing the quality of corporate governance for the Bank's corporate customers and especially the public shareholding companies, so that risk assessment of clients evaluate the strengths and weaknesses depending on their sound governance practices.

n. Ensure that the Bank adopt appropriate social initiatives in the area of environmental protection, health and education, and provide funding for small and medium-sized companies with suitable offers and durations by seeking to participate in programs that provide funding for the Bank reduced interest rates in order to restore lending to small and medium-sized companies at affordable prices.

o. Taking Measures to create a clear separation between the powers of the shareholders who own influential interests on one hand and the Executive Management on the other hand with the objective of promoting good corporate governance, and appropriate mechanisms to reduce the effects of contributors who have an interest, and through the following but not limited to:-

1. Any of the shareholders of the natural and proper persons who possess an influential interest should not be running any job in the Senior Executive Management.

2. The Senior Executive Management should derive their authority from the Board only, and work within the mandate given to them by the Board.

p. Adopting the Bank's organizational structure that shows the hierarchy and reflects clearly the lines of responsibility and authority, including the Committees of the Board and Executive Management, it should include separate and independent departments for Risk and Compliance and Audit that do not practice daily operational work.

q. Adopting the structure of the Group, particularly with complex structures, by knowing the links and relationships between units and the mother company, and the adequacy of corporate governance within the Group and ensure that the organizational structure of the Group clearly reflects these relationships and linkages to the Board and Executive Management to identify risks that may surround the Bank as a result of its association with the Group and take measures to control them, in the event of a conflict, the prior approval of the Central Bank shall be taken to remedy this.
r. Identifying transactions that require Board approval and considering not expand it to breach its supervision role, and should not hold executive powers, including powers of granting of credit, for a member of the Board separately, including the Chairman of the Board, the Board may set up a committee to be formed under the name of the "Credit Committee" to consider the facilities that exceed the powers of the highest committee within the executive management and in accordance with Article 8

s. Define the duties of the Secretary of the Board.

t. The Board should allow its members and committees a direct contact with Executive Management and Secretary of the Board, and to facilitate the performance of tasks assigned to them, including where necessary, at the expense of the Bank and in coordination with the Chairman of the Board, and to ensure that no Board member influence the decisions of the executive management through the discussions at the meetings of the Board or its committees.

u. Formation of committees derived from the Board and determine their objectives and line of authorities and the adoption of its charters, plus the approval to form the Executive Management committees.

v. Protection of the rights of shareholders and other stakeholders and maintain lines of communication with all stakeholders in order to provide them with appropriate and timely information according to the international disclosure standards.

w. Adopt an effective policy to ensure the appropriateness of its members and the Senior Executive Management at the Bank and to adopt adequate systems and procedures to ensure that all members continue to have the appropriateness criteria.

x. Adopt a succession plan for members of the Senior Executive Management of the Bank and to be reviewed annually.

y. Adopt regulations to assess the work of the Board as a whole and evaluate the work of each of its members and assess the performance of the General Manager and other non-board management members with the recommendation of the Nomination and Remuneration Committee.

z. Adopt a policy to grant financial remunerations for administrators which is characterized by objectivity and transparency with the recommendation of the Nomination and Remuneration Committee.

aa. Adopting policies to reduce conflicts of interest with the relevant parties with the Bank and exploiting internal information for personal benefit.
E- Responsibilities of the Chairman of the Board

The Chairman of the Board in addition to the traditional functions have the following responsibilities:


2. Leading of the Board of Directors meetings and the General Assembly meetings.

3. Inviting Board members and the General Assembly to the meetings and adoption of the agenda.

4. Management of the Board meetings efficiently and effectively to ensure discussing important and strategy issues in the meetings extensively to enable taking appropriate decisions and encourage participation and constructive criticism about issues that are being discussed in general and discussions with different views among members, and to encourage discussion and vote on those issues.

5. Make sure that all the members of the Board receive the records of previous meetings duly signed, and receipt of the agenda of any meeting with sufficient time before the meeting, which should contain written information about topics that will be discussed at the meeting and to be delivered by the Secretary of the Board.

6. Ensure receipt of adequate information to shareholders in time.

7. Ensure to have a charter to regulate and define the work of the Board.

8. Provide each member of the Board when elected with relative laws relating to banking and Central Bank instructions relating to the work of the Board including the Bank's corporate governance Code, in addition to the Board charter that explains the rights and responsibilities and duties of its members and the responsibilities and duties of the Secretary of the Board.

9. Discussing with any new Member – with the help of legal counsel of the Bank if necessary – about the functions and responsibilities of the Board, particularly with regard to legal and regulatory requirements to illustrate the functions and authorities and other related issues for membership including membership period, and dates of meetings, committees, and the value of remunerations, and access to specialized independent professional advice when necessary.

10. Coordination with the Nomination and Remuneration Committee, to determine the developmental needs for the Board members to refine their expertise and continuous learning, to allow the new members to attend orientation program which takes into account the banking
background of the member. This program should contain a summary of
the work of the Bank that includes as a minimum the following topics:

- Organizational structure of the Bank, the Corporate
  Governance, and rules of institutional and professional
  ethics.
- Institutional goals, and the Bank strategic plan.
- The Bank financial position.
- Structure of the Bank's risk, risk management framework.

11. Ensure to notify the Central Bank of Jordan about any substantial
information could adversely affect the appropriateness of any of its
members.

12. Inviting the Central Bank of Jordan to attend the General Assembly
meetings with sufficient time to enable them nominate their
representative.

13. Provide the Central Bank of Jordan with the General Assembly
minutes of meetings not later than five days from the date of the
Companies General Controller authentication, or his representative, on
the minutes of the meeting.

F- Duties of the Secretary of the Board.

Secretary of the Board of the Bank manages the Board Secretariat and the committees
derived from the Board. Identifying the duties of the Secretary of the Board under the
agreement adopted by the Board which include:

1. Attend all Board meetings and committees, and recording the attendance
   of members of Board meetings/committees and writing all the
discussions, suggestions, objections and reservations and the way to
vote on the draft resolutions the Board/committees.

2. Define the dates of meetings of the Board and its commissions in
   coordination with the Chairman of the Board/Committee.

3. Ensure signing of the Board members and its committees on the minutes
   of meetings and resolutions.

4. Monitor the implementation of the decisions adopted by the Board, and
   pursue any postponed topics raised at a previous meeting.

5. Keeping records and documents of the meetings of the Board of
   Directors and its committees.

6. Ensure that the draft resolutions intended to be released by the Board are
   compatible with legislation.

8. Provide the Central Bank of Jordan with appropriateness form that are signed by the members of the Board.

9. Setting the agenda for each meeting of the Board/committees-taking into account the issues and topics proposed by the Chairman and members of the Board/Committee and executive management-and its approval by the Chairman of the Board/Committee.

10. Send the agenda of the meetings of Board and its committees prior to the meeting, including sufficient written information about the topics that will be discussed in the meeting.

**Article (8) Committees of the Board**

- The Board has to set up committees from among its members, determines its members and its objectives and powers delegated by the Board, in accordance with the charter demonstrates that. These committees has to submit periodic reports to the Board, as the existence of these committees does not absolve the Board from its responsibilities.

- The Board of the Bank has to define the allowance fees which deems appropriate to the members of its committees.

- The Secretary of the Board carries out the committee's secretariat duties as stipulated in its charter.

- The Committees meet at the invitation of its Chairman or at the decision of the Board of the Bank or at the request of a majority of its other members, in the presence of the absolute majority of the members of the Committee to be held at the headquarters of the Bank or anywhere else within the Kingdom if holding it at Headquarters is not possible

- Except for credit Committee derived from the Board, which may take its decisions by circulation which cannot afford delay or that the delay would affect its effectiveness, the members of each committee of the Board committees should personally attended committee meetings as the attorney is not allowed, and if a committee member cannot attend, he can express his point of view through video or telephone after the approval of the Chairman, without the right to vote or to sign the minutes of the meeting, he should apologize formally by email.

- The Committee director should lead the Committee meeting or any member representing him in case of absence.

- Decisions and recommendations of the Committee are taken by consensus or by a majority of members attending the meeting.
- The Board form committees mentioned below as a minimum. The committees continue performing throughout the period of continued membership of the Board of directors, and have direct contact with Executive Management and Secretary of the Board as well as any external sources when necessary.

A. Corporate Governance Committee

1. Corporate Governance Committee shall consist of a minimum of three members the majority of the members are independent members and headed by the Chairman of the Board
2. The committee should meet once annually at least or whenever the need arises.
3. The Committee is responsible to direct and supervise the preparation of the Corporate Governance Code and updating it and monitor its application.

B. Audit Committee

1. The Audit Committee should consist of three members at a minimum and that the majority, including the Chairman of the Committee, is of independent members. And that the Chairman of the Committee shall not be the Chairman of the Board of Directors and any Chairman of another Committee arising out of the Board
2. All Committee members must have scientific qualifications and have appropriate practical experience in accounting or finance or any similar areas or disciplines related to the work of the Bank.
3. The Committee should meet at least once every three months, or whenever the need arises.
4. The Committee shall have the following tasks:
   - Review the scope and results of the adequacy and completeness of the internal and external audit of the Bank's business.
   - Review the impact of fundamental accounting issues on the financial statements of the Bank.
   - Review the Bank financial statements before presenting it to the Board of Directors and in particular to verify that Central Bank of Jordan instructions are met as regard to having the sufficient allocations against collection of doubtful debts and the allocations for securities portfolios and to submit their opinion on the non-operating bank's debts or proposed as insolvent debts.
- To make sure of the accurate accounting and control measures and its safety and the degree of implementation.

- Review the observations and recommendations mentioned in the reports of the Central Bank of Jordan and the reports of the internal and external auditors and the internal audit's findings and follow up on the actions taken.

- Study the internal audit annual plan, approve it and monitor its implementation, and verify that all Bank activities are subject to audit including those assigned to external parties (Outsourced Activities)

- Review of the structure and the form of the Audit Committee and the internal audit and the permanent control domain to ensure the availability of adequate and trained resources and to constantly ensure of the appropriateness of all administrators.

- Verify the independence of the Audit Department and the Permanent Control Domain and empower them with the appropriate authorities to enable them to perform their tasks properly.

- Ensure the rotation of internal audit staff on audit activities every three years at the maximum, and not to assign to them any executive roles.

- Evaluating the performance of the Director and staff of the internal audit and determine their rewards.

- Revision of the control and the internal audit systems of the Bank.

- Reviewing reports of the Permanent Control activities with respect to control of the daily business of the Bank by the same work units, compliance with the laws regulations and orders that are subject to Bank activities, fighting money laundering and financing of terrorism, ensure business continuity, crisis management, information systems security and personnel and equipment safety, and the operational legal and structural risk.

- Study any issue presented to them by the Board or any query the committee consider necessary to discuss and seek opinion about it.

5. The Committee presents, on a yearly basis in the first meeting of each year, their recommendations to the Board regarding the nomination of the external auditor and terminating their work and his fees and any conditions for hiring them, in addition to assessing his independence, taking into account any other works entrusted to outside auditing.
6. The Committee has the authority to obtain any information from the Executive Management and have the right to call any administrator to attend any of its meetings to acquaint themselves with his opinion regarding a certain matter provided that it is mentioned in its contract.

7. The Committee shall meet with the external auditor and the internal auditor, and the compliance officer at least once a year without the presence of any of the members of the senior executive management.

8. The Committee shall review and monitor procedures that enable the employee to report confidentially about any error in financial reports or any other things and guarantees the existence of arrangements for independent investigation and make sure to follow the results of the investigation and deal with it objectively.

9. The business of any other committee shall not be combined with the business of this Committee.

C. The Nomination and Remuneration Committee

1. This Committee consists of at least three members so that at least the number of independent members are not less than two, including the Chairman of the Committee.

2. The Committee meets once annually at least or whenever the need arises.

3. This Committee is responsible for the following tasks:

   ○ Identifying persons eligible for membership of the Board taking into account the skills and qualifications of the nominated persons, also to take into account if a previous member is re-nominated to evaluate his total attendance and active participation in the meetings of the Board.

   ○ Recommend to the Board the qualified people to join the Senior Executive Management.

   ○ Make sure of the appropriateness of all members of the Board of Directors and the Senior Executive Management and that they continue to have the same criteria and notify the Board of any substantial information that could negatively affect the member appropriateness.

   ○ Make sure that Board members attend workshops or seminars on banking topics and especially risk management, corporate governance and the latest developments in the banking sector.
o Provide information and briefs about the background of important topics about the Bank to the Board members at the time of nomination or upon request, and ensure their continuous acquaintance on the latest topics related to the banking sector.

o Determine whether a member of the Board of directors qualifies as independent member taking into account the conditions that are defined in this code, and review it annually.

o Evaluating the performance of the Board as a whole and its committees and all of its members and the General Manager on approved and specific basis, so that the criterion for performance appraisal is objective and notify Central Bank of Jordan of the appraisal results. And develop a performance measurement system for the bank managers other than the General Manager and the Board members.

o To ensure having a policy for granting remuneration to the Bank managers certified by the Board objective and transparent and to be applied and reviewed periodically. The Committee recommends the salaries of the General Manager and other Senior Executives with their remuneration and other privileges.

o Ensure having a plan for succession of Senior Executive Management.

o To discuss human resources management reports.

D. The Risk Management Committee

1. This Committee is formed by at least three members of the Board including an independent member, and may include a member of the Senior Executive Management with the knowledge and practical experience and understanding of the fundamentals of risk management in the banks and Central Bank of Jordan instructions in this regard.

2. The Committee meets at least twice a year or whenever the need arises.

3. The Committee shall have the following tasks:

   o Review the Bank's risk management framework.
   o Review the Bank's risk management strategy adopted by the Board.
   o Follow developments affecting the Bank's risk management and submit periodic reports to the Board.
   o Verify that there is no discrepancy between the actual risks taken by the Bank and the acceptable risk level approved by the Board.
   o Create the proper conditions that guarantee identifying risks of fundamental impact, and any activities carried out by the Bank
that expose the Bank to higher risks of the acceptable risk level, reporting such risks to the Board and continue handling the issue.

- Discuss the report of credit risk in terms of the distribution and quality of the Bank credit portfolio, sensitive accounts and developments of the unpaid receivable and irregular accounts.
- Annual review of internal evaluation process report to the Bank's capital adequacy.
- Periodic review of banking risk management strategies and policies and ensure their application and obtain the Board's approval of any exception outside the approved policy.
- Review the organizational structure of risk management and ensure their independence and provide adequate and qualified resources.

E. Credit Committee

Credit Committee consists of five members of the Board of Directors who have adequate knowledge and experience in banking that enables them making sound decisions. One of its members may be independent, provided that he is not a member of the Audit Committee, and members of the Executive may participate in their meetings to present their recommendations.

It is within the authority of the Credit Committee to grant, renew, modify or structure direct and indirect credit facilities as follows:

a) For amounts of over JD 15 million per client and/or related accounts.

b) All facilities granted to subsidiaries/associated, Board members, members of the Senior Executive Management and their related parties or guaranteed by them, regardless of the amount.

The Committee examines the credit application and takes the decision either by circulation or through physical meetings and submits periodic reports to the Board about the size of the credit facilities as a whole that have been approved for granting and the guarantees obtained against these facilities and any other condition that will enhance the credit decision.

The quorum of the meetings of the Committee shall be attended by at least four members and shall take its decisions by a majority of its members, regardless of the number of those present.

Credit decision is taken with the consent of the majority of the Committee members who are not associated with the deal, and in the
absence of approval by the majority, Head of the Committee is the casting vote.

The members of the committee may attend their meetings and vote on their own. In case of personal attendance, the member can perform his opinion through video or telephone and has the right to vote and sign the minutes of the meeting, provided that this is properly coordinated.

The Board may delegate some or all of the powers of this committee to amend the conditions or structure of the facilities for the Executive Management Committee mentioned above, with the need to inform the Credit Committee of the decisions taken within these powers.

It is prohibited for any member of the Board to be Head of more than one of the above mentioned committees. He is also prohibited from being chairman of more than two committees of all the committees emanating from the Board.

The process of granting credit to those listed in 2/b above is in accordance with prevailing market interest rates and on the basis of independent commercial trading and governed by the same conditions of similar transactions with any third party who is not connected with the Bank and without any preferential terms. The concerned Board member who requested the credit must not participate in the discussions on that deal or vote or sign.

Article (9) Senior Executive Management

Board approval is to be obtained when appointing or accepting the resignation of any members of the Senior Executive Management of the Bank. The Board approves the nomination upon the recommendation of the Nomination and Remuneration Committee, which in turn makes sure that all members of the Senior Executive Management fulfill and continue enjoy the appropriateness conditions. The Board should take particularly the competent Committee's recommendation on the appointment of the Director of Audit, the Director of Risk Management and Compliance Officer and when accepting their resignations. The appointment of any member of the Senior Executive Management is subject to the approval of the Central Bank of Jordan.

The Board appoint the General Manager who has the integrity and professional competence and banking experience, and should obtain the Central Bank of Jordan approval prior to nomination. The Board delegates appropriate authority as it deems to the General Manager to carry out the tasks and responsibilities assigned in accordance with the best practices and give him the right to delegate to others any or all of his authorities. The General Manager should assign authorities of the Executive
Management as appropriate and supervise and form management committees and delegates duties, which should be approved by the Board, it is obligatory on the General Manager to establish a management structure that clearly reflects the lines of responsibility and accountability and ensures the independence of the Audit and Risk Management and Compliance and approve it by the Board and be responsible towards the Board for the performance of the Bank.

In addition to the above, the General Manager should do the following:

2. Prepare estimated budgets as a tool for planning and control and present it to the Board for approval.
3. Develop and implement strategies, policies and procedures covering all activities of the Bank and approved by the Board.
4. Implementation of the resolutions of the Board.
5. Develop short and long term business plans for implementing the Bank's strategy and provide guidance for its implementation and monitoring and take corrective action if necessary.
6. Inform the Board of all the important aspects of Bank operations and provide periodic reports of the Bank's financial and administrative status and ensure that all work of the Bank is in accordance with the policies adopted by the Board and recommend any necessary suggestions for developing the work of the Bank.
7. Communicate with Board members and committees.
8. Communicate the vision, mission and strategy of the Bank staff.
10. Establish internal control systems to regulate all kinds of risks and ensure compliance with laws and regulations in force.
11. Ensure the preparation of financial reports according to international standards.
12. Provide internal and external control bodies such as the legislative and regulatory authorities and internal and external audit of the information and data required and on time.
13. Implementation of policies on business ethics and code of conduct of the Board and circulate to all levels of management.
14. Development of skills and professional conduct for employees of the Bank to comply with the latest developments and techniques.

**Appropriateness of Senior Executive Management Members**

A. The Board should adopt a policy to ensure appropriateness of the Senior Executives at the Bank which should include the minimum standards and requirements and conditions of a senior executive member, and the Board should review this policy from time to time, and develop adequate procedures and regulations to ensure that all members of the Senior Executive Management fulfill the appropriateness conditions. The Bank should provide the Central Bank of Jordan with a copy of this policy and any modifications done after their adoption by the Board of Directors.
B. Members of the Senior Executive Management should fulfill the greatest level of credibility, integrity, competence and the required expertise and the ability to commit and devote time to the work of the Bank. The appointed Senior Executive should satisfy the following conditions and requirements:

- Must be of good character and reputation. Any member of the Senior Executive Management loses his position or job if sentenced by any competent court of a felony or a misdemeanor prejudicial to honor, trustworthiness or if he issues a check without balance.
- The obligation to pay his debts to the Bank. Any member of the Senior Executive Management loses his position or job if he could not settle the debt due to the Bank.
- To be dedicated to his role at the Bank.
- Not to be a member of the Board of Directors of any other Bank in the Kingdom, unless the other bank is a subsidiary to the Bank.
- Not be a shareholder who owns an effective interest in the Bank and he should derive his authority from the Board alone.
- Hold a minimum of first degree in economics or finance or accounting or business administration or any similar disciplines related to the work of the Bank.
- Must have experience in banking or related field at least five years except for the post of General Manager or Regional Manager who must have a banking experience for not less than ten years.
- To continuously get acquainted with the latest topics related to managing the banking business and attending seminars and specialized training courses in the field.
- Respect the privacy information of the Bank and not to exploit them for his own interest or in the interest of others and avoid conflicts of interest.

B. The Board approval is required when appointing or accepting a resignation of any member of the Senior Executive Management at the Bank.

C. Appointing any member of the Senior Executive Management in the Bank require the Central Bank of Jordan non-objection on this assignment, therefore the Bank should prior to the nomination of any member of the Senior Executive Management get from the nominated candidate a biography attached with the documents and university degrees and working experience and certificates of good conduct and other enhanced documentation, as well request the candidate to sign the appropriateness form adopted by the Central Bank of Jordan and to provide the Central Bank of Jordan the approval and enclosures and a copy of the Member's curriculum vita.

D. The Board should adopt a Succession Plan for members of the Senior Executive Management to ensure continuity of management and succession of key positions smoothly, and review the plan at least once a year.
E. It is the responsibility of the Nomination and Remuneration Committee to ensure that all members of the Senior Executive Management fulfil and continue to fulfil the appropriateness requirements, and notify the Board of any major information that could negatively affect it.

F. The Board should inform the Central Bank of Jordan of any important information that could adversely affect the appropriateness of any of the members of the Senior Executive Management.

**Article (10) Administrative Performance Appraisal**

A. The Board should build a system of assessment of its performance and the work of its members. The Board's performance evaluation system should include the following:

- State specific objectives and define the role of the Board in achieving these objectives which should be measurable.

- Identify key performance indicators (KPIs) that can be drawn from the strategic plans and objectives and use it to measure the performance of the Board.

- Communication between the Board and shareholders and to be done periodically.

- Periodical Board meetings with Senior Executive Management.

The Board member is evaluated according to the following, taking into account the feedback obtained from the member in order to improve the evaluation process:

- Member's contribution in achieving the strategic objectives set by the Board.

- Attending Board and committees meetings and the General Assembly meeting.

- Preparation of meetings and actively participate in decisions to the interest of the Bank and aim to improve its performance knowledge of banking legislation and keep abreast of developments.

- Priority of the Bank's interest in all decisions and avoid conflicts of interest or use of inside information for personal benefits.

- Comparing ones performance with the performance of other members.
B. Nomination and Remuneration Committee shall annually assess the Board's work as a whole and its committees and members and to inform the Central Bank of Jordan the result of this evaluation.

C. The Board should make annual performance evaluation of the General Manager in accordance with the evaluation system designed by the Nomination and Remuneration Committee. Criteria for evaluating the performance of the General Manager is based on the administrative and financial performance of the Bank, and the level of achieving the medium and long term plans and strategies of the Bank. Develop key performance indicators (KPIs) to identify, measure and monitor the performance of the General Manager. The Committee should inform the Central Bank of Jordan of the result of this evaluation.

D. The Board should adopt a performance appraisal system for executive administrators who are non-Board directors or the General Manager, to include the following as a minimum:

- Giving appropriate weight to measure the performance according to the degree of obligation in the framework of risk management and internal controls and audit recommendations and regulatory requirements.
- The gross income or profit should not be the only measure of performance, but it must be taken into account other elements to measure the performance of administrators like risks associated with core business processes and customer satisfaction, accuracy and quality of work, initiative and communication skills, problem solving and other measures where applicable.
- Avoiding influence peddling and conflict of interest.
- Performance should not be based on the evaluation of the current year, but should take into account the medium and long term implications.
- That performance assessment of Senior Executive Management members who hold control duties in the Bank, as the Director of Risk Management and Internal Audit and Compliance should be carried by the respective Board committees.

**Article 11 Financial Remuneration for Executives**

A. Develop procedures for determining the remuneration of its members, depending on the rating system approved by the Board.

B. The Nomination and Remuneration Committee should adopt an objective and transparent financial remuneration policy for executives characterized by objectivity and transparency, and to be adopted by the Board and should
provide the Central Bank of Jordan with a copy or any adjustments that might arise in the future after their approval by the Board.

C. The financial remuneration policy must ensure the following minimum elements:

- To be designed to maintain the highly skilled and high expertise managers and to recruit and motivate them and improve their performance.
- Should be designed to ensure that it is not used to affect the solvency and the reputation of the Bank.
- To take into account risks, liquidity and profits and its timing.
- The remuneration element is not based only on the current year's performance, but also based on the Bank's performance in the medium and long term (3-5) years.
- To reflect the Bank's objectives, strategy and value.
- Design the remuneration in the form of fees or salaries or allowances or bonuses or stock options or any other benefits.
- That includes the possibility of postponing the payment of a reasonable proportion of bonuses, such ratio is determined with the deferral period based on the nature of work and risk management activities.
- The financial remuneration for the control managers (risk management, audit, compliance, etc) does not depend on the performance of the departments that they audit and control, but it is based mainly on achieving their own goals.

D. The Bank should disclose in its annual report the remuneration policy features and the effect of this policy on the size of the Bank's risk, with the disclosure of all forms of last year individual Board members rewards, and all forms of remunerations given to Senior Executive Management separately.

Article (12) Regulations and Internal Control Systems

The Bank's performance is controlled through the following levels:
- The Board of Directors
- Control units/persons not participating in the daily operations of the Bank's activities.
- Direct control by the same work units.
- Independent departments qualified for risk management and compliance and does not perform any daily operations and
communicate directly with the Board committees. All these procedures are subject to internal auditing.

The Bank is also subject to external auditing and supervision inspectors of the Central Bank of Jordan and the Group Inspection.

It should be taken into consideration the commitment to the disciplines mentioned in the instructions of the internal control systems (35/2007) issued by the Central Bank of Jordan on 10/6/2007 to ensure appropriate control of the Bank's business.

The Board, as the basic and primary administrator for the management of the Bank, should make sure that there are adequate internal control and discipline systems effective to protect the Bank's property, assets, and its human resources, and to validate its financial statements and the efficiency of the administrative and financial and accounting aspects of the operations. The Board should periodically make sure of the adequacy and effectiveness of internal control systems and commitment to various controls. Accordingly, the Board in this area monitor the following as a minimum:

1. Understand the key risks facing of the Bank and adopt acceptable limits for these risks, and supervise the Executive Management of the Bank to ensure that the necessary measures are taken to identify and measure and adjust and control these risks.

2. Adoption of the organizational structure of the Bank and the formation of committees and delegation of power and authority, and ensure that the organizational structure reflects clearly the lines of responsibility, authority and bring dual control concept at least for each activity or process and separate tasks to avoid conflicts of interest and reduce risk. The Board has to adopt clear mechanisms for accountability that are circulated and committed by and compulsory at all levels of management in the Bank.

3. Not to combine the post of the Chairman of the Board and the General Manager. The Chairman of the Board or any Board members or major shareholders should not be associated with the General Manager with relationship below the fourth degree.

4. Adopting strategies and policies of the Bank and the annual balance sheet and business ethics (Code of Conduct) which to be reviewed periodically.

5. Ensure that the Senior Executive Management is achieving effective internal control and they are carrying their responsibilities of the Bank's daily operations management, and they contribute to the application of the corporate governance, and delegate authorities to employees, and establish an effective management
structure that will strengthen accountability, and implementing
tasks in different areas and activities for business in a manner
consistent with the policies and procedures adopted by the Board.

6. Acquainting the Board or its committees on reports of the
regulatory authorities and the external and internal audit and pursue
irregularities and notes contained therein, and to ensure that
Executive Management are taking corrective action and to ensure
that irregularities are not repeated, in addition to any other reports
related to compliance and risk management and any other related
matters.

7. Exercise the authorities that are beyond the powers of the Executive
Management.

8. Performance assessment of the Senior Executive Management and
their commitment to the Board policies and their success in
achieving results and planned objectives and address the
distractions, and adopt appropriate controls that enable them
question any abuses.

Internal Audit

A. The Board has to ensure that the internal audit department in the Bank is able to do
the following tasks as a minimum:

1. Check the availability of adequate internal control systems
   sufficient to the activities of the Bank and its affiliates.
2. Verification of compliance with the Bank's internal policies and
   relevant legislation and international standards.
3. Financial and administrative audits, so as to ensure that key
   information about the financial and administrative matters is
   accurate, reliable and well-timed.
4. Reviewing compliance with Corporate Governance code.
5. Review the validity and comprehensiveness of the pressing
   situation tests (Stress Testing), in accordance with the
   methodology approved by the Board.
6. Check the accuracy of procedures for Internal Capital Adequacy
   Assessment Process (ICAAP).

B. The Board should ensure and enhance the independence of the internal auditors,
and give them a suitable position in the hierarchy of the Bank, and ensure that they
are qualified to perform their duties, including the right of access to all records and
information and contact any employee within the Bank so that they can perform the
tasks assigned to them and prepare their reports without any outside interference. The
internal audit report directly to the Audit Committee deriving from the Board where
they raise their reports to this Committee with lines of communication with the
General Manager for the administrative matters.
C. The Audit Committee verifies that no internal audit personnel assigned to any executive duties to ensure their independence.

D. The Audit Committee verify to rotate internal audit staff on audit activities every three years at the maximum.

E. The Board should take action to strengthen internal audit effectiveness through:

- Giving the necessary importance to the audit process and embedding it in the Bank by following up correction reviews audit component of the evaluation of each employee, in addition to the uncorrected irregularities escalation to higher administrative levels.

- Following up the correction of the audit notes.

F. The Audit Committee to verify the availability of adequate resources and sufficient numbers of trained and qualified human resources for the internal audit management.

G. The Audit Committee should approve the annual plan audit and monitor its implementation and ensure that all Bank activities are subject to audit including those assigned to external parties (Outsourced Activities).

H. To adopt the Charter of internal auditing (Internal Audit Charter) that includes duties, authorities and responsibilities of the Audit Department, and circulated within the Bank.

I. The Board should verify that the internal audit service is under the direct supervision of the Audit Committee, and they report directly to the Chairman of the Audit Committee.

J. The Audit Committee should prepare performance evaluation of the Manager and staff of the internal audit and determine their rewards.

**External Audit**

A. The Board has to ensure the external auditor regularly rotate between audit offices and subsidiaries or allied or associated in any way every seven years as an upper limit from the date of election, and where:

- The seven-year period is calculated when the application starts as of 2010.
- The first year (when recycling) for the new Office jointly (Joint) with the old Office.
- The old Office are not to be reelected for at least two years before the last election with the Bank, other than the joint audit function.
B. The Audit Committee should ensure the independency of the external auditor verified annually through:

- Establish procedures to ensure getting their prior approval before agreeing with the external auditor to provide any other services outside the scope of the audit function, consistent with the applicable auditing profession act and regulations issued thereunder, and that these services are disclosed.
- An objective assessment by the committee of the external auditor and recommend to the Board of Directors regarding the nomination or termination of his work and determine his fees and any other terms related to outsourcing.
- Periodical Audit Committee meetings with the external auditor without the presence of the management.

C. It is the right of the annual General Assembly to elect the external auditors and determine their fees or authorize it to the Board of Directors.

D. The Bank should notify the Central Bank of Jordan at least 30 days prior to the date of the General Assembly, should the bank wish to nominate external auditor for election (or reelect) by the General Assembly.

E. The external auditor should review the structure and the systems of internal control system of the Bank at least once a year. The annual contract signed with the external auditor to audit the work of the Bank. "Engagement letter ", the external auditor should audit all matters which fall upon his responsibility and consistent with the requirements of international auditing standards, including:

- Provide the Board with a detailed report that includes all the weaknesses in the accounting and internal control systems and any other negative impact observed during the audit process.
- Validate the safety data provided during the audit process.
- Provide the Central Bank of Jordan with copies of any reports done by the external auditor of the Bank within the framework of the audit duties.

F. The Board has to take the appropriate action to address weaknesses in the internal control system or any other points raised by the external auditor.

**Risk Management**

A. The Bank's risk management is done by a number of departments/administrative units, where the credit risk and market risk are managed by the Risk Department at the Bank, which reports to the Risk Management Committee derived from the Board. However, the legal risks, operational risks, risks of non-compliance, risks of money laundering and terrorist financing is managed by the Permanent Control Domain that
generates reports on the results of its work to the Audit Committee derived from the Board, as reporting on structural risks and information security and personnel and equipment to the Audit Committee derived from the Board. The Bank's risk management services linked directly with the Board committees and related to General Manager in administrative matters.

B. The Risk Management should monitor the commitment of the Bank executive departments to the specific levels of acceptable risk.

C. The Board should verify addressing the breaches on the levels of acceptable risk, including the Senior Executive Management accountability on these breaches.

D. The Board should ensure that the Risk Management is doing the stress testing periodically (half-yearly) to measure the capacity to withstand the shocks and high risks. The Board should have a major role in the adoption of theories and scenarios used, and discuss the results of the tests and the adoption of actions to be taken based on these results.

E. The Board should adopt an Internal evaluation methodology for Bank capital adequacy, so this methodology is comprehensive, effective and able to identify all the risks that the Bank could face, and take account of the strategic plan and capital plan. The Board shall review this methodology periodically (annually) and check its application, and make sure the Bank keeps sufficient capital reserves to meet all risks faced.

F. The Board, before the approval of any expansion of Bank activities, should take into account the risks and the risk management staff capabilities and qualifications.

G. The Board should ensure the independence of the Bank's Risk Management at the Bank, through reporting to the Risk Management and Audit Committees derived from the Board according to their specialization. The staff of the Risk Management should be granted the necessary authorities to enable them to obtain information from the other Bank departments and cooperate with other committees to carry out their tasks.

H. The Risk Management and Audit Committees derived from the Board to verify that the Risk Management staff do not carry any executive duties to ensure their independence.

I. The Board should adopt a risk document acceptable to the Bank.

J. The Risk Management duties are the following as a minimum:

- Review framework of risk management (Risk Management Framework) in the Bank before the adoption by the Board.
- Implementation of a risk management strategy in addition to develop policies and procedures to manage all types of risk.
- Develop methodologies to identify, measure, monitor and control each type of risk.
- Reports to the Board through the Risk Management Committee with a copy to the Senior Executive Management that includes information about (Risk Profile) all physical activities of the Bank compared with the accepted (Risk Appetite), and follow the addressing of negative deviations.
- Verify the integrity of the mechanisms for measuring the used risk management information systems.
- Study and analyze all types of risks faced by the Bank.
- Give recommendations for Risk Management and Audit Committees derived from the Board on the Bank's risk exposures, registering cases of exceptions from the risk management policy.
- Provide information about the risks of the Bank, to be used for the purposes of disclosure.

K. Risk management managers are evaluated and rewarded by the competent Board committees.

Compliance Management

A. The Board should ensure the independence of the compliance management through reporting to the Audit Committee derived from the Board, and should be granted the necessary authorities to obtain information from the other departments in the Bank and cooperation with other committees to carry out their tasks, in addition to ensuring the continued provision of sufficient qualified and trained employees. The Compliance Management relates to the General Manager in administrative matters.

B. The Board should adopt a policy to ensure the bank compliance with all relevant legislations, including the tasks and responsibilities of the compliance management. This policy is reviewed periodically and checked for implementation by the Audit Committee, which in turn reports to the Board as a whole.

C. The Bank created a separate unit to handle customer complaints related to the Compliance Management (to ensure neutrality and independence) and supported with qualified and trained staff in line with Central Bank of Jordan instructions.

- The unit designs and develops the working procedures of the customer complaints department according to rules of justice and transparency instructions issued by the Central Bank of Jordan and keeping records of all complaints made to the Bank in the past two years, with easy reference to refer to if needed.
- The Bank should take into account not link customer complaints processing unit with answering customer inquiries, since the responsibility of the complaints unit is to receive and follow with the relative department to find appropriate solutions and provide the client with a timely response. As for customer inquiries, it should be assigned to the customer service staff.
- The Unit raise reports periodically to the Audit Committee with a copy to the Senior Executive Management of the Bank, including a minimum aggregate statistical number of complaints to the unit and measures taken and qualitative analysis of the nature of complaints, and include the results in the annual report of the Bank under the disclosure and transparency, and to provide the Central Bank of Jordan with a copy of the periodic reports.

E. The compliance management raise their reports to the Audit Committee derived from the Board with a copy to the General Manager.

F. The Audit Committee derived from the Board should assess the performance of the Compliance Manager and determine his remuneration and verify that compliance management staff are not assigned to any executive duties to ensure their independence.

Conflicts of Interest

A. Administratives should avoid conflicts of interest.

B. The Board should adopt policies and procedures for dealing with conflicts of interest that may arise as a result of the Bank association with companies within the Bank Group, and to disclose this conflict.

C. The Board should adopt policies and conduct Corporate Governance Code and circulate it to all administratives which should include at a minimum the following:

1. No manager to exploit any internal information in the Bank for personal benefit.
2. Rules and procedures governing transactions with stakeholders (including lending or stock trading operations, contracts and projects and agreements done with the Bank or for his account) so that these parties are defined taking into consideration the legislation and terms of transactions and approval procedures and control mechanism for these transactions, so it is not allowed to override these policies and procedures.
3. The cases that may raise conflict of interest.

D. The Bank control unit has to develop appropriate controls to ensure that the relevant operations are done in accordance with the policy and procedures adopted by the Board, the Audit Committee has to review all relevant transactions and control it, and inform the Board of such transactions.

E. The Board has to ensure that Senior Executive Management are following the policies and procedures adopted to avoid conflicts of interest.

F. The Board has to adopt controls for the flow of information between the different departments, to prevent exploitation for personal benefit.
G. The Board has to ensure that the Executive Management has high integrity in business and avoid conflict of interest.

**Whistle-Blowing Procedures**

The Bank has developed procedures to enable employees to communicate confidentially about any concerns of possible irregularities, and allow to investigate these concerns independently and follow them and address them objectively. These procedures are supervised and monitored by the Audit Committee derived from the Board.

**Article 13 Stakeholders' Rights**

A. The Board should provide a specific mechanism to ensure communication with stakeholders through disclosure and provision of meaningful information on the Bank activities to stakeholders through:

1. General Assembly meetings.
2. Annual report.
3. Quarterly reports contain financial information, in addition to the report of the Board on the Bank's stock trading and financial position during the year.
4. The website of the Bank.
5. Shareholder Relations Department.

B. The Board should ensure the allocation of part of the electronic website of the Bank to explain to the shareholders and explain their rights and encourage them to attend and vote at General Assembly meetings, as well as publishing documents on meetings, including the full text of the invitation and minutes of meetings.

**General Assembly Meetings**

The Bank's General Assembly regular meeting in Jordan is held at least once a year by the invitation of the Chairman of the Board of Directors on the date fixed by the Board in agreement with the Companies General Controller to hold this meeting during the four months following the end of the fiscal year for the Bank. General Assembly may also hold an extraordinary meeting at any time according to the legislation in force.

The Chairman invites all shareholders to the General Assembly meeting as per the addresses installed and according to the form issued by the Security Depository Center, either by hand or by registered mail or the shareholder personal e-mail 21
days prior to the scheduled date of the meeting. During the same period, the Chairman invites the Central Bank of Jordan and the companies General Controller and Jordan Securities Commission and the external auditor and the legal counsel for the Bank.

The date and place of the meeting is selected by the Board to assist and encourage the presence of the largest possible number of shareholders. The invitation referred to the date and place of the meeting, and enclosing the meeting agenda and the topics that will be discussed during the meeting in clear details, in addition to any other documents or attachments related to those topics. No addition of subjects is allowed during the meeting that were not listed on the agenda sent earlier to the shareholders.

Any shareholder owns the quorum that qualifies him for the Board of Directors membership, can nominate himself to the board provided sending his resume along with the documents and diplomas and certificates and certificates of good conduct and other enhanced documents needed before the end of the financial year of the Bank that precedes the year in which the General Assembly meeting will be held to elect a new Board, the Nomination and Remuneration Committee derived from the Board to determine suitability for the post in accordance with the policy approved by the Board. If the qualifications of the candidate is appropriate as per the appropriateness policy approved by the Board, a copy of biography of the candidate is attached to the invitation for shareholders to attend the General Assembly meeting to elect the Board.

The Board will announce the date and venue for the General Assembly meeting in three local daily newspapers and at least twice before no more than fourteen days from that date, also it is announced for once in a Visual or audio media three days before the date fixed for the General Assembly meeting and on the website of the Bank. The Board is committed to provide the Bank's annual report, which includes all the data required to provide to the shareholders under article (143/a) of the companies Act at the Bank's main headquarters at least three days before the deadline of the General Assembly meeting.

It is entitled for each registered shareholder in the Bank records, three days before the deadline of any upcoming General Assembly meeting to participate in the discussion of raised subjects and vote on resolutions. The attendance of meetings is personal and if any shareholder cannot attend personally, he may appoint someone he finds appropriate to attend the meeting on behalf of shareholders under written authorization, or a power of attorney for non-shareholders, the authorization documents should be deposited three days before the meeting at the Bank's headquarters as authorizations received by telex or fax are not accepted. Voting on the General Assembly resolutions is by the number of votes equal to the number of shares owned by the shareholder owned and authorized. The General Assembly meeting is legal if attended by shareholders representing more than half the shares subscribed originally and/or by authorization and resolutions are binding for the Board and all shareholders who attended the meeting and who did not attend.
The Bank's General Assembly meeting chaired by the Chairman or his Deputy in his absence or anybody else appointed by the Board if both are absent. Board members must also attend the General Assembly meeting at least by the minimum number needed to advance meeting. Failing to attend is not allowed without a reasonable excuse.

The General Assembly meeting is managed in a way that would allow shareholders to participate and express their opinions freely, and get answers to questions and give them enough information to make decisions.

It should be included in the General Assembly meeting minutes the quorum for the meeting and things that were presented and resolutions taken and the number of votes for each decision, and opposed and the deliberations of the General Assembly that shareholders required to record in the minutes. The minutes are signed by the Chairman and the observer and writer, the Board sends a signed copy to the Companies General Controller within ten days from the date of the General Assembly meeting.

The Central Bank of Jordan is supplied with the minutes of the meetings of the General Assembly not later than five days from the date of the General Controller authentication or who represents him on the minutes of the meeting.

**Article (14) Disclosure and Transparency**

A. The Board has to ensure the Publication of financial and non-financial information of interest to stakeholders

B. The annual report must include a provision that the Bank's Board is responsible for the accuracy and adequacy of the financial statements and information contained in that report, and on the adequacy of the internal control system.

C. The Board should ensure the Bank's commitment to disclosures set by international financial reporting standards (IFRS) and international accounting standards (IAS) and instructions of the Central Bank of Jordan and other relevant legislation and to ensure that Executive Management was aware of changes in the international financial reporting standards.

D. The Board has to ensure that the Bank's annual report and quarterly reports, include disclosures that allow existing or potential shareholders to realize the results of operations and the financial position of the Bank.

E. The Board of Directors has to ensure that the annual report include the following as a minimum:
   1. A summary of the organizational structure of the Bank.
   2. A summary of the tasks and responsibilities of the Board committees, and the Board's delegated powers to these committees.
3. Information of interest to stakeholders indicated in the Bank's Corporate Governance code and the extent of its commitment to apply what is indicated in the guide.

4. Information about each Member of the Board in terms of qualifications and experience and the amount of his shares to the Bank's capital, whether independent or not, membership in Committee, date of nomination any memberships in the Boards of Directors of other companies, and all forms of remuneration earned by the Bank for the past year, as well as loans from the Bank, and any other operations between the Bank and the member or his related parties.

5. Information about Risk Management including the structure and nature of their operations and developments.

6. Total Board meeting and its committees and the number of times for each member attendance to these meetings.

7. The names of all of the Board members and Senior Executive Management resigned during the year.

8. A summary of the policy of granting remuneration at the Bank, with the disclosure of all forms of individual Board members rewards, and all forms of remuneration given to Senior Executive Management separately for the preceding year.

9. The names of the shareholders who own the proportion of (1%) or more of the Bank's capital, with the ultimate beneficiary (Ultimate Beneficial Owners) of these shares or any part thereof, and clarify if any of these shares are mortgaged fully or partly.

10. Illustrations by all Board members that the member did not receive any benefits through his work in the Bank which he did not disclose, whether material benefits or in kind, whether personally or for any of his related persons during the past year.

**Article 15 General Provisions**

A. The Chairman of the Board invites the Central Bank of Jordan and the companies Controller to attend the meetings of the General Assembly with sufficient time to be able to nominate their representative.

B. The Chairman of the Board - or the General Manager in his absence – provides the Central Bank of Jordan with the minutes of the meetings of the General Assembly not later than five days from the date of the controller or who represent him authentication on the minutes of the meeting.

C. The Bank notifies the Central Bank of Jordan at least 30 days prior to the date of the General Assembly if the Bank wish to nominate external auditor for election (or reelection) by the General Assembly.
D. The Bank has to provide the Central Bank of Jordan with the shares encumbered by shareholders who own (1%) or more of the Bank's capital stock, and the pawnbroker side for these shares.

E. The Bank has to provide the Central Bank of Jordan with the information on board members and committees and members of the Senior Executive Management in accordance with the approved forms of the Central Bank on a half yearly basis or upon having any modification.

F. The Bank has to provide the Central Bank of Jordan with the information of members of boards of directors or senior managers and executive departments of affiliated companies inside and outside the Kingdom, according to the forms adopted by the Central Bank of Jordan on a half yearly basis or upon having any modification.

G. The Board should amend the organizational structure and the regularization of existing Senior Executive Management members to ensure compliance with the appropriateness policy approved by the Board during a maximum period of 3 years from the date of the Bank's corporate governance instructions (58/2014) issued by the Central Bank of Jordan on 30 September 2014. The Central Bank of Jordan is supplied with the forms of appropriateness signed by members of the current Senior Executive Management of the Bank and its attachments.

H. The Central Bank has the right to call any candidate for the position of Senior Executive Management of the Bank to conduct an interview with before the nominations, also the Central Bank in cases deemed necessary has the right to call any member of the Board of Directors to interview him.

I. The Central Bank of Jordan has the right to appoint an external party at the expense of the Bank to assess the quality of governance.

J. The Central Bank of Jordan has the right at any time to invite members of the Audit Committee or the Bank Internal Audit Manager or Compliance Department Manager to discuss any matter relating to their work.

K. The Central Bank of Jordan has the right to set a higher number of independent members of the Board when deemed necessary.

L. The Central Bank of Jordan can consider any member as not independent according to certain data, even though the member meets all the conditions and elements of independency defined in this guide.