



بنك القاهرة عمّان
CairoAmmanBank

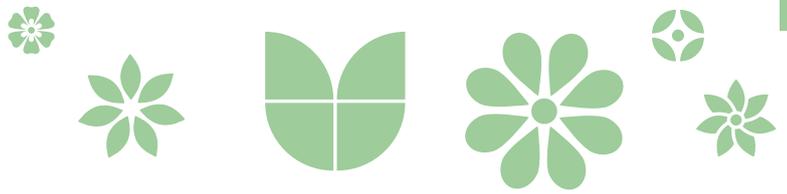


Cairo Amman Bank Corporate Governance Manual



Table of Contents

Section	Subject	Page Number
1	Historical Overview	3
2	Manual Objectives	3
3	Scope of Application and Legal Framework	4
4	Definitions	5-4
5	Board Formation	5
6	Board Meetings	6
7	Board Members Suitability	8-6
8	Board Responsibilities	14-8
9	Board and Committee Meetings	14
10	Committees Emanating from the Board	16-14
11	Corporate Governance Committee	16
12	Audit Committee	18-17
13	Nomination and Remuneration Committee	19-18
14	Risk Management Committee	20-19
15	Compliance Committee	21-20
16	Facilities Committee	21
17	Information Technology Governance Committee	24-22
18	Strategies Committee	24
19	Executive Management Responsibilities	26-24
20	Senior Executive Management Suitability	27-26
21	Conflict of Interest	29-28
22	Performance Evaluation	30-29
23	Executive Remuneration	31-30
24	Internal Audit	32-31
25	Risk Management	33-32
26	Compliance Management	33
27	External Audit	35-34
28	Governance Report	36
29	General Assembly Meetings	36
30	General Provisions	38-37



1. Historical Overview

The Cairo Amman Bank, “the bank,” has adopted the Corporate Governance Manual and published it on its website and in the annual report. This allows shareholders and stakeholders to read and understand the bank’s commitment to implementing the manual in accordance with the instructions issued by the Central Bank of Jordan and relevant regulatory authorities, as well as any amendments made to align with best practices in this field.

This manual regulates the overall framework for implementing corporate governance at the Cairo Amman Bank, its branches, and its subsidiaries, taking into consideration the protection of shareholders’ rights and stakeholders and defining the nature of the relationships between them.

2. Manual Objectives

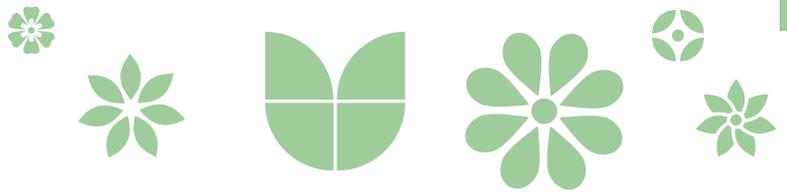
The Corporate Governance Manual aims to document the framework for corporate governance of the bank in order to achieve the highest standards of corporate governance based on relevant best practices, laws, and regulations.

This manual also addresses the bank’s corporate governance framework in guiding and monitoring compliance with instructions issued by the Central Bank of Jordan and relevant regulatory authorities. Accordingly, the manual covers the following:

- The organizational structure of the bank.
- Roles and responsibilities of the board of directors, executive management, and employees.
- The required committees are to be formed by the board of directors based on the instructions of regulatory authorities. These include the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Governance Committee, Compliance Committee, Facilities Committee, IT Governance Committee, and any other committees formed by the board.
- The relationship between the board of directors, executive management, stakeholders, and shareholders, and the means that enable shareholders to exercise their rights.
- The bank’s policies and mechanisms for addressing, managing, and reducing conflicts of interest situations.
- The disclosure obligations of the bank, including its commitment to continuous disclosure to the Central Bank of Jordan and other regulatory authorities.
- The internal control system.
- The overall framework for risk management and compliance management.
- General policies for relations with stakeholders.

3. Scope of Application and Legal Framework

3.1 This manual applies to Cairo Amman Bank and its foreign branches and subsidiaries in the countries where the bank operates while complying with the instructions issued by regulatory and official authorities in the host countries. In case of any conflict between the provisions of this manual and those instructions, the foreign entity must comply with the stricter instructions while providing the bank’s general management with the conflict and proposed measures to address it and taking necessary actions accordingly.



3.2 The bank is committed to ensuring full compliance with the instructions of the Central Bank of Jordan and other relevant regulatory authorities regarding corporate governance, in addition to implementing appropriate best practices in this field without contradicting the instructions.

4. Definitions

Based on the applicable instructions of the Central Bank of Jordan, the following are the relevant definitions:

Abbreviation	Definition
Corporate Governance	The system that governs and manages the bank, which aims to determine and achieve the bank's institutional goals, manage the bank's operations securely, protect the interests of depositors, and fulfill its responsibility towards account holders, investors, stakeholders, and comply with applicable laws and internal bank policies.
Stakeholders	Stakeholders in the bank, such as depositors, account holders, investors, employees, creditors, customers, and relevant regulatory authorities.
Board	Bank's board of directors.
Independent Member	Non-majority shareholder board member who may not be under the control of any major shareholders and who possesses the qualifications or financial/banking expertise as specified in the Corporate Governance Instructions.
Higher Executive Management	Includes the CEO or Regional Director, Assistant CEO or Assistant Regional Director, CFO, Operations Manager, Facilities Manager, Treasury (Investment) Manager, Risk Manager, Internal Audit Manager, Compliance Manager, in addition to any employee in the bank holding the same position and having the same executive authority as any of the aforementioned individuals and/or directly reporting to the CEO.
Suitability	Specific requirements regarding integrity, reputation, competence, and qualifications per the applicable Corporate Governance Instructions for candidates for membership in the bank's board of directors and the senior executive management.
Consultant	A contractual or agreement relationship between the occupant and the bank for temporary consultancy services or under an annual contract.
External Auditor	The audit office, audit partners, and members of the audit team.
Auditing Firm	The office from which the audit team practices the profession is registered with the Companies Control Department at the Ministry of Industry, Commerce, and Supply as a civil company practicing the profession in accordance with applicable laws.
Responsible Audit Partner	The authorized partner in the audit office responsible for the audit task and issuing the report on behalf of the audit office, possessing the experience, academic qualifications, and professional certification qualifying them to sign the audit report.
Audit Team	Team members who perform audit procedures under the supervision of the responsible audit partner, excluding members of the ancillary services team outside the scope of audit services.



5. Board Formation

- 5.1** The bank's board of directors currently consists of 11 members, according to the bylaws, and the term of membership is 4 years, starting from the date of their election. They are elected by the General Assembly of the bank through a secret ballot using cumulative voting.
- 5.2** The chairman or any board member is not allowed to hold their position alongside any executive position, participate in the daily management of the bank, or hold any advisory position in the bank.
- 5.3** The bank's board of directors includes four independent members.
- 5.4** Diversity and complementarity of skills and experiences among the board members are considered, ensuring a wide range of perspectives and viewpoints that align with the size of the bank (or banking group), its nature, activities, and strategy.
- 5.5** Representation of women is considered in the membership of the board.

6. Board Meetings

- 6.1** The board of directors holds its meetings upon written invitation from its chairman or their representative in case of their absence, or based on a written request submitted to the chairman of the board of directors by at least one-fourth of its members, with the presence of an absolute majority of its members.
- 6.2** Voting on decisions of the board of directors shall be done personally or by any other means permitted by the applicable legislation.
- 6.3** 6.3 Decisions of the board of directors shall be issued by the absolute majority of the attending members, and in case of a tie, the side with which the chairman of the meeting voted shall prevail.
- 6.1** 6.4 The board of directors shall hold at least one meeting every two months, ensuring that the number of its meetings during the fiscal year does not fall below six meetings.

7. Board Members Suitability

- 7.1** The board adopts a policy to ensure the suitability and proper requirements of its members. This policy includes the minimum standards, requirements, and conditions a candidate must meet. The policy is reviewed as necessary, and sufficient procedures and systems are established to ensure that all members meet and continue to meet the proper standards.



- 7.2** Suitable and proper requirements for the chairman and board members:
- 7.2.1** The minimum age requirement is 25 years.
- 7.2.2** They should not be a member of the board of directors of any other bank in the Kingdom or hold a position as its CEO, regional manager, or employee unless the other bank is a subsidiary of the bank.
- 7.2.3** They should not be a lawyer, legal advisor, auditor, or consultant for the bank or a consultant for any other bank in the Kingdom.
- 7.2.4** They should have obtained at least a bachelor's degree in economics, finance, accounting, business administration, or any related field. The Nomination and Remuneration Committee may consider adding other specializations (such as law and information technology) if they are accompanied by sufficient experience related to banking activities, in accordance with section (4/d) of the effective corporate governance instructions.
- 7.2.5** They should not be an employee of the government or any public official institution unless they represent it.
- 7.2.6** They should have at least five years of experience in banking, finance, economics, or other fields related to banking activities.
- 7.2.7** They should not have any relationship, including up to the third degree of kinship, with the CEO and up to the first degree of kinship with any other senior executive management member.
- 7.2.8** The member should be knowledgeable about relevant legislation and the rights and duties of the board of directors.
- 7.2.9** The member or their representative should not be a member or representative of a board of directors of another similar or competing bank in its operations or similar in its purposes. In any case, a natural person should not hold membership in the board of directors of more than five public shareholding companies within the Kingdom, whether in their personal capacity or as a representative of a respective person.
- 7.3** The bank obtains the No Objection Certificate (NOC) from the Central Bank on the nomination of any person (including the representative of the respective person, including the temporary representative of any government, public institution, or public legal entity) for membership of the board. The request for the NOC should be accompanied by the decision of the board, the recommendation of the Nomination and Remuneration Committee including its assessment of the added value that the nominated member will bring to the board, the declaration (Attachment No. 1) and its attachments, the independent member's declaration (Attachment No. 6) mentioned in the instructions, the CV, educational certificates, experience certificates, a certificate of non-



criminal record, and a copy of the national ID card (passport for non-Jordanians). The bank should obtain the Central Bank's NOC on the nomination of any board member before the date of the General Assembly meeting, with a sufficient period of not less than one month. The bank should inform anyone who wishes to run for candidacy about the necessity of obtaining the NOC of the Central Bank.

- 7.4** The shareholder who wishes to run for membership of the board of directors should provide the bank with a brief introduction about themselves before the end of the bank's fiscal year preceding the year in which the General Assembly meeting will be held to elect the board of directors. In this case, the board of directors attaches this introduction to the invitation addressed to shareholders to attend the General Assembly meeting.
- 7.5** The chairman of the board should ensure that the Central Bank is informed of any substantial information that could negatively affect the suitability of any of its members as well as the suitability of the representative of the respective person.
- 7.6** The Nomination and Remuneration Committee determines the necessary requirements to ensure the independence of members of the board. These requirements include the following minimum conditions (conditions for the independence of board members):
- 7.6.1** Must be a natural person.
- 7.6.2** Must not have been employed by the bank or any of its subsidiaries or an advisor to the bank or any of its subsidiaries during the three years prior to their nomination. The bank must rectify their situation within a maximum period of one year from the date of issuance of these instructions.
- 7.6.3** Must not have any familial relationship up to the second degree with any other members of the board or any member of the boards of directors/governing bodies of the bank's subsidiaries or any major shareholder of the bank.
- 7.6.4** Must have no familial relationship up to the second degree with any member of the senior executive management of the bank (except the CEO) or any member of the senior executive management of any of the bank's subsidiaries.
- 7.6.5** Must not be a partner or employee of the external auditor of the bank and must not have been a partner or employee during the three years preceding their nomination.
- 7.6.6** Must not be a major shareholder in the bank or an ally of a major shareholder in the bank, or have a contribution that, combined with an ally's contribution, equals the contribution of a major shareholder, or be a major shareholder in any of the bank's subsidiaries or a major shareholder in the bank's owning group.



7.6.7 Must not have served on the board of directors of the bank or any of its subsidiaries or held a position on its governing bodies for more than eight consecutive years for the aforementioned memberships. If any independent member loses their independence according to this clause, the bank must wait for a minimum cooling-off period of four consecutive years, and if the member has sufficient justifications, they can apply to the Central Bank of Jordan for a NOC to be considered an independent member.

7.6.8 Must not be themselves, their spouse, or any first-degree relatives, or any company in which they are a board member, owner, major shareholder, or hold a senior executive position, have a credit from the bank exceeding 5% of the bank's regulatory capital. The Central Bank of Jordan may consider certain cases related to the nominated persons who have memberships in public shareholding companies.

7.7 The Central Bank of Jordan may consider any member non-independent based on relevant data despite meeting all the above conditions.

7.8 The board may, if deemed necessary and for clear and renewed justifications, appoint a consultant within the scope of tasks that are consistent with the nature of the consultant's work. However, this should not include any supervisory or executive responsibilities in any form. It should be within a specific time frame and should not interfere with the board's supervisory role over the bank's activities, in line with its responsibilities as outlined in the legislation, including the Banking Law. Approval from the Central Bank of Jordan is required for such appointment.

8. Board Responsibilities

8.1 Prepare a charter that is reviewed annually, which outlines in detail the tasks, powers, and responsibilities of the board of directors.

8.2 Supervise the executive management and establish a policy to monitor and review its performance in achieving the institutional objectives, as well as ensuring the integrity of all bank operations.

8.3 Set the strategic objectives of the bank and guide the executive management in developing a strategy to achieve these objectives. The strategy should be approved, along with the adoption of action plans that align with this strategy.

8.4 Ensure the availability of comprehensive policies, plans, and operating procedures at the bank that are in line with relevant legislation. These should be disseminated at all administrative levels and regularly reviewed.

8.5 The bank should define its institutional values, establish clear lines of responsibility and accountability for all bank activities, and promote a high culture of ethical standards, integrity, and professional behavior for bank executives.



- 8.6** The board is responsible for implementing the requirements of the Central Bank, as well as other regulatory and supervisory authorities related to the bank's operations, while considering the interests of stakeholders. The bank should be managed within the framework of internal policies and legislation, and there should be continuous effective supervision of the bank's activities, including outsourced activities.
- 8.7** The board has the responsibility of approving appointments/transfers/promotions/assignments, accepting resignations, or terminating the services of any senior executive management members in the bank, taking into account obtaining the NOC of the Central Bank of Jordan before appointment/transfer/promotion/assignment.
- 8.8** The board should approve the appointments of the CEO and the executive directors in charge of internal auditing, risk management, and compliance, based on the recommendation of the relevant committee. The board should also accept their resignations or terminate their services and obtain the NOC of the Central Bank of Jordan for the resignation or termination of any of them.
- 8.9** The bank should adopt a risk management strategy and monitor its implementation, including an acceptable level of risk and ensuring that the bank is not exposed to high risks. The board should have adequate knowledge of the bank's operational work environment and the related risks and ensure that the necessary tools and infrastructure are available to manage risks in the bank, capable of identifying, measuring, analyzing, evaluating, and monitoring all types of risks the bank is exposed to.
- 8.10** Ensuring the availability of sufficient and reliable administrative information systems that cover all bank activities.
- 8.11** Verify that the bank's credit policy includes evaluating the institutional governance of its clients, particularly public shareholding companies, by assessing the client's risks and strengths based on their level of institutional governance.
- 8.12** The board should establish a policy that includes the bank's responsibility towards environmental and social protection (Environmental and Social Policy), ensuring that the bank's disclosures in its annual report and/or sustainability report include the initiatives adopted by the bank in this regard, at a minimum:
- Social initiatives in environmental protection, health, and education.
 - Social initiatives to combat poverty and unemployment.
 - Encouraging medium and small-scale financing.
 - Participation in initiatives that add economic value to the community.



- 8.13** The board should take measures to establish a clear separation of powers between major shareholders on one hand and the executive management on the other hand. Suitable mechanisms should be put in place to limit the influence of major shareholders, and the senior executive management should derive its authority solely from the board and operate within the delegated authorization granted to them.
- 8.14** The board should approve the overall organizational structure of the bank.
- 8.15** The board should adopt the strategies and general policies of the group and establish a governance manual for the group that aligns with the corporate governance guidelines and the group's structure, ensuring that the policies of subsidiary companies are in line with these guidelines to the extent possible, while taking into account the regulatory guidelines issued by the relevant authorities of the countries where the subsidiary companies operate.
- 8.16** The board should specify the banking operations that require its approval and ensure that there is no expansion of authorization that would compromise the supervisory role of the board. It should not grant executive authorization, including credit granting authorization, to any individual board member, including the chairman of the board, as specified in the authorization schedule approved by the board.
- 8.17** The board should define the legal, financial, and administrative powers of the CEO and the executive management to enable them to efficiently and effectively carry out their duties. This should be done through the CEO and executive management submitting the necessary recommendations to the board regarding the authorization schedule, which includes their legal, financial, and administrative powers, and the schedule should be approved by the board.
- 8.18** The board should appoint a board secretary, determine their remuneration, and terminate their services. The board secretary's responsibilities should include:
- Attending all board meetings and accurately recording all discussions, proposals, objections, reservations, and voting on draft resolutions.
 - Scheduling board meetings in coordination with the board chairman.
 - Ensuring that board minutes and decisions are signed by board members.
 - Monitoring the implementation of board decisions and following up on any postponed agenda items from previous meetings.
 - Maintaining records and documents of board meetings.
 - Taking necessary measures to ensure that the draft resolutions intended to be issued by the board comply with legislation, including those issued by the Central Bank of Jordan.
 - Preparing for general assembly meetings.
 - Collaborating with board committees.
 - Providing the Central Bank with declarations of suitability for board members.



- 8.19** Members of the board and its committees have direct communication with the executive management and the board secretary to facilitate the performance of their assigned tasks. However, it is emphasized that no board member shall influence the decisions of the executive management except through the deliberations conducted in board meetings or its committees.
- 8.20** The board of directors represents all shareholders and, therefore, must exercise due diligence when considering any matters related to the bank's operations while adhering to sound principles to reach a decision that ensures the highest level of professionalism. The board should allocate the necessary time to carry out its work with integrity and transparency, in line with the bank's interests, goals, and objectives.
- 8.21** The chairman of the board is responsible for, at minimum:
- Building a constructive relationship between the board and the executive management.
 - Encouraging constructive criticism regarding the issues discussed in general and those with differing viewpoints among board members. Discussions and voting on such matters should be encouraged.
 - Ensuring that all board members receive and sign the minutes of previous meetings and receive the agenda for any meeting well in advance. The agenda should include sufficient written information about the topics to be discussed, and it should be provided by the board secretary.
 - Ensuring the existence of a charter that regulates and defines the board's work.
 - Discussing strategic and important issues in detail during board meetings.
 - Ensuring that each board member, upon election, is provided with relevant laws and regulations related to banking operations, instructions from the Central Bank concerning the board's work, as well as a booklet that outlines the member's rights, responsibilities, duties, and the duties of the board secretary.
 - Ensuring that each member is provided with a sufficient summary of the bank's operations upon appointment or upon request.
 - Overseeing with any new member with the help of the legal advisor/legal department manager and the bank secretary regarding the board's tasks, especially those related to legal and regulatory requirements, to clarify the tasks, authorities, and other matters related to membership, including the membership period, meeting dates, committee tasks, the value of remunerations, and the possibility of obtaining independent specialized technical advice when necessary.



- Meeting the needs of board members regarding the development of their experiences and continuous learning and allowing the new member to attend an orientation program that takes into account the member's banking background, provided that this program contains, at a minimum, the following topics:
 - The bank's organizational structure, institutional governance, and professional code of conduct charter.
 - Institutional goals, the bank's strategic plan, and approved policies by the bank.
 - The bank's financial conditions.
 - The structure of the bank's risks and its risk management framework.
 - The chairman of the board should invite the Central Bank to attend the general assembly meetings well in advance and appoint someone to represent it.
 - The chairman of the board should provide the Central Bank with the minutes of the general assembly meetings within a period not exceeding five working days from the date of approval by the auditor or their representative on the minutes of the meeting.

8.21 Each board member must undertake the following at a minimum:

- Sufficient knowledge of the legislation and principles related to banking operations and keeping up with developments in the banking industry, as well as external developments relevant to their work.
- Attendance at board meetings, committee meetings, and general assembly meetings as necessary.
- Allocating sufficient time to fulfill their duties as a board member. The nomination and remuneration committee should establish a clear methodology to ensure this, including, for example, the extent of the member's multiple affiliations with other boards of directors, organizations, forums, etc.

8.21 Regarding disclosure and transparency, the board's duties should include, at a minimum:

- The board of directors is committed to the highest ethical standards in dealing with stakeholders. This commitment stems from the bank's desire to maintain the trust and confidence of stakeholders and its commitment towards them. The board should provide a defined mechanism to ensure communication with stakeholders through disclosure and providing meaningful information about the bank's activities to stakeholders through:
 - General assembly meetings.
 - Annual reports.
 - Quarterly reports containing financial information, in addition to a report from the board on the bank's stock trading and financial status during the year.
 - The bank's website.
 - Shareholder relations department.



- Ensure that a portion of the bank's website is dedicated to clarifying the rights of shareholders and encouraging their attendance and voting at general meetings, as well as publishing relevant documents, including the full text of the invitation and meeting minutes.
- Ensure timely publication of financial and non-financial information relevant to stakeholders.
- Ensure that the bank's annual report includes a statement that the board is responsible for the accuracy and adequacy of the bank's financial statements and the information contained in the report, as well as the effectiveness of internal control and oversight systems.
- Ensure the bank's compliance with disclosures identified by the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Central Bank regulations, and other relevant legislation, and ensure that the executive management is aware of changes to the IFRS.
- Ensure the publication of the corporate governance guide on the bank's website and in any other appropriate way to inform the public. The bank must disclose in its annual report whether it has a corporate governance guide and the extent to which it is committed to its implementation.
- Ensure the inclusion of disclosures in the bank's annual report and quarterly reports that allow current or potential shareholders to access the bank's financial performance and status.
- Ensure that the annual report includes at least the following:
 - A summary of the organizational structure of the bank.
 - A summary of the tasks and responsibilities of the board committees and any authorities delegated by the board to these committees.
 - Information relevant to stakeholders as outlined in the bank's corporate governance manual and the extent of its compliance with the manual.
 - Information about each board member, including qualifications, experiences, contributions to the bank's capital, independence status, membership in board committees, appointment date, any memberships in other company boards, and any remuneration received from the bank in all its forms for the previous year, as well as any loans or other transactions between the bank and the member or related parties.
 - Information about risk management, including its structure, operations, and any developments.
 - The number of board and committee meetings held and the attendance of each board member at these meetings.
 - The names of all board members and senior executive management who resigned during the year.



- A summary of the bank's remuneration policy, including the disclosure of all forms of remuneration for each board member individually and all forms of remuneration granted to senior executive management individually for the previous year.
- Declarations from all board members stating that they have not received any benefits from their work at the bank and have not disclosed any such benefits, whether material or non-material, personal or related to any party, for the previous year.

9. Board and Committee Meetings

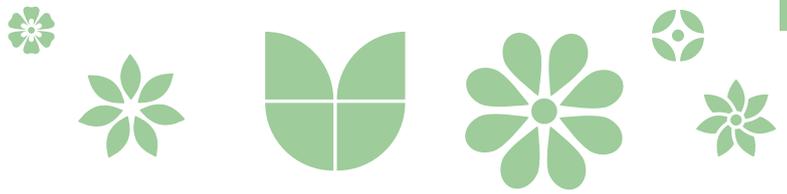
- 9.1** In compliance with Article (6/N/4) regarding the formation and quorum of the facilities committee from the effective institutional governance instructions, it is not permissible for the quorum of any committee meeting to be less than three members, including the chairman of the committee. It is also not permissible to appoint an alternate member in the absence of the original member at any committee meeting.
- 9.2** In compliance with Article (6/S/3) regarding the verification of members of the board signing the minutes and resolutions of meetings from the effective institutional governance instructions, board members are allowed to attend their meetings and committee meetings through any means of visual telecommunication, provided that the chairman of the board and the secretary authenticate the minutes of the board meeting and its legal quorum, and the chairman of the committee and the secretary authenticate the minutes of the committee meeting and its legal quorum.

10. Committees Emanating from the Board

- 10.1** The board shall form committees from among its members and adopt a charter for each committee, which includes the minimum composition, tasks, powers, regularity of meetings, quorum, appointment of a secretary for each committee, and specifying their duties, including recording all discussions, proposals, objections, and reservations, as well as how to vote on committee resolutions accurately. These committees are also required to submit periodic reports to the board. The existence of these committees does not exempt the board as a whole from its responsibilities.
- 10.2** The board shall form the following committees as a minimum requirement (Audit Committee, Risk Management Committee, Corporate Governance Committee, Nomination and Remuneration Committee, Compliance Committee), and it is prohibited for any board member to be the chairman of more than one committee mentioned above. It is also prohibited for them to be the chairman of more than two committees from all committees formed by the board. Furthermore, it is not permitted to delegate any of the powers of any committee mentioned in these instructions to any other authority. Banks are also prohibited from forming any committee with executive powers, except for the facilities committee specified in the effective corporate governance instructions.



- 10.3** Each committee must comply with the tasks and responsibilities outlined below, in addition to the tasks and responsibilities outlined in its approved charter.
- 10.4** The committees work to assist the board in the implementation of some of its tasks and responsibilities in accordance with the work charter of each committee. However, this does not exempt the board from its overall responsibilities.
- 10.5** The committees work to help shed light on important issues and matters facing the bank in an easier and more appropriate manner.
- 10.6** Optimal use is made of the competencies and qualifications of board members by involving them in committees that align with their qualifications.
- 10.7** The committees facilitate and enhance effective communication between relevant departments and the board through the respective committees.
- 10.8** Taking into account what is stated in section (16.3) below regarding the facilities committee, decisions of the committee are made by a majority of the present members, and in the event of a tie, the chairman of the committee shall have the deciding vote.
- 10.9** The committees meet regularly and/or as needed in accordance with charters approved by the board.
- 10.10** The committees exercise their authority and powers in accordance with their respective charters.
- 10.11** Each committee prepares and submits a semi-annual report to the board on a regular basis regarding their activities and authorities.
- 10.12** The nominations and remuneration committee evaluates the performance of committees emanating from the board.
- 10.13** Each audit committee shall review its charter, guide, or operating instructions every three years or as necessary and submit a report with any proposed amendments to the board for approval.
- 10.14** Each committee shall present its decisions and recommendations to the board of directors and provide a report on its activities to the bank's regular annual general meeting.
- 10.15** Any committee may request the attendance of any bank employee to obtain necessary clarifications.
- 10.16** In the event of any conflict between the committee's recommendations and the board of directors' decisions, the board of directors must ensure that the governance report clearly states these recommendations and the reasons for the board's non-compliance with them.



11. Corporate Governance Committee

This committee shall consist of at least three members, with a majority of independent members. The chairman of the board must be included in the committee, and the chairman of the committee must be an independent member. This committee is responsible for the following tasks:

- 11.1** Supervising the preparation and approval of the corporate governance guide by the board. The guide should reflect the bank's perspective on corporate governance, including its concept, importance, and basic principles, ensuring compliance with applicable legislation at a minimum and ensuring adherence to best practices in this field. The guide should be updated as necessary.
- 11.2** Providing the Central Bank with a signed letter from all committee members confirming the guide's compliance with these instructions by no later than August 14, 2023, and within two months of any subsequent amendment.
- 11.3** Verifying the rectification of observations in the Internal Audit Management Report or any other relevant entity regarding the bank's compliance with the corporate governance guide.
- 11.4** Reporting any deviations from the provisions and requirements of these instructions to the Central Bank immediately upon verification.
- 11.5** Preparing and presenting the governance report to the board of directors.
- 11.6** Developing written procedures for implementing the provisions of these instructions, reviewing them, and evaluating their application annually.
- 11.7** Studying the observations of the Jordan Securities Commission regarding the bank's implementation of governance and following up on their implementation.

12. Audit Committee

In accordance with the instructions and regulations in effect, the majority of the committee members, including the chairman of the committee, must be independent members. The chairman of the board of directors should not be the chairman of the committee or a committee member. Additionally, the chairman of the committee should not be the chairman of any other committee emanating from the board. Furthermore, the majority of the committee members should hold academic qualifications in accounting, finance, or possess professional certifications in these fields. They should also have appropriate practical experience in the fields of accounting, finance, external auditing, internal auditing, or banking.

- 12.1** In compliance with the Banking Law and its amendments, the committee is responsible for reviewing the following matters:
 - The scope, results, and adequacy of internal and external audits of the bank.
 - Accounting issues that have a material impact on the financial statements of the bank.
 - Internal control systems in the bank.



- 12.2** The committee is responsible for providing recommendations to the board regarding the appointment, termination, remuneration, and any contractual conditions related to the external auditor. This includes any other tasks the committee intends to assign to the auditor, in addition to evaluating their independence.
- 12.3** The committee charter should include the following:
- Authority to obtain any information directly from the executive management or through the executive director of the internal audit department.
 - The right to summon any executive to attend its meetings.
- 12.4** The committee holds separate meetings with the external auditor, the executive director of the internal audit department, and the executive director of the compliance department at least once a year without the presence of any other senior executive members.
- 12.5** The committee is responsible for reviewing and monitoring the procedures that enable employees to confidentially report any errors in financial reports or other matters. The committee ensures the existence of necessary arrangements for an independent investigation and ensures the objective follow-up and handling of investigation results.
- 12.6** The committee is responsible for verifying the compliance of the internal audit management with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors, including conducting an external independent assessment of the internal audit activity at least once every five years and providing the Central Bank with a copy of this assessment.
- 12.7** The committee is responsible for ensuring the availability of sufficient resources and an adequate number of qualified human resources to manage the internal audit, as well as subjecting them to specialized training programs, including in the field of corporate governance.
- 12.8** The committee is responsible for verifying the circulation of internal audit staff for auditing the bank's activities every three years at most, and in cases where it is not possible to achieve this in specific areas, the committee's approval is obtained to justify the non-compliance, especially in specialized cases such as IT auditing and cybersecurity.
- 12.9** The committee is responsible for ensuring that internal audit staff are not assigned any executive tasks.
- 12.10** The committee is responsible for verifying the auditing of all bank activities - according to a risk-based approach - including those entrusted to external parties.
- 12.11** The committee is responsible for evaluating the performance of the executive manager of the internal audit department, determining their remuneration, and aligning it with the performance evaluation policy approved by the board.



- 12.12** Establishing appropriate procedures to ensure that the bank has a sufficient number of qualified human resources to perform internal control tasks and that they are adequately trained and compensated.
- 12.13** Studying and evaluating any additional activities outside the scope of auditing performed by the external auditor, such as providing management and technical consultations, ensuring that they do not affect their independence, and making recommendations to the board of directors regarding them.

13. Nomination and Remuneration Committee

This committee consists of at least three members, with a majority of independent members, including the chairman of the committee. The committee is responsible for several tasks, including:

- 13.1** Assessing the suitability of individuals nominated for membership on the board, taking into consideration their experience and qualifications and making appropriate recommendations to the board. In case of re-nomination, the committee considers the attendance and effectiveness of the member's participation in board and committee meetings.
- 13.2** Notifying any person (including a legal representative) who applies for board membership in writing of the board decision indicating that the provisions of the effective corporate governance instructions or any relevant regulations issued by regulatory authorities do not apply to them.
- 13.3** Nominating qualified individuals to join the senior executive management.
- 13.4** Ensuring the attendance of board members in bank-specific workshops and seminars on topics such as corporate governance, risk management, and the latest developments in banking operations.
- 13.5** Determining whether a board member meets the criteria for independence, taking into account the minimum requirements outlined in Article (5/b) regarding the independence criteria stated in the effective corporate governance instructions, reviewing it annually, and providing any updates on the independence status of independent members to the Central Bank of Jordan and the Jordan Securities Commission.
- 13.6** Evaluating the overall performance of the board, its committees, and individual members annually. The committee must follow specific and approved criteria in the evaluation process to ensure that the performance assessment criteria are objective. The committee should inform the Central Bank of Jordan and the Jordan Securities Commission of the results of this evaluation. Additionally, board members (excluding members of the nomination and remuneration committee) should evaluate the performance of the nomination and remuneration committee and its members individually annually.



- 13.7** Providing information and summaries on background information of important topics about the bank to board members upon request and ensuring their continuous awareness of the latest topics relevant to banking operations.
- 13.8** Establishing a performance evaluation and financial remuneration policy for bank executives and reviewing it periodically. This policy should include a procedure for determining the salaries, bonuses, and benefits of the CEO and other executive management members. The committee is not allowed to delegate this task to the executive management, and the policy must be approved by the board.

14. Risk Management Committee

This committee is composed of at least three members, with the majority of committee members, including the chairman of the committee, being independent members. The committee should meet at least once every three months or as needed. The committee is responsible for the following tasks:

- 14.1** Ensuring the existence of a comprehensive risk management strategy for the bank, including the type and level of acceptable risks for all bank activities.
- 14.2** Verifying the availability of policies and tools for identifying, measuring, analyzing, assessing, and monitoring risks, with a minimum annual review to ensure their effectiveness and make necessary adjustments.
- 14.3** Ensuring the existence of a risk management system that guarantees the accuracy and adequacy of data used for identifying, measuring, analyzing, assessing, and monitoring risks and potential losses, as well as maintaining the necessary capital to address these risks.
- 14.4** Verifying the effectiveness of risk management department procedures and evaluating the extent of the executive management's compliance with approved policies and procedures.
- 14.5** Providing the board with regular reports on the bank's risks, including breaches of acceptable risk levels and the actions taken to address them.
- 14.6** Keeping up with developments that impact risk management at the bank.
- 14.7** Verifying the availability of tools to assist in risk management, including but not limited to:
- Self-assessment of risks and development of risk indicators.
 - Establishing a historical database of losses, identifying the sources of those losses, and categorizing them according to the type of risks.
 - Providing necessary equipment, appropriate automated systems, and quantitative measures.



- 14.8** Ensuring the availability of sufficient resources and an adequate number of qualified personnel to manage risks and subjecting them to specialized training programs.
- 14.9** Evaluating the performance of the executive risk manager, determining their remuneration in line with the board's approved performance evaluation policy and according to the CEO's review.

15. Compliance Committee

This committee consists of at least three members, with a majority of independent members. The committee meets at least once every three months or as needed. The committee is responsible for the following tasks:

- 15.1** Ensuring the existence of a compliance policy and related procedures that guarantee the establishment of an effective compliance function capable of performing duties. The committee should assess the bank's management of compliance risks at least once a year.
- 15.2** Approving the annual plan and reviewing the regular reports prepared by the compliance management. These reports should include an assessment of compliance risks, violations, deficiencies, and corrective actions taken.
- 15.3** Overseeing the implementation of the compliance policy in the bank and ensuring that the bank's executive management promptly and effectively resolves all compliance-related matters.
- 15.4** Supervising compliance management activities and ensuring the presence of appropriate procedures to monitor the compliance of all levels of management in the bank with all regulatory requirements, applicable legislation, and international standards, including the Financial Action Task Force (FATF) recommendations.
- 15.5** Verifying the availability of sufficient resources and an adequate number of qualified personnel to manage compliance and subjecting them to specialized training programs.
- 15.6** Evaluating the performance of the executive compliance manager, determining their remuneration in line with the board's approved performance evaluation policy and according to the CEO's review.

16. Facilities Committee

This committee is composed of at least five members, with the possibility of one member being independent, and none of its members should be on the audit committee.

This committee is formed exclusively to consider facilities that exceed the authority of the highest committee in the executive management, as follows:

- 16.1** Its powers are limited to making appropriate decisions regarding facilities recommended for approval by the aforementioned executive management committee.



- 16.2** It sets upper limits for the powers delegated to this committee regarding granting, amending, renewing, restructuring, rescheduling, or settling credit facilities while ensuring clear powers for the board in this regard.
- 16.3** The legal quorum for committee meetings is the presence of at least four members, and decisions are made by a majority of the members, regardless of the number of attendees.
- 16.4** The committee shall submit details of the approved facilities to the board.

17. Information Technology Governance Committee

This committee consists of at least three members, and it is preferred that it includes individuals with experience or strategic knowledge in information technology. The committee is responsible for the following tasks and responsibilities:

- 17.1** Approval of strategic objectives for information technology and appropriate organizational structures, including executive management committees, particularly the IT steering committee. This ensures the achievement of the bank's strategic objectives and the realization of the best value-added from information technology projects and investments. It also involves using the necessary tools and standards to monitor and ensure the achievement of these objectives, such as using IT Balanced Scorecards (BSC) and calculating Return On Investment (ROI). It measures the contribution to increasing financial and operational efficiency.
- 17.2** Approval of the overall framework for managing, controlling, and monitoring information technology resources and projects that aligns with internationally accepted best practices, specifically Control Objectives for Information and Related Technologies (COBIT). It also aligns with and fulfills the objectives and requirements of the governance and management instructions for information and technology accompanying them by achieving the institutional objectives outlined in the mentioned instructions in a sustainable manner. This includes achieving the matrix of information and technology objectives and covers information technology governance processes.
- 17.3** Approval of the matrix of institutional objectives outlined in Annex (1) of the governance and management instructions for information and technology accompanying them, as well as the updates specified in the Central Bank Circular 10-6-984. It also includes the information and technology objectives outlined in Annex (2) and its updates specified in the Central Bank Circular 10-6-984, taking them as a minimum requirement. Additionally, it involves defining the necessary sub-objectives to achieve these objectives.
- 17.4** Adoption of a Responsibility Assignment Matrix (RACI Chart) for the key operations of IT governance in Annex (3) and its update in the Central Bank Circular 10-6-984. This matrix should identify the primary responsible entity/entities or individual/individuals, the ultimately accountable entity/entities or individual/individuals, the consulted entity/entities or individual/individuals, and the informed entity/entities or individual/individuals for all operations in the mentioned annex. This should be guided by the COBIT 2019 standard.



- 17.5** Adoption of the importance and prioritization of enterprise goals and their correlation with alignment goals, governance, and management objectives. Additionally, their correlation with other enabling components should be considered based on a qualitative and/or quantitative study conducted at least annually. This study should take into account the factors influencing the design of the IT governance framework (COBIT 2019 Design Factors) in line with the bank's specificities and strategies. Topics such as cybersecurity, risk management, data privacy and protection, compliance, monitoring, auditing, and strategic alignment should be considered as focus areas and given high importance and priority. The maturity level of activities related to governance and management objectives and the seven enabling components should be directly proportional to the importance and priority level based on the results of the mentioned study. The maturity level should not be lower than 3 (fully achieved) for objectives with high importance and priority, according to the maturity scale in the COBIT 2019 framework. It is allowed to consider no more than 26% of the objectives in the management objectives (maximum of 9 objectives out of 35) as having lower importance and priority based on the results of the study mentioned.
- 17.6** Ensure the existence of a general framework for IT risk management that aligns and integrates with the overall risk management framework of the bank, taking into account and fulfilling all IT governance processes mentioned in Annex (3).
- 17.7** Adopt a budget allocation for IT resources and projects that align with the strategic objectives of the bank.
- 17.8** Provide oversight and review of IT operations, resources, and projects to ensure their adequacy and effective contribution to achieving the bank's requirements and objectives.
- 17.9** Review IT audit reports and take necessary actions to address any deviations.
- 17.10** Recommend to the board the necessary actions to address any deviations.
- 17.11** Adopt a cybersecurity policy.
- 17.12** Adopt a cybersecurity program.
- 17.13** Conduct a compliance audit of the cybersecurity policy and program.
- 17.14** Submit a semi-annual report to the board on the committee's activities and accomplishments.
- 17.15** Review the committee charter every three years and/or as needed and propose any amendments to the board for approval.
- 17.16** Study any topic presented to the committee by the board or any topic the committee deems necessary to discuss and provide recommendations to the board.



18. Strategies Committee

The committee is formed by a decision from the board of directors, with the purpose of assisting the board in setting strategic objectives and assisting the executive management in designing and recommending strategies for board approval. The committee is tasked with the following responsibilities:

- 18.1** Identifying strategic objectives in coordination with executive management and submitting them to the board for approval.
- 18.2** Ensuring the preparation of strategic and operational plans and ensuring that the strategic objectives are included within them.
- 18.3** Monitoring the achievement of strategic objectives through key performance indicators (KPIs).
- 18.4** Submitting a semi-annual report to the board on the committee's activities and accomplishments.
- 18.5** Reviewing the committee charter every three years and/or as needed and proposing any amendments for board approval.
- 18.6** Studying any topic presented to the committee by the board or any topic the committee deems necessary to discuss and provide opinions and recommendations to the board.

19. Executive Management Responsibilities

- 19.1** Executing and managing the bank's activities in accordance with the strategies/policies approved by the board, as well as managing risks, operations, and necessary controls to ensure that the bank does not exceed acceptable risk levels approved by the board and complies with all applicable regulations and internal bank policies.
- 19.2** Verifying the existence of comprehensive work procedures for all bank activities that align with applicable regulations and strategies/policies approved by the board. These procedures should be approved by the CEO or the regional manager of the foreign bank branch (excluding control departments where approval should come from the relevant committee/authority). Additionally, ensuring the implementation of these procedures.
- 19.3** Preparing financial statements.
- 19.4** Prepare the general organizational structure of the bank and obtain approval from the board, as well as prepare the sub-organizational structures for all departments working in the bank and obtain approval from the CEO or regional director. Except for the sub-organizational structures for the supervisory departments in local banks, they are approved by the board based on the recommendation of the relevant committee/authority. These structures should show the administrative hierarchy and reflect the lines of responsibility and authority in a detailed and clear manner. The general organizational structure should include at least the following:



- The board and its committees.
- The executive management and its committees.
- Separate departments for risk management, compliance, internal audit, and internal Shari'a audit, with full independence to perform their tasks, including not engaging in executive activities, while showing their connection to the relevant committee and a dotted line connection to the CEO.
- Non-executive departments such as credit review employees and the middle office.
- Subsidiary companies and foreign branches.

The Central Bank of Jordan should be provided with the general organizational structure of the bank whenever any modification is made, with a clarification of the modification.

- 19.5** Prepare an annual budget and obtain approval from the board, as well as submit periodic performance reports to the board that indicate deviations from the estimated performance and their reasons.
- 19.6** Avoid engaging in any practices that may affect the independence and objectivity of the supervisory departments. Cooperation between these departments and the different departments of the bank and the executive management is essential to fulfill their duties. They must inform the senior executive management of any critical issues that require immediate action once they are identified, and this should not prevent those departments from informing the relevant committee/ authority about these issues.
- 19.7** Provide the regulatory authority, external audit, internal audit, and any relevant entities with the necessary information and disclosures required for them to perform their tasks optimally.
- 19.8** Prepare the bank's code of conduct, obtain approval from the board, and disseminate it to all employees of the bank.
- 19.9** Develop the skills and professional behavior of the bank's employees to align with the latest ethical standards and professional work practices.
- 19.10** Ensure the existence of appropriate control measures for each activity or operation and separate administrative and operational procedures between approval and execution tasks.
- 19.11** The CEO, in addition to what is specified in the relevant legislation, should work on the following:
- Develop the bank's strategic direction.
 - Implement the bank's strategies and policies.
 - Implement board decisions.
 - Provide guidance for the implementation of short-term and long-term action plans.



- Establish procedures to convey the bank's vision, mission, and strategy to employees.
- Inform the board of all significant aspects of the bank's operations.
- Manage the bank's day-to-day operations.
- Approve detailed job descriptions for each organizational department (except for supervisory departments, which require approval from the relevant committee/authority) and ensure that all employees in the bank have access to them according to their respective responsibilities.

19.12 Provide board members with all the necessary information and data related to the bank, enabling them to perform their duties and familiarize themselves with all aspects of the bank's operations.

20. Senior Executive Management Suitability

20.1 The board shall adopt a policy to ensure the suitability of senior executive management members in the bank. This policy shall include the minimum standards, requirements, and conditions that should be met by any senior executive management member. The board shall review this policy periodically and put in place adequate procedures and systems to ensure that all senior executive management members meet the suitability standards and continue to meet them.

20.2 The board shall verify the integrity, technical competence, and banking experience of the CEO. The board shall approve the appointment/transfers/promotions/assignments or acceptance of resignation or termination of the services of any of the senior executive management members in the bank and shall take into consideration obtaining a NOC from the Central Bank of Jordan before appointment/transfer/promotion/assignment.

20.3 The board, based on the recommendation of the relevant committee, shall approve the appointment of the CEO, the Executive Director/Internal Audit, the Executive Director/Risk Management, and the Executive Director/Compliance and accept their resignations or terminate their services, provided that NOC is obtained from the Central Bank of Jordan for the resignation or termination of any of them.

20.4 The board shall approve a succession plan for the senior executive management members of the bank, and the board shall review this plan at least once a year.

20.5 The chairman of the board shall ensure that the Central Bank is informed of any material information that may negatively affect the suitability of any of the senior executive management members.

20.6 The following conditions must be met by those appointed to the senior executive management of the bank:

20.6.1 Not to be a member of the board of any other bank unless the other bank is a subsidiary of the bank.

20.6.2 To be dedicated to managing the operations of the bank.



- 20.6.3** To hold at least a bachelor's degree in economics, finance, accounting, business administration, or any related field relevant to the bank's work.
- 20.6.4** To have experience in banking (mainly in the position being nominated for) or related fields for no less than five years, except for the CEO, who must have at least ten years of experience in banking.
- 20.6.5** Not to be a significant shareholder and not to have any relationship, including family relationships up to the third degree in the case of the CEO and up to the first degree in the case of any other member of the senior executive management, with the chairman of the board or any board member, or any significant shareholder in the bank.
- 20.6.6** The bank is required to ensure that any significant shareholder in the bank does not have any relationship, including family relationships up to the third degree with the CEO, and up to the first degree with any other member of the senior executive management.
- 20.6.7** The representation of women in the membership of the senior executive management should be considered.

21. Conflict of Interest

- 21.1** The board shall adopt a policy governing conflict of interest in all its forms, including those arising from the bank's connection with companies within the banking group, and adopt the necessary procedures to ensure sufficient internal controls and oversight to monitor compliance with this policy and prevent any violations thereof. This policy shall include, at a minimum:
 - 21.1.1** Avoiding activities that create a conflict of interest between the bank's interest and any interest belonging to any executive in the bank or any member of the authority, in any form whatsoever.
 - 21.1.2** Disclosing any matter that creates, or may create, a conflict of interest between the bank's interest and any interest belonging to any executive in the bank or any member of the authority, in any form whatsoever, as soon as the bank identifies such matter.
 - 21.1.3** Not disclosing the bank's confidential information by any board member or using it for their personal interest or the interest of others, and not disclosing any confidential information discussed during board or committee meetings to any person, including any executive of this legal entity.
 - 21.1.4** Prioritizing the bank's interest in all transactions with any other company where they have a personal interest, refraining from taking advantage of the bank's business opportunities for their personal interest, avoiding conflict of interests, and disclosing to the board in detail any conflict of interests, if any, while refraining from attending and participating in the decision made during the meeting where such matter is discussed. This disclosure shall be documented in the minutes of any board or committee meeting.



- 21.1.5** Examples of situations where conflict of interests may arise, including the conflict of interest between a board member's interest and the bank's interest, or between an authority member's interest and the bank's interest, or between an executive management member's interest and the bank's interest, or between the interest of any company within the banking group or its subsidiaries or affiliates and the bank's interest.
- 21.1.6** Defining the parties related to the bank in accordance with applicable legislation, defining the terms and conditions for dealing with those parties, and ensuring that the related party does not receive better conditions than those applied by the bank to any other customer who is not related to the bank. This includes all bank transactions with any of the companies within the banking group.
- 21.1.7** Determining the nature of the dealings with related parties to include all types of dealings and not limited only to credit facilities.
- 21.1.8** The bank's procedures in cases of non-compliance with the above policy.
- 21.2** The board shall adopt a code of professional conduct to ensure that the bank conducts its operations with the highest integrity, including at minimum cases where conflicts of interest may arise, and verify that it has been implemented at all levels of management within the bank.
- 21.3** The internal audit department shall conduct at least one assessment per year to ensure that all transactions carried out with related parties have been in accordance with applicable laws, the bank's internal policies, and approved procedures. The department shall submit its reports and recommendations to the audit committee, which shall notify the Central Bank upon discovering any violations of existing laws and internal policies in this regard.
- 21.4** The board shall ensure that the executive management maintains a high level of integrity in conducting its operations, avoids conflicts of interest, and objectively implements approved policies and procedures.
- 21.5** The board shall adopt controls for the information circulation between different departments to prevent exploitation for personal benefit.

22. Performance Evaluation

- 22.1** The board of directors is responsible for ensuring the existence of a system to evaluate its own performance, as well as the performance of its committees and members. This system should include, at a minimum, the following:
- Key performance indicators (KPIs) that can be derived from the bank's strategic plans and objectives to measure the performance of the board and its committees.
 - Regular communication between the board of directors and shareholders.
 - Regular meetings between the board of directors and the executive management.



- Attendance of members in board and committee meetings, actively participating in them, and comparing their performance with that of other members. Feedback should be obtained from the respective member to improve the evaluation process.
- The member's development of knowledge in banking operations through participation in training programs.

22.2 The board of directors should conduct an annual performance evaluation of the CEO according to a system prepared by the nomination and remuneration committee and approved by the board. This evaluation should include key performance indicators, taking into account financial and administrative performance relative to the bank's risk exposure, as well as the CEO's achievement of medium and long-term plans and strategies. Weightings should be assigned to each evaluation criterion. The committee should inform the Central Bank of the results of this evaluation.

22.3 The nomination and remuneration committee should conduct an annual evaluation of the board as a whole, its members, and all board committees and inform the Central Bank of the results of this evaluation.

22.4 The board of directors is required to adopt a system to measure the performance of bank executives who are not members of the board and the CEO, taking into account performance indicators that vary based on the nature of their roles and the extent to which they achieve their objectives. This system should include, at a minimum, the following:

- Appropriate weighting should be given to measuring performance in terms of compliance with risk management frameworks, compliance management, internal controls, and regulatory requirements.
- Total income or profit should not be the sole element for measuring performance. Other elements should be considered to evaluate the performance of executives, such as risks associated with core operations, achievement of departmental objectives and annual plans, as well as measuring customer satisfaction where applicable.

22.5 The performance of internal audit management employees is assessed by the chief internal audit executive in line with the performance evaluation policy approved by the board.

23. Executive Remuneration

23.1 The board shall establish procedures to determine the remuneration for its members based on the approved evaluation system.

23.2 The policy for granting financial remuneration must include, at a minimum, the following elements:

23.2.1 It should be designed to attract and retain competent executives with skills and experience and to motivate them to enhance their performance.

23.2.2 Criteria for granting remuneration to the board chairman, members, and committees



based on the tasks assigned to them in these regulations. These remunerations may vary according to the performance evaluation of the board/committees/members and the bank's suitability and performance.

- 23.2.3** It should be designed to motivate executives to achieve the bank's objectives without posing high risks that could negatively impact the bank's viability and reputation or expose it to legal risks.
- 23.2.4** Remunerations should not only be based on the current year's performance but also on the medium-term and long-term performance (3-5 years).
- 23.2.5** An approach to defer a reasonable portion of the remunerations (excluding salaries), where the percentage and deferral period are determined based on the nature of the work, its risks, and the activities of the respective executive.
- 23.2.6** The form of remunerations could be in the form of fees, salaries, allowances, bonuses, stock options, or any other benefits, subject to compliance with relevant regulations regarding ownership interests.
- 23.2.7** A procedure for drawing back deferred remunerations granted to executives in case any issues arise in their performance or if the bank is exposed to high risks due to decisions made within their authority, which could have been avoided.
- 23.2.8** Financial remunerations should not be granted to control department executives based on the results of the departments under their control.

24. Internal Audit

- 24.1** The board shall take necessary measures to enhance the effectiveness of internal audit by giving due importance to the activity of internal audit and embedding it in the bank.
- 24.2** The board shall ensure and enhance the independence of internal auditors, give them appropriate status in the bank's employment ranking, and ensure that they have the knowledge, skills, and competencies necessary to perform their duties. They shall also have the right to access all records and information and communicate with any executive in the bank to enable them to perform their assigned tasks and prepare their reports without interference.
- 24.3** The board shall verify that the internal audit department is subject to direct supervision by the audit committee, and it shall submit its reports directly to the audit committee and a copy to the CEO. The CEO may, with the approval of the audit committee, assign the internal audit department with confirmation or consulting tasks, provided that such assignments do not affect the independence of the internal audit department.



- 24.4** The internal audit department is responsible for performing the following minimum tasks:
- 24.4.1** Verify the adequacy of the control systems and internal controls for the bank's activities and its subsidiaries, ensure compliance with them, and review any amendments made to the structure of these systems and document them.
 - 24.4.2** Develop the internal audit charter and have it approved by the board based on the recommendation of the audit committee, including the responsibilities and powers of the internal audit management and its methodology of work.
 - 24.4.3** Prepare an audit plan that includes the bank's activities, including other control departments and activities assigned to external parties, in accordance with the level of risk of those activities, and have it approved by the audit committee.
 - 24.4.4** Review compliance with the corporate governance manual, policies, and charters annually, prepare a detailed report on this, submit it to the audit committee, and send a copy to the corporate governance committee.
 - 24.4.5** Review the accuracy and comprehensiveness of stress testing in accordance with the methodology approved by the board.
 - 24.4.6** Ensure the accuracy of the procedures followed for the internal assessment of the adequacy of the bank's capital (ICAAP).
 - 24.4.7** Audit financial and administrative matters.
 - 24.4.8** Monitor violations and observations included in the reports of the regulatory authority and the external auditor and ensure that they are addressed and that there are appropriate controls within the executive management to prevent their recurrence.
 - 24.4.9** Ensure the availability of necessary procedures for receiving, handling, and retaining customer complaints, accounting system-related observations, internal control, and audit operations, and submit periodic reports on them.
 - 24.4.10** Maintain audit reports and working papers for a period agreed upon in accordance with the applicable legislation in an organized and secure manner and make them available for review by the regulatory authority and the external auditor.

25. Risk Management

- 25.1** The board is responsible for ensuring the independence of the risk management department and granting it the necessary authority to obtain information from other departments of the bank and to collaborate with other committees to perform its tasks.
- 25.2** The board is responsible for verifying the handling of breaches at acceptable risk levels, including holding accountable the executive management concerned with these breaches.



- 25.3** The board is responsible for ensuring that the risk management department conducts stress testing periodically to measure the bank's capacity to withstand shocks and high risks and that the board has a key role in approving the assumptions and scenarios used, discussing the results of the tests, and approving the necessary actions based on these results.
- 25.4** The risk management department is responsible for the following minimum tasks:
- 25.4.1** Implementing the risk management strategy, in addition to developing policies and work procedures to manage all types of risks.
 - 25.4.2** Developing risk management policy/policies covering all bank operations and establishing clear measures and limits for each type of risk, and ensuring that all employees, according to their managerial level, are fully informed and aware of it, with regular reviews and that the risk management policy/policies are approved by the board.
 - 25.4.3** Preparing a comprehensive document for all acceptable risks and approving it by the board.
 - 25.4.4** Reviewing the bank's risk management framework and approving it by the board.
 - 25.4.5** Creating the internal capital adequacy assessment document for the bank, reviewing it periodically, and ensuring its implementation. The document should be comprehensive and effective, able to identify all potential risks that the bank may face and take into consideration the bank's strategic plan and capital plan. It must be approved by the board of directors.
 - 25.4.6** Developing methodologies to identify, measure, analyze, evaluate, and monitor different types of risks.
 - 25.4.7** Verifying the integration of risk measurement procedures with the management information systems used.
 - 25.4.8** Creating and approving a business continuity plan, which should be reviewed regularly.
 - 25.4.9** Ensuring that any new product, service, process, or system is aligned with the bank's strategy. All associated risks, including operational, information security, and cyber risks, should be identified. New control measures and procedures or modifications should be implemented in line with the bank's acceptable risk limits.
 - 25.4.10** Providing necessary information about the bank's risks for disclosure purposes.
 - 25.4.11** Making recommendations to the risk management committee regarding the bank's risk exposures and keeping a record of exceptions to the risk management policy.
 - 25.4.12** Monitoring the adherence of bank departments to the defined levels of acceptable risks.
 - 25.4.13** Reporting to the board through the risk management committee, with a copy to the general manager, containing information about the actual risk system for all the bank's activities in comparison with the acceptable risk document. It should also include the monitoring of negative deviations. The management may request specific reports from the bank's risk management department as needed.



26. Compliance Management

- 26.1** The board should ensure the independence of the compliance management.
- 26.2** The board should delegate the following minimum tasks to the compliance management:
- 26.2.1** Preparing a compliance policy to ensure the bank's compliance with all relevant legislation and ensuring that all employees, based on their managerial level, are fully aware of and knowledgeable about it. This policy should be approved by the board.
- 26.2.2** Developing an annual compliance plan, which should be approved by the compliance committee.
- 26.2.3** Monitoring the compliance of all managerial levels in the bank with all regulatory requirements, applicable legislation, and international standards, including the recommendations of the Financial Action Task Force (FATF).
- 26.2.4** Generating regular reports that include the assessment of non-compliance risks, violations, deficiencies, and corrective actions taken. These reports should be submitted to the compliance committee, with copies provided to the CEO.

27. External Audit

- 27.1** The bank shall prepare an external audit policy and have it approved by the board, with the understanding that it shall be amended as needed and shall include at a minimum:
- Procedure for nominating and appointing the audit office.
 - Procedure for determining the fees of the audit office.
 - Periodic circulation of the audit office and team.
 - Minimum requirements for the independence of the external auditor stipulated in clause (27.4) below.
 - Duties of the audit office and team.
 - Relationship of the audit committee with the audit office and team.
 - Additional services beyond the scope of audit services that the audit office may be tasked with.
 - Criteria for selecting the audit office and the responsible partner, ensuring the following minimum requirements are met:
 - A. The Audit Office:
 - 1) The number of responsible partners for auditing in the office shall not be less than two.
 - 2) The office or the international firm of which the office is a member shall possess appropriate experience, not less than ten years, in auditing bank accounts.



B. The Responsible Partner:

- 1) Shall have good conduct and reputation and a good professional reputation.
- 2) Shall not be convicted of a felony or misdemeanor that reflects negatively on integrity.
- 3) Shall hold a valid practicing license for the profession of accounting and be registered in the Jordanian Association of Certified Public Accountants (IFAC) in accordance with the provisions of the law regulating the profession of certified public accountants.
- 4) Shall not have been prohibited from practicing the profession in the last five years or have a final criminal judgment against them due to professional misconduct or legal violation related to the practice of the profession.
- 5) Shall hold at least an undergraduate degree in accounting or a related field to banking operations.
- 6) Shall hold a professional certification in accounting or auditing from one of the internationally recognized professional associations of certified public accountants or auditors recognized by the Jordanian Association of Certified Public Accountants.
- 7) Shall have practical experience in auditing for a period of not less than ten years, including at least seven years in auditing bank accounts, and be familiar with banking operations and risks, as well as the legislation related to them, including those issued by the Central Bank.

27.2 The bank guarantees the regular circulation of the external auditor every seven years at maximum, and the external auditor shall not be changed during the contract period except after obtaining the approval of the Central Bank and based on substantial reasons.

27.3 The old office shall not be re-elected before at least three years have passed from the date of its last election at the bank.

27.4 The audit committee shall verify the independence of the external auditor during the contract period, ensuring that there is no conflict of interest between the bank and the external auditor, and the board of directors shall ensure this. The minimum conditions for contracting with the external auditor shall be included as follows:

27.4.1 The external auditor shall not be a member of the board or the board of directors/ executive management of any of the bank's subsidiaries.

27.4.2 The external auditor shall not work permanently in any technical, administrative, or consulting position at the bank or any of its subsidiaries during the auditing process.



- 27.4.3** The external auditor shall not be a partner with any members of the board, executive body, or senior executive management of the bank, or any members of the supervisory body, or any members of the board of directors/executive body, or any members of the senior executive management of any of the bank's subsidiaries.
- 27.4.4** There shall be no second-degree relationship between the responsible partner or any member of the audit team and any member of the board or any member of the supervisory body or any member of the senior executive management of the bank or any of its subsidiaries.
- 27.4.5** The external auditor shall not own, trade, or speculate in the bank's shares or the shares of any of its subsidiaries, directly or indirectly.
- 27.4.6** The external auditor shall not combine auditing the bank's accounts with any additional services outside the scope of auditing services assigned to the firm.
- 27.5** The audit committee shall verify the qualifications and effectiveness of the external auditor and ensure that the engagement letter clearly includes the scope of the audit, fees, contract period, and any other conditions that are appropriate for the nature of the bank, its business volume, the complexity of its operations, and risks.
- 27.6** The bank shall inform the Central Bank at least thirty days prior to the general meeting date of its desire to nominate the external auditor for election (or re-election) by the general meeting.
- 27.7** No employee of the external audit firm shall be appointed to the senior executive management of the company until at least one year has passed since they ceased auditing the bank's accounts.

28. Governance Report

The bank prepares a governance report and includes it in the bank's annual report. The report is signed by the chairman of the board of directors and includes at least the minimum requirements set forth in the guidelines of the Jordan Securities Commission.

29. General Assembly Meetings

- 29.1** The general assembly consists of all shareholders who are entitled to vote.
- 29.2** The company's general assembly holds an ordinary meeting at least once a year within the four months following the end of the company's fiscal year. The general assembly may also hold extraordinary meetings at any time according to applicable regulations.
- 29.3** The board of directors invites relevant regulatory authorities and all shareholders to attend the general assembly meeting in accordance with applicable regulations. Suitable arrangements and procedures are made for the meeting, including the selection of venue and time, to encourage the attendance of as many shareholders as possible.



- 29.4** The invitation includes the date and location of the meeting, as well as an agenda detailing the topics to be discussed during the meeting. It should also include any documents or attachments related to those topics.
- 29.5** Shareholders who wish to be nominated for membership in the board of directors must provide the bank with a brief introduction about themselves before the end of the bank's fiscal year preceding the year in which the general assembly meeting for the election of the board of directors will be held. In this case, the board of directors includes this introduction in the invitation directed to the shareholders to attend the general assembly meeting.
- 29.6** A shareholder may delegate another shareholder to attend the general assembly meeting on their behalf, either through a written power of attorney or through a judicial power of attorney, in accordance with applicable regulations.
- 29.7** The chairman of the board of directors or their representative, or any person appointed by the board of directors in their absence, heads the general assembly meeting. Additionally, members of the board of directors must attend the general assembly meeting in a number that ensures the legal quorum for any board of directors meeting.
- 29.8** The general assembly meeting should be conducted in a manner that allows shareholders to actively participate, express their opinions freely, receive answers to their questions, and provide sufficient information to enable them to make decisions.

30. General Provisions

- 30.1** The bank is required to provide the Central Bank with information regarding the members of its board, committees, executive management, and regulatory bodies in accordance with the attached forms of the effective corporate governance instructions for banks (4/1, 4/2, 4/3, 4/4) in the event of any changes.
- 30.2** The bank is required to provide the Central Bank with information regarding the members of the boards of directors or regulatory bodies and executive management of its subsidiaries (including those of subsidiaries) inside or outside the Kingdom, in accordance with the attached forms of the effective corporate governance instructions for banks (5/5, 1/5, 2/3) in the event of any changes.
- 30.3** It is not permissible for any authorized person in the bank to disclose internal information about the bank to unauthorized individuals or the judiciary. It is also not permissible to trade in securities issued by the bank or to induce others to trade based on internal or confidential information in order to achieve financial or moral gains.
- 30.4** The bank is committed to creating and maintaining sustainable value for its shareholders, as well as seeking to provide financial returns and engaging in activities that maximize the interests of shareholders.



- 30.5** The bank is committed to dealing with suppliers and service providers in an honest and credible manner and seeks to build and maintain good relationships with them, as well as ensuring the confidentiality of information related to them.
- 30.6** The bank is committed to treating employees with dignity and providing equal employment opportunities for all people regarding recruitment practices, including hiring, rewards, career development, and promotions.
- 30.7** The bank is committed to providing a safe and healthy working environment and respecting human rights.
- 30.8** The bank is committed to contributing to the quality of life in the communities in which it operates by using resources responsibly to preserve the environment. The bank also provides assistance through charitable activities, civil community service, and other means to fulfill its social responsibilities.
- 30.9** The bank is committed to treating all customers fairly, transparently, and equally without favoring one over the other or granting preferential conditions to some except according to purely commercial and banking criteria and in accordance with relevant laws and regulations.
- 30.10** The bank must verify that any major shareholder in the bank is not related, including up to a third-degree relationship, to the CEO or any other member of the senior executive management and is not related to any other members of the senior executive board.
- 30.11** The chairman of the board of directors or any of its members or the bank's CEO or external auditor, under penalty of legal liability, must inform the relevant regulatory authorities in case of any of the following:
- 30.11.1** If the bank is experiencing poor financial or administrative conditions or suffering significant losses that affect the shareholders' rights or its creditors' rights.
- 30.11.2** If the board of directors or any of its members or the CEO is exploiting their powers and position in any way to achieve a benefit, whether for themselves or others, in an illegal manner, and this applies in case of any of them refusing to perform an action required by the law.
- 30.11.3** If the board of directors or any of its members or the CEO engages in any act that involves manipulation, embezzlement, fraud, forgery, or credit abuse in a way that affects the bank's rights or the rights of its shareholders or others.