



Corporate Governance

BANK OF JORDAN COMMITMENT TO THE CORPORATE GOVERNANCE GUIDE

Believing that good corporate governance practices are key to fairness, improved transparency, and accountability to all stakeholders. Realizing that good corporate governance is a key to success, the Bank's Board of Directors is keen on applying corporate governance practices that comply with the regulations issued by the Central Bank of Jordan and for banks in Jordan. These practices, which have been incorporated into the Bank of Jordan Corporate Governance Guide, also comply with the best international practices recommended by the Basel Committee. It is worth noting that Bank of Jordan also adheres to regulatory requirements and guidelines in other countries where it operates. The bank has published the Corporate Governance Report on its website bankofjordan.com.

COMPONENT ONE (BOARD OF DIRECTORS)

- Chairman of the Board:

The board shall elect chairman from among its members. This should be done based on separating the Board Chairman and the Director General. The Board Chairman must not be related to the director general within the fourth degree of consanguinity.

- Board of Directors:

While the Executive Management is responsible for running the daily operations of the Bank, the Board is in charge of drawing up strategies that best serve the interests of the Bank, and its shareholders and clients, in accordance with respective laws and regulations.

The board shall consist of 11 members who will be elected by the general assembly to a four-year term. The members shall have the expertise and qualifications that shall enable each of them to voice his/her opinion independently during board discussions. The suitability of board members has been assessed against the policy related to board members' suitability in line with the requirements of the Corporate Governance Guide, and adjustments/corrections have been made accordingly. The Board Chairman shall be elected by the board members.

The Board convened (7) times during 2020. The Board has a specific agenda in each meeting, and the minutes of meetings and decisions are officially documented by the Board Secretary.

Names of the Board Members:

Name	Status	Nature of Membership	No. of Attendance	Loan Balance for the Board Member JD
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/Dedicated Representative of Al-Ekbal Jordanian General Trading (LLC)	Non-Executive/Non-Independent	7	1,212,011
Mr. Walid Tawfiq Fakhouri	Vice Chairman/Representative of Al Tawfiq Investment House - Jordan	Non-Executive/Non-Independent	6	3
Dr. Mazen Mohammad Al-Basheir	Board Member/Representative of Arab Gulf General Inv. & Transport Co. (Deceased on 4/3/2020)	Non-Executive/Non-Independent	1	-
Dr. Yanal Mawloud Zakaria	Board Member/Representative of Al-Yamama for General Investments Co. (Limited Liability)	Non-Executive/Non-Independent	7	-
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member/Representative of Al-Araka for Investments Co.	Non-Executive/Non-Independent	7	22,312
Mr. Haitham Mohammed Samih Barakat	Board Member/Representative of Al Lu'lu'a Trading & Investment Co.	Non-Executive/Non-Independent	7	73,339
Mr. Mohammad Anwar Hamdan	Board Member	Non-Executive/Independent	7	76
Mr. Husam Rashed Manna'	Board Member	Non-Executive/Independent	7	18,873
Mr. Walid Mohammad Al-Jamal	Board Member/Representative of Al Pharaenah Int'l for Industrial Investments Co.	Non-Executive/Non-Independent	6	49,480
Mr. Walid Rafiq Anabtawi	Board Member	Non-Executive/Independent	7	4,887
Mr. Wissam Rabee' Saab	Board Member	Non-Executive/Independent	7	3,123
Mr. "Mohammad Sa-ed" Ishaq Jarallah	Board Member as of 18/10/2020	Non-Executive/Independent	2	-
Mr. Nader Mohammad Sarhan	Executive Manager/Chief Risk Officer/Board Secretary	-	7	Not Applicable

Memberships of the Board of Directors Held by a Member of the Board of Directors of Public Shareholding Companies:

Name	Membership in the Boards of Public Shareholding Companies
Mr. Shaker Tawfiq Fakhouri Chairman of the Board/Dedicated Representative of Al-Ekbal Jordanian General Trading (LLC)	Board Member of the Middle East Company for Insurance
Mr. Walid Tawfiq Fakhouri Vice Chairman Representative of Al Tawfiq Inv. House - Jordan	None
Dr. Mazen Mohammad Al-Basheir Board Member (Deceased on 4/3/2020) Representative of Arab Gulf General Inv. & Transport Co.	None
Dr. Yanal Mawloud Zakaria Board Member Representative of Al-Yamama for General Investments Co. (Limited Liability)	None
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali Board Member Representative of Al-Araka for Investments Co.	Chairman of Jordan Investment Trust, as of October 2017
Mr. Haitham Mohammed Samih Barakat Board Member Representative of Al Lu'lu'a Trading & Investment Co.	None
Mr. Mohammad Anwar Hamdan Board Member	None
Mr. Husam Rashed Manna' Board Member	None
Mr. Walid Mohammad Al-Jamal Board Member Representative of Al Pharaenah Int'l for Industrial Investments Co.	Vice Chairman of the Board of Directors of Jordan Decapolis Properties Company
Mr. Walid Rafiq Anabtawi Board Member	None
Mr. Wissam Rabee' Saab Board Member	None
Mr. "Mohammad Sa-ed" Ishaq Jarallah Board Member as of 18/10/2020	None

Name of the Bank's Corporate Governance Officer:

The Bank's Corporate Governance Officer/ Mrs. Lana Fayez Al-Barrishi/ Executive Manager / Compliance Dept.

- The Committees of the Board:

As per the Corporate Governance Guide, seven committees stem from the Board of Directors to ease implementation of responsibilities. The committees are as follows: the Audit Committee, the Corporate Governance and Strategy Committee, the Nominations and Remunerations Committee, the Risk Management Committee, the Executive Committee, the Compliance Committee, and Information Technology Governance Committee.

- The Audit Committee:

The audit committee comprises three qualified board members who enjoy adequate experience in accounting, finance, or any other relevant field. The majority of the Committee members, including the head, must be independent.

Names, Qualifications, Financial and Accounting Expertise of the Members of the Audit Committee:

The Audit Committee consists of the following:	No. of Attendance	Qualifications	Professional Experience
Mr. Mohammad Anwar Hamdan Head of the Committee (Independent)	5	- MBA in International Management from Thunderbird University/ USA, 1979. - B.A. in Accounting from the University of Jordan, 1973	<ul style="list-style-type: none"> Deputy General Manager of Bank of Jordan from 1/2007 until 6/2012. Assistant General Manager/Credit Management/Bank of Jordan, from 11/1994 until 1/2007. Assistant General Manager/Credit Management/Cairo Amman Bank, from 1/1990 until 11/1994. Senior Manager/Credit Management/Bank of Jordan, from 8/1985 until 12/1990. Assistant Manager for Investment & Branches/Jordan Kuwait Bank, from 7/1979 until 8/1985. Senior Financial Analyst/Central Bank of Kuwait, from 5/1976 until 5/1978. Financial Analyst/Central Bank of Jordan, from 8/1973 until 5/1976.
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali Member of the Committee (Non-independent) until 4/8/2020	3	- M.Sc. in Software Engineering (Computer Science/Systems Analysis) from George Washington University, Washington D.C./ USA, 1985. - B.Sc. in Mathematics & Military Sciences from The Citadel USA – The Military College of South Carolina/ USA, 1983.	<ul style="list-style-type: none"> CEO of New Vision for Electronics as of 3/2015 until 10/2019. CEO of King Abdullah II Design and Development Bureau, from 7/2010 until 5/2014. CEO of Aqaba Development Corporation, from 1/2010 until 7/2010. General Manager of Saraya Aqaba, from 2/2007 until 12/2009. Revenues and Customs Commissioner in Aqaba Special Economic Zone Authority (ASEZA), from 1/2004 until 2/2007. Gulf Area Manager of Qatar for the Middle East Contracting Company, from 9/2002 until 12/2003. Tala Bay CEO, from 10/2000 until 9/2002. General Manager of Trans Jordan for Communications Services Company, from 5/1997 until 9/2000. General Manager of Al-Nisr for Advanced Telecommunications Company, from 2/1997 until 11/2003. Vast military experience, serving in the military, from 1985 until 1996.
Mr. Walid Rafiq Anabtawi Member of the Committee (Independent)	5	- B.A. in Accounting, from Alexandria University/ Egypt, 1968.	<ul style="list-style-type: none"> Assistant General Manager - Investment and Branches Management/Bank of Jordan/ Jordan, from Apr 2004 until Oct 2005. Assistant General Manager/Bank of Jordan/Jordan - Organization, Operations, and Automation Management, from Oct 2001 until Jun 2003. Executive Manager/Bank of Jordan/Jordan - Organization, Operations, and Automation Management, from Jan 1992 until Oct 2001. Manager of Internal Audit/ Bank of Jordan/Jordan, from Mar 1990 until Jan 1992. Assistant Head at A department – Banks Supervision Department – Central Bank of Jordan/ Jordan, from Jul 1986 until Mar 1990. Senior Assistant Manager – Internal Audit Department/Arab National Bank – Saudi Arabia, from Feb 1983 until Jun 1986. Supervisor/Banking Supervision Department, Central Bank of Jordan/ Jordan, from Jul 1976 until Feb 1983. Division Assistant Head/Arab Bank/Amman Branch/Jordan, from May 1969 until Jul 1976. Accountant – Accounting Department/ Royal Jordanian/Jordan, from Oct 1968 until May 1969. Took part in and helped organize over 50 training workshops inside and outside Jordan
Mr. Wissam Rabee' Saab Member of the Committee as of 5/8/2020	2	- B.A. in Business Computer (Minor Mathematics), from the Lebanese American University (L.A.U.)/ Beirut, Lebanon, 2005.	<ul style="list-style-type: none"> Group Chief Financial Officer, Zahrn Group – Riyadh/ KSA, Finance and Investment Management Dept., from Jan 2019 till date. Investment Manager, Zahrn Group - Riyadh/ KSA, Investment Management Dept., from Jan 2012 until Dec 2018. Investment Advisor, DARFIN CAPITAL, Riyadh KSA International Markets, Asset Management Dept., from Jun 2009 until Dec 2011. Investment Advisor, Abu Dhabi Commercial Bank (ADCB), Dubai Private Banking & Wealth Management, from Jan 2008 until Oct 2008. Senior Relationship Manager, Abu Dhabi Commercial Bank (ADCB) - Abu Dhabi/ UAE, Private Banking & Wealth Management, from April 2007 until December 2007. Relationship Manager, Abu Dhabi Commercial Bank (ADCB), Dubai Private Banking & Wealth Management, from Mar 2005 until Mar 2007. Sales Agent, American Life Insurance Company (ALICO) - Lebanon, from Jul 1999 until Jan 2005. Insurance Broker, Fidelity General Insurance Co. – Beirut, Lebanon, from Jan 2001 until Dec 2003. Investment Agent, Investa Co. (Agents for Zurich Financial Services) - Beirut, Lebanon, from Jul 2001 until Dec 2001. Computer Assistant, LAU - Beirut, Lebanon, from Oct 1999 until Jun 2000.
Mr. Turki Yousef Al-Jabour Executive Manager/Internal Audit Department Committee Rapporteur	5	-	-
Mr. Nader Mohammad Sarhan Executive Manager Chief Risk Officer Board Secretary Attended all meetings as Board Secretary	5	-	-

- The Audit Committee held (5) meetings in 2020.
- The Audit Committee does not substitute the responsibilities of the Board of Directors or the Bank's Executive Management for the supervision and adequacy of the Bank's internal control system.
- The Audit Committee met with the External Auditor (4) times during 2020.
- The Committee was restructured in the Board of Directors meeting No. 625 on 5/8/2020, designating Mr. Wissam Rabee' Saab as a member of the committee.

- The Corporate Governance and Strategy Committee:

The Board Chairman and two independent members as a minimum were elected to the corporate governance and strategies committee. The committee provides guidance and feedback on the development of the Corporate Governance Guide. It also ensures the guide is updated and properly implemented.

The Corporate Governance and Strategy Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	- Head of the Committee (Non independent) until 4/8/2020. - Member (Non-Independent) as of 5/8/2020	3
Mr. Husam Rashed Manna'	- Member (Independent) until 4/8/2020. - Head of the Committee as of 5/8/2020	3
Mr. Walid Rafiq Anabtawi	Member (Independent)	3
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	3

The Corporate Governance and Strategy Committee held (3) meetings during 2020
The Committee was restructured in the Board of Directors meeting No. 625 on 5/8/2020, designating Mr. Husam Rashed Manna' as Head of the Committee.

- The Risk Management Committee:

The Risk Management Committee comprises three board members, one of whom is independent. Members of the senior executive management can also join the committee. The committee deals with all types of risks facing the bank.

The Risk Management Committee consists of the following:	Status	No. of Attendance
Dr. Mazen Mohammad Al Basheir	Head of the Committee (Non-independent) (Deceased on 4/3/2020)	-
Mr. Shaker Tawfiq Fakhouri	- Member (Non-independent) until 4/8/2020 - Head of the Committee as of 5/8/2020	3
Mr. Mohammad Anwar Hamdan	Member (Independent)	3
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Member (Non-Independent) as of 5/8/2020	1
Mr. Saleh Rajab Hammad	Member	3
Dr. Nasser Mustafa Khraishi	Member	3
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Member / Board Secretary / Committee Rapporteur	3

The Risk Management Committee held (3) meetings during 2020
The Committee was restructured in the Board of Directors meeting No. 625 on 5/8/2020, designating Mr. Shaker Tawfiq Shaker Fakhouri as Head of the Committee and Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali as a member of the committee.

- The Executive Committee:

Six board members were elected to the Executive Committee, other members of the senior executive management may join the committee's meeting to present their recommendations.

The Executive Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee (Non-independent)	48
Dr. Mazen Mohammad Al Basheir	Member (Non-independent) Deceased on 4/3/2020	9
Dr. Yanal Mawloud Zakaria	Member (Non-independent)	45
Mr. Haitham Mohammed Samih Barakat	Member (Non-independent)	44
Mr. Husam Rashed Manna'	Member (Independent)	48
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Member (Non-Independent) as of 5/8/2020	21
Mr. "Mohammad Sa-ed" Ishaq Jarallah	Member (Independent) as of 28/10/2020	10
Facilities Committee's Rapporteur/ Committee's Rapporteur		48

- The Executive Committee held (48) meetings in 2020.
- The Committee was restructured in the Board of Directors meeting No. 625 on 5/8/2020, designating Mr. "Shadi-Ramzi" Abd Al-Salam Al-Majali as a member of the committee.
- The Committee was restructured in the Board of Directors meeting No. 625 on 28/10/2020, designating Mr. "Mohammad Sa-ed" Ishaq Jarallah as a member of the committee.

- The Nominations and Remunerations Committee:

The Nominations and Remunerations committee were elected and consists of three members.

The Nominations and Remunerations Committee consists of:	Status	No. of Attendance
Mr. Walid Rafiq Anabtawi	Head of the Committee (Independent)	7
Mr. Shaker Tawfiq Fakhouri	Member (Non-independent)	7
Mr. Mohammad Anwar Hamdan	Member (Independent)	7
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	7

The Nominations and Remunerations Committee held (7) meetings in 2020.

- Information Technology Governance committee:

Four board members were elected to the IT Governance committee who enjoy vast experience and/or knowledge in IT.

The Information Technology Governance committee consists of the following:	Status	No. of Attendance
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Head of the Committee (Non-independent)	1
Mr. Shaker Tawfiq Fakhouri	Member (Non-independent)	1
Mr. Husam Rashed Manna'	Member (Independent)	1
Mr. Walid Rafiq Anabtawi	Member (Independent)	1
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	1

The Information Technology Governance committee was held one time in 2020.

- Compliance Committee:

The compliance Committee Comprises of three board members. The committee meets regularly and upon need.

The Compliance Committee consists of the following:	Status	No. of Attendance
Mr. Husam Rashed Manna'	Head of the Committee (independent)	5
Mr. Shaker Tawfiq Fakhouri	Member (Non-independent)	5
Mr. Walid Rafiq Anabtawi	Member (Independent)	5
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	5

The Compliance Committee held (5) meetings in 2020.

- The Board Secretary:

Minutes of meetings are significant for the Bank, shareholders, and supervisory agencies because they are a permanent register that demonstrate the Board's activities and deliverables, Board of Director's decisions and any other decisions made by committees operating under the Board. Given the vital role of the Board Secretary, it has been decided to appoint Mr. Nader Mohammad Sarhan Executive Manager/ Chief Risk Officer, as Board Secretary. Duties and responsibilities of the Board Secretary are incorporated in the Corporate Governance Guide of the Bank.

- The Senior Executive Management

Members of the senior executive management, including the general manager, must have the attributes and qualifications stated in the Bank's Corporate Governance Guide.

The following are the names of Senior Executive Management and their Executive Positions:

Name	Position
Mr. Saleh Rajab Hammad	Chief Executive Officer
Dr. Nasser Mustafa Khraishi	AGM/Chief Operating Officer
Mr. Osama Samih Sukkari	Legal Advisor
Mr. Nader Mohammad Sarhan	Executive Manager/Chief Risk Officer/Board Secretary
Mr. Khaled Atef Abu Jawid	Executive Manager/Retail Banking Management
Mr. Nader Essa Al-Khawaja	Executive Manager / Strategic Planning & Projects Management as of 25/10/2020
Mr. Hatem Nafi' Foqahaa	Regional Manager/Palestine Branches Management
Mr. Turki Yousef Al-Jabour	Executive Manager/Internal Audit Dept.
Mr. Omar Ahmad Mustafa	Executive Manager/Corporate Business Development Dept.
Mr. Salam Salameh Gamoah	Chief Executive Officer - Bahrain Branch
Mr. Rami Jamal Mahmood	Executive Manager/ Commercial Business Development Department.
Mr. Samer Khalil Mirai	Executive Manager / Iraq Branch (Under establishment).
Mr. Yasser "Mohd Suhail" Tahboub	Executive Manager / Transaction Banking Dept as of 28/5/2020.
Ms. Lana Fayez Al-Barrishi	Executive Manager / Compliance Dept as of 1/9/2020.
Mr. Mousa Yousef Mousa	Treasurer/Treasury & Investment Dept.
Mr. Hani Hasan Mansi	Manager/Financial Control Management
Mr. Yousef Mousa Abu Humaid	Manager/Central Operations Management.
Mrs. Sahar Shafek Al Ziadat	Executive Manager / Human Resources Dept. (Acting)
Mr. Ra'f Yousef Abu Dahoud	Executive Manager/Commercial Business Development Dept. (Until 8/3/2020)
Mr. Mohammad Hikmat AlSawalqa	Executive Manager/Corporate Business Development Dept. (Until 31/3/2020)

- Conflict of Interests:

The Board of Directors emphasized in the Bank's Corporate Governance Guide that all members of the Board must specify their relationships with the Bank, disclose the nature of this connection, avoid conflicts of interest, and abide by the substance of the Code of Conduct in this regard. A written disclosure must be given on an annual basis or in case of any development that so requires.

Component Two (Planning and Policy Formulation)

The Board of Directors undertakes responsibility for devising the Bank's general strategy and its strategic course of action as well as defining the general objectives for the executive management and supervising their achievements.

Component Three (Control Environment)

The Board of Directors undertakes responsibility to adopt a general framework for internal control in order to achieve the following:

- Effectiveness and efficiency of operations.
- Credibility of financial reports.
- Adherence to laws and regulations in force.

The Board hereby affirms the existence of a general framework for internal control that enables it to follow up on its tasks and take whatever measures are necessary within the following framework:

1. Internal Audit:

The Bank realizes that having an effective internal audit department would fundamentally enhance the internal control systems and the general framework for managing risks related to the Bank is various activities. The internal audit administration performs its tasks within the following specifics:

- a. Preparing the Internal Audit Charter and sanctioning it by the Board of Directors. The charter details the functions of the audit administration including its responsibilities, authorities, and work methodology.
- b. Preparing internal auditing procedures that conform to the new organization of the Bank.
- c. Ensuring the preparation of an annual audit plan to be approved by the Audit Committee. The plan should cover most of the Bank's activities as well as organizational units based on risks associated with its activities.
- d. Preparing an annual report about the adequacy of internal control and audit systems in order to eliminate risks and provide suitable recommendations to remove weaknesses.
- e. Ensuring the recruitment and appointment of employees possessing high academic qualifications and appropriate practical experience to audit all activities and operations. This process should include qualified staff to assess data security and IT risks.
- f. Following up on violations and remarks stated in the reports of supervisory agencies and the external auditor; ensuring that they are addressed and that the executive management has adequate controls to ensure such violations are not repeated.
- g. Ensuring that necessary procedures are in place to receive, process, and keep customer complaints as well as remarks related to the accounting system, internal control, and audit processes. Periodic reports concerning these matters must be submitted.
- h. Keeping audit reports and sheets in a safe and organized manner for a period that conforms to applicable laws and regulations so that they can be examined by the regulatory authorities and the external auditor.
- i. Reviewing the reporting procedures in the Bank to ensure key information about financial, administrative, and operational matters are accurate, reliable and timely.
- j. Ensuring compliance with the Bank's internal policies, the international standards as well as related laws and regulations.
- k. Submitting reports to the Head of the Audit Committee.

2. External Audit:

The External Auditor represents another level of control on the credibility of financial data issued by the Bank's accounting and information systems. This entails expressing clear and honest opinions about the fairness of these statements and the extent to which they mirror actual reality during a certain period. When dealing with external audit firms, the Board of Directors must consider the Bank's interest and professionalism of the auditing firms, keeping in mind the importance of regular audit rotations and previous experiences with such offices.

3. Risk Management:

The management of Bank of Jordan paid special attention to Basel III requirements as a framework to reinforce and enhance the Bank's capability to upgrade the control environment and challenge various types of risks. To implement these requirements, practical steps were taken such as establishing administrations in the Bank specialized in managing different risks (credit, operations, and market) and manning them with qualified staff and systems.

The Bank has also worked on enhancing credit risk management practices through setting up specialized departments (including Corporate Credit Review Department, SME Credit Review Department, Retail Credit Review Department, Credit Review Department for branches in Palestine), and Credit Portfolios Risk department. Furthermore, the Bank has updated, and developed policies and procedures related to risk management aimed at ensuring credit quality. In addition, the Bank implemented the "Reveleus System" for calculating the capital adequacy ratio.

As for operational risks, the Bank has been implementing the CAREweb system since 2003 and a Risk Profile has been created for each of the Bank's departments in addition to a database for operational errors. As for market risks, the Bank has set up a risk management unit comprised of qualified employees.

The Risk Management functions in line with the following general framework:

- A. The Risk Management Department shall submit its reports to the Risk Management Committee on regular basis. As for daily operations, the Department shall report directly to the General Manager.
- B. The Risk Management undertakes the following responsibilities:
 - Preparing risk policies for all types of risks and sanctioning them from the Board of Directors.
 - Analyzing all risks including credit, market, liquidity and operational risks.
 - Developing methodologies for measuring and controlling all types of risks.
 - The Department shall recommend to the Risk Management Committee risk ceilings and related approvals. It shall also submit reports and record any exceptions from the risk management policy.
 - Providing the Board and the Executive Management with information about risk assessment and risk profile at the Bank. The Board regularly reviews the Bank's qualitative and quantitative risk statistics.
 - Approving the means that help risk management, such as:
 - Self-assessment of risks and setting risk indicators.
 - Preparation of a historical database of the losses in terms of their sources and classification according to type of risk.
 - Provision of the necessary systems suitable for risk management at the Bank.
- C. Committees such as Credit, Assets, and Liabilities' Management/ Treasury, in performing their tasks, help the Risk Management to implement its duties, in accordance with the authorizations defined for these committees.
- D. Incorporating information about risk management in terms of its structure, nature of operations, and progress in the Bank's annual report.
- E. Conducting stress tests regularly in order to assess the Bank's ability to deal with risks and financial stressors. The Board plays a significant role in deciding on the assumptions and scenarios used in this simulation technique. The test results are later examined and thoroughly discussed by the board. Considering these results, the Risk Management Committee approves measures needed to manage potential risks and mitigate losses.
- F. Conducting Internal Capital Adequacy Assessment Process (ICAAP), which helps identify all potential risks through an effective methodology that considers the Bank's strategy and capital adequacy. The methodology is regularly reviewed to ensure that the Bank keeps enough capital buffers to shield it against potential losses.
- G. Providing information about risks facing the Bank for the purposes of disclosure and publication to the public.

4. Compliance:

In accordance with the Bank's commitment with the Regulators' requirements, the Compliance Department was established to ensure compliance with laws, ethical regulations, legislation, and standards, defined by different supervisory bodies and the Bank's internal policies. Qualified human resources and automatic systems were provided to the Department.

On the Compliance Department level, all laws and regulations regulating the Bank's operations were gathered, and compliance awareness was spread among employees through booklets and training courses. An anti-money laundering policy was developed to comply with the instruction of Anti-Money Laundering and Terrorist Finance No. (51/2010) date 23/11/2010. An independent Financial Crime Unit responsible for carrying out financial and tax audit. The unit, to which FATCA is affiliated, Customer complaints are handled by an independent unit affiliated with the Compliance Department.

The Compliance Department has the following responsibilities:

- a. Drawing up the compliance policy as well as improving and reviewing it regularly (at least once a year) and whenever necessary.
- b. Applying the compliance policy at the Bank.
- c. Preparing an efficient methodology to ensure the Bank's compliance with effective laws and legislation in addition to any related regulations.
- d. Submitting its periodic reports on its work and on the compliance of the Bank's departments and employees to Compliance Management Committee/ Board of Directors.
- e. Special policies pertaining to anti money laundering and terrorism financing were drafted and implemented. Other policies related to implementing financial and tax audit, FATCA requirements, and to managing customer complaints were also formulated and implemented.

5. Financial Reports

The Executive Management of the Bank shall undertake the following tasks:

- a. Preparing financial reports according to International Accounting Standards.
- b. Presenting the reports to the Board members at each regular meeting.
- c. Publishing financial data every three months.
- d. Sending financial reports and full reports to the shareholders annually.

6. Code of Conduct:

The Bank has a Code of Conduct that was approved by the Board and circulated to all employees. Several training courses were organized to educate the Bank's employees on the concept of the Code. The compliance department ensures compliance with these concepts.

Component Four (Treatment of Shareholders)

Under the law, each shareholder has the right to vote during the General Assembly meetings and the right to discuss issues placed on the General Assembly's ordinary and extraordinary agendas. Added to that, shareholders enjoy the right to suggest any other topics to be added for discussion on the General Assembly's ordinary agenda, after obtaining the approval of several shareholders (representing at least 10% of stocks recorded) in the meeting. In order to foster this relationship, the Bank works on encouraging shareholders, mainly minority shareholders, to attend the annual General Assembly meetings and to vote in person or in their absence by proxy.

The Board shall provide shareholders with the following:

- A copy of the Annual Report mailed to their respective mailing addresses.
- An invitation to the General Assembly meeting and its agenda.
- All the information and publicity items addressed to the shareholders in general.

Furthermore, each shareholder has the right to get acquainted with the shareholders' register to get to know his/her own share. The Board shall be keen on the fair distribution of profits, which should be based on the number of stocks held by each shareholder.

Component Five (Transparency and Disclosure)

Bank of Jordan Corporate Governance Guidelines are based on the principles of integrity, objectivity, transparency, disclosure, openness, and accountability for decisions adopted by the Bank. This stems from the Bank's belief that disclosure offers the only means to provide transparent, accurate, comprehensive, and timely information. This helps users assess the Bank's financial position, its achievements, activities, as well as risks facing the Bank and the risk management policies. The Bank disclosed all required information from different regulatory institutions. It also published the Corporate Governance Guide to the public and the extent of the management adheres to it. In accordance with the instructions of dealing with customers fairly and transparently No. (56/2012) date 31/10/2012 the Bank established a dedicated unit to manage and address customers' complaints. The unit was equipped with qualified human resources and automated systems and all necessary means available to accommodate and resolve complaints. This unit was administratively subordinated to the compliance department in the Bank.

Shaker Tawfiq Fakhouri
Chairman of the Board

