



**CORPORATE
GOVERNANCE MANUAL**
2024

capital
bank

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Introduction

The Corporate Governance Manual, to be referred to hereafter as (the "Manual") is considered a reference that clarifies all aspects and rules of Corporate Governance adopted by Capital Bank of Jordan (the "Bank") with internal and external parties, including shareholders and other stakeholders represented by the Board of Directors (the "Board") and the Bank's senior executive management. This Manual aims to:

- Assist the Board and the Bank's management in implementing sound corporate principles of governance to ensure the Bank's complies with the following regulations and instructions issued by the regulators in the Hashemite Kingdom of Jordan (the "Kingdom"), namely, the Central Bank of Jordan (CBJ), the Securities Commission, the Companies Control Department, and any other control authority, in addition to the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB):
 - Corporate Governance Instructions for Banks number 2/2023 and CBJ circulars in this regard.
 - Instructions for Corporate Governance for Listed Shareholding Companies for the year 2017.
 - Banks Law number 28 for the year 2000 and its amendments.
 - Companies Law number 22 for the year 1997 and its amendments.
 - Financial Securities Law number 18 for the year 2017 and its amendments.
 - Central Bank of Jordan Law and its amendments number 23 for the year 1971.
 - Principles issued by the Basel Committee on reinforcing corporate governance in banking institutions (issued in July 2015).
- Regulate the decision-making methodology at the Bank and enhance the transparency and credibility of these decisions.
- To consider the Manual as a reliable and accredited source by the Bank's Board.
- Identify the principles and responsibilities for managing and implementing this Manual.
- This Manual expresses the Bank's perspective of corporate governance in terms of its basic concept and principles.

The Bank has also developed a special manual for the governance and management of information and its technology to underscore its view of governance and the management of information and its technology in terms of concept, importance, and basic principles in a manner that takes into consideration legislation and best international practices in the field.

Article 1: Commitment to Corporate Governance

The Board shall be responsible for creating the presence of an effective corporate governance framework based on laws and instructions issued by regulators authorities and in accordance with the Bank's internal policies. This framework is established through regular discussion of matters pertaining to corporate governance and identifying the Bank's objectives by following the best methods and practices that contribute to longterm development. This Manual is considered part of the Bank's corporate governance framework. It identifies the responsibilities of the Board of Directors and its committees, and the principles related to them. The Bank is responsible for instituting proper principles of governance that regulate the relationship between the Board of Directors and the executive management. Corporate governance also helps regulate the decision-making methodology, motivates the presence of transparency and credibility of these decisions, in addition to instating internal controls over the Bank's activities to mitigate any risks to which the Bank may be exposed. It also helps avoid improper practices that could lead to conflicts of interest and expose the Bank to risk.

The presence of an efficient and effective internal control system is one of the major components of effective corporate governance. The system will derive its principles from the Bank's Board of Directors, which aims:

- Fulfilment overall aims and objectives.
- Commitment to applicable laws and the Bank's internal instructions and policies.
- Honesty and integrity of all financial reports and management reports.
- Efficiency and effectiveness of operations.

The Board of Directors approved and adopts this Manual on 21 September 2015. It was amended several times to be compatible with the amended requirements to the corporate governance regulations issued by the CBI and Governance instructions issued by the Securities Commission on 22 July 2017. This Manual is published on the Bank's website, and the bank's annual report includes the extent to which the Bank was committed to implementing the manual.

Article 2: Definitions

Definitions:

Term	Definition
Corporate Governance	The Bank's governing structure that aims at identifying and achieving the Bank's corporate goals, managing its operations in a safe and sound manner, protecting depositors' interests, committing to the responsibility towards, investment account holders, shareholders and other stakeholders, and ensuring the Bank's compliance with laws and regulations and its internal policies and procedures.
Instructions	Corporate Governance Instructions for Banks number 2/2023.
Fit and Proper	Certain requirements and standards relating to honesty, integrity, reputation, efficacy, and qualifications that are in line with requirements contained in the instructions to present in those nominated to be members of the Bank's Board and its executive management.
Board	Board of Directors of Capital Bank of Jordan.
Stakeholders	Any party of interest in the Bank, such as depositors, investment account holders, shareholders, employees, creditors, clients, and customers or regulatory.
Major Shareholder	A shareholder who owns 5% or more in the Bank's capital either directly or indirectly.
Executive Member	Board member who participates against rewards in the Bank's day-to-day management.
Independent Member	Board member other than the major shareholder, and who isn't under control of any thereof he /she shall have financial or banking qualifications or expertise and who conditions stipulated in Article (5/E) of the Corporate Governance Instructions number 2/2023 issued and stated in the qualifications section in the Manual.
Senior Executive Management	Includes the Bank's General Manager, Regional Manager, Deputy General Manager, Deputy Regional Manager, Assistant General Manager, Assistant Regional Manager, Chief Financial officer, Chief Operational Officer, Chief Credit Officer, Chief Treasury (and Investment) Officer, Chief Risk Officer, Internal Audit Manager, Chief Compliance officer, and any other employee in the Bank who has executive power that is parallel to the abovementioned powers and/or is directly reporting to the General Manager.

Term	Definition
Consulting Position	A position where there is a contract or agreement between its occupier and the Bank to provide temporary consulting services, or in line with an annual contract.
External Auditor	Includes the audit office, the partners in the audit office, and the audit team members.
Audit Office	The office through which the auditing team carries out the auditing profession and which is registered with the Companies Control Department at the Ministry of Industry, Trade, and Supply as a company to practice the profession according to valid laws.
The partner in Charge of Auditing	The licensed partner in the audit office who is responsible for audit task and of the report issued on behalf of the auditing office, and who has the expertise, the educational qualifications, and the professional certification qualifying him to sign the auditing report.
Audit Team	The members of the team who perform the auditing measures under the supervision of the partner in charge of auditing and this does not include the members of the additional services team outside of the scope of the auditing service.
Related Parties	Any party with a direct or indirect relationship with the Bank that allow him /her the authority to influence the Bank's decisions. The parties mainly are: <ol style="list-style-type: none"> 1. Members of the Board of directorand the senior executive management of the bank 2. Board of directors members ,and the senior executive management of affiliate or subsidiaries companies. 3. Any person who owns 5% or more of the Bank's subscribed shares or one of its affiliates or subsidiaries. 4. Relatives of the parties mentioned in items 1-3 herein this definition. 5. The company's affiliates or subsidiary companies. 6. Savings funds of Bank's employees provident funds. 7. Joint projects and ventures with any other party. 8. Companies controlled by Board of directors, senior executive management, and their relatives.
Subsidiary Company	A company in which the Bank holds 50% or more of the capital or owns an influential that allows it to control its management or public policy.
Influential Share	Control of at least 10% of a juridical entity's capital.
Related parties transaction	Dealings or contracts carried out and contracted by the Bank with any relevant party, which reaches 5% or more of the Bank's assets according to the latest financial statements issued by the Bank.
Cumulative Voting	The voting mechanism for the election of Board members allowing each shareholder the option to distribute the number of votes according to the number of shares he owns. The shareholder has the right to use the votes for one candidate or to distribute them on more than one candidate where each share has one vote without repeating these votes.
Committees	Permanent committees formed by the Board of Directors.

Term	Definition
Governance Report	A report that addresses the Bank's applications and practices related to the Bank's governance, that is included in the Bank's annual report and is signed by the Board Chairman of the board of directors.
Relatives	Father, mother, brother, sister, husband, wife, and children.
First Degree Relative	Father, mother, son, daughter, husband, and wife.
Second Degree Relative	Sister, brother, grandfather, grandmother, grandson grand daughter, and parents of husband or wife.
Third Degree Relative	Paternal uncle, paternal aunt, maternal uncle, maternal aunt, son/daughter of brother or sister.
Fourth Degree Relative	Son/daughter of paternal uncle (or paternal aunt, maternal uncle or aunt).
Administrator	A member of the Board of directors in their personal capacity or as a representative of the juridical person or the Bank's General Manager, or any other Bank employee/officer.
Ally	The person who controls another person or who is controlled by the other person, or one of the two persons controlled by a third person.
Control	The direct or indirect ability to practice effective influence on the work and decisions of another person.

Article 3: Board of Directors

First: Board's Composition

1. The Bank's Board of Directors is composed of thirteen members, all of whom are non- executive. They are elected by the Bank's General Assembly by a secret ballot according to the cumulative voting system for a period of four years as of the date of election. The Board elects a chairman and a vice chairman from among its members.
2. One-third of the Board should be independent members. in case there is a fraction in the result's calculation, the result is rounded to the nearest full digit. In all cases, the number of independent members of the Board shall be at least four members.
3. Neither Chairman or any Board member has the right to combine their position with any executive or any position under which they would participate in managing the daily work of the bank or any consulting position in the Bank.
4. The diversity and integration of skills and experiences amongst Board members shall be taken into account, as to provide a wide range of visions and viewpoints in line with the Bank's size (or the banking group), the nature of its activity, and its strategy.
5. Special laws and governance principles, include women's representation on companies' boards of directors, must be taken into consideration in accordance with the quota defined in the Instructions.

Second: Fit and Proper Criteria of Board Members and Membership Provisions

1. Qualifications of Board Members
 - A. A fit and proper policy for Board members has been adopted. It includes the criteria, requirements, and the conditions that should be present in the nominated and appointed member. This policy shall be subject to periodical review whenever needed. Sufficient procedures and regulations have been set forth to ensure that all members fulfill the fit and proper criteria and continue to do so.

- B. A code of conduct has been duly set and approved for Board members and it shall be reviewed and modified regularly.
- C. The Bank's Board Chairman and members of the Bank's Board should fulfill the following requirements:
- Should be at least 25 years of age.
 - Should not be a member of any other bank's board of directors in Kingdom, or a general manager, regional manager, or an employee of any other bank unless it is a subsidiary.
 - Should not be an advocate, legal advisor, or auditor of the Bank's accounts or partner with the Bank's external auditor, or have an up to second-degree familial connection with the partner in charge or any member of the external auditing team, or acounselor to any other bank in the Kingdom.
 - Should have a university degree as a minimum in economics or finance or accounting or business management, or similar specialization, or any experience related to banking as deemed by the Nomination and Remuneration Committee.
 - Should have a minimum of five years' experience in banking, finance, economics, or similar fields related to bank activities.
 - Should not be a government employee or an employee in any public official institution unless he/she is their representative.
 - Should not have any relationship including kind ship up to the third degree, with General Manager of the bank, and of first degree, with any of the other members of the senior executive management.
 - Should not be a board member in more than five public shareholding companies whether in the personal capacity or as a representative of a juridical entity.
- D. A prior approval of CBJ for any person to ne on the bank's nominated of any person to the membership of the Bank's Board of Directors (as well as for the nomination of the representative of the legal entity, including the temporary representative for any government entity, public institution or public legal institution) in line with the provisions stated in the Instructions.
- E. Any one assuming the position of Board chairman or member shall sign a declaration to be kept at the Bank and a copy of which to be sent to the CBJ accompanied with a curriculum vita.
- F. The position of Board Chairman and General Manager / Chief Executive Officer shall not be combined.

2. Independent Members

The Bank's Nomination and Remuneration Committee should specify if the candidate enjoys the following qualities as a minimum before before they are appointed as an independent Board member, and this shall be reviewed annually:

- The member should be a natural person.
- The member should not have worked as a Bank employee or in any of the Bank's affiliate companies or as advisor to the Bank or any of its affiliate companies during the past three years prior their nomination.
- The member should not have familial relations to any other Board member or to any member of the boards of directors of the Bank's subsidiary companies or to any of the Bank's major shareholders up to the second degree.
- The member should not have related to any member of the Bank's Senior Executive Management (other than General Manager) or to any member of the senior executive management of the Bank's subsidiary companies up to the second degree.
- The member shall be neither a partner or employee of the Bank's external auditor, nor has been such during three years preceding the nomination.
- The member should not be a major shareholder in the Bank or an ally of a major shareholder, and their share together with that of an ally should not be equal to the shares of a major shareholder, and should not be a major shareholder in any of the Bank's subsidiary companies or a major shareholder in the group owning the Bank.

- The member should not have been a Board member of the Bank or any of its subsidiary companies or a member of the executive management for more than eight consecutive years for all memberships. In all cases, if any member loses his independence pursuant to this clause, the member may apply to the CBJ, if he has sufficient justifications, obtain the Central Bank for a no-objection application to consider an independent member as he has ceased the membership for at least four consecutive years (cooling-off period).
- The member neither have obtained, personally or their spouse or any relative of the first-degree relatives, or any other company in which he is a member of the board, or is an owner or a major shareholder, shall have obtained a credit facilities from the Bank exceeding 5% of the Bank's regulatory capital, or the member should not be a guarantor of a credit facility from the Bank whose value exceeds the same percentage. The CBJ has the right to consider some cases for the candidates who have memberships in public shareholding companies.
- The CBJ may consider any member non-independent according to certain data despite the fulfillment of all atedconditions stipul in the Instructions that qualify him to be an independent Board member.

Article 4: Board Meetings

- A. The Board shall meet at least six times during the Bank's fiscal year, to be held every two months.
- B. Board members may attend the Board's meetings through any visual telephone system to discuss the meeting's agenda, provided the Board Chairman and the Board Secretary ratify the meeting's minutes and its legal quorum.
- C. The Senior Executive Management should present to the Board members enough information regarding the subjects to be discussed in a sufficient time prior to the meeting. The Chairman shall verify the subjects and the data in the reports to be presented to the Bank's Board.
- D. The Bank shall ensure that meetings of the Board and its Committees are being documented accurately and completely and shall ensure that all reservations made by any member are recorded, such minutes of meetings shall be kept duly and properly saved.

Article 5: Duties and Responsibilities of the Board, Board Chairman and Members, and Board Secretary

First: General Responsibilities of the Board The Board shall carry out the following:

1. Supervise the Senior Executive Management, and adopt policies to monitor and review its performance to achieve the corporate objectives and ensure the soundness of all the Bank's operations.
2. Identify the Bank's strategic objectives, instruct the executive management to prepare a strategy to achieve these objectives and to adopt this strategy, along with adopting work plans that are compatible with this strategy.
3. Approve and adopt a policy to monitor and review the executive management's performance by setting key performance indicators (KPIs) to identify, measure, and monitor the performance and progress towards achieving corporate objectives.
4. Ensure the presence of policies, plans, and work procedures at the Bank that covering all its activities and that such polices, plans, and procedures follow relevant laws, and that they have been circulated at all administrative levels and are regularly reviewed.
5. Identify the Bank's corporate values, with clear lines of authority and accountability for all the Bank's activities, and instill an advanced culture for moral standards, integrity, and professional behavior by the Bank's employees.
6. Assume responsibility for implementating of all CBJ requirements and other regulatory requirements and control authorities relevant to the work, attend to the stakeholders, and ensure that the Bank is managed within the framework of its internal legislations and policies, and that effective control is available continuous basis over the Bank's activities, including outsourced activities.

7. Approve the appointment of the General Manager, the internal Audit manager, the Risk manager, and the Compliance manager, and to accept their resignations or approve their dismissal based on the recommendation of the concerned committees after obtaining CBJ approval (non-objection) on the resignation or dismissal of any of them.
8. Approve the appointment, resignation, or dismissal of any of the Bank's Senior Executive Management's members after obtaining the approval of CBJ in the event of appointment.
9. Approve a succession/replacement plan for the Bank's Senior Executive Management members, to be reviewed at least once a year.
10. Adopt internal control and monitoring systems, review them annually, and ensure that the internal and external auditors are reviewing the structure of such systems at least once a year.
11. Ensure the continuous independence of the external auditor.
12. Adopt a risk management strategy and monitor its implementation, whereby this strategy shall include the level of acceptable risks and ensures that the Bank is not exposed to high risk. The Board shall be aware of the Bank's operating work environment and the associated risks and shall ensure the presence of tools and an infrastructure to manage risk that is capable of identifying, measuring, analyzing, assessing, and monitoring all types of risk to which the Bank is exposed to.
13. Ensure the presence of sufficient and reliable management information systems (MIS) that cover all the Bank's activities.
14. Verify that the Bank's credit policy includes evaluating the corporate governance quality for its corporate clients, particularly public shareholding companies, whereby the client's risk is evaluated through points of weakness and strength according to the client's practices in the governance field.
15. Ensure the presence of a policy that encompasses the Bank's environmental and social policy, it includes the Bank's disclosures of the initiatives it conducts in this regard with annual report and/or as part of the sustainability report such initiatives shall at least be:
 - A. Social initiatives in environmental protection, health, and education.
 - B. Social initiatives to fight poverty and unemployment.
 - C. Encouraging of micro and medium finance.
 - D. Participating in of economic value to society initiatives.
16. Take the necessary measures to ensure those of a clear segregation of powers of major shareholders on one hand and the executive management on the other and create appropriate mechanisms to minimize the influence of major shareholders, and for the Senior Executive Management to derive its authority from the Board alone and work within the mandate granted to it by the Board.
17. Approve and adopt overall organizational structure.
18. Approve and adopt strategies and policies for the Group, adopt a corporate governance guide for the Group in a manner that complies with the Instructions for its application across the entire Group, taking into consideration the instructions issued by central banks or oversight authorities in countries where subsidiary companies operate.
19. The board shall specify the banking operations that require its approval in a way not to be exhaustive and jeopardizing the Board's oversight role, and shall not grant executive authorities, including granting loans, to a sole Board member, including the Board Chairman.
20. The board shall approve a risk management strategy and monitor its continuous implementation. Such strategy shall include the bank's risk appetite that prevents exposing the bank to high risks. The board shall be aware completely of the operational work environment and associated risks thereto. The board also shall ensure the availability of tools and infrastructure to manage the risks and that they are capable to define, measure, analyze, evaluate, and control all risk types which the bank may be exposed to.

21. The Board shall appoint a Board Secretary, and be responsible for the terminate his/her services, and compensations and remunerations. the duties of the Board secretary include:
 - A. Attending all Board meetings, minuting all discussions, suggestions, objections, reservations, and voting methods on the drafted Board decisions in an accurate manner.
 - B. Scheduling the dates for Board meetings in coordination with the Board Chairman.
 - C. Ensuring all Board members sign the minutes of meetings and decisions.
 - D. Monitoring the implementation of decisions taken by the Board and following up on discussions of any issues postponed in a prior meeting.
 - E. Keeping the records and documents of Board meetings.
 - F. Taking appropriate action to ensure that Board resolutions to be issued by the Board are in compliance with laws including those issued by the CBJ.
 - G. Providing the CBJ with fit and proper (adequacy) acknowledgements signed by the Board members.
 - H. Cooperating with Board committees to prepare for General Assembly meetings.
22. The Board shall ensure the presence of a mechanism to receive complaints and suggestions submitted by shareholders, including their suggestions to include certain items on the General Assembly meeting agenda in a manner that ensures such items are studied and the appropriate decisions are taken within a specific timeframe.
23. The Board shall set a mechanism that allows shareholders who own at least 5% of the subscribed Bank's shares to add items on the General Assembly meeting agenda before sending it in its final form to shareholders.
24. The board shall take due diligence measures when deciding on any of the issues related to the bank business, and consider the sound bases in the decisions taken in this regard in a manner that guarantees carrying out its duties at highest levels of professionalism.
25. The Board shall appoint a liaison officer who will be responsible for following up on matters related to governance at the Bank ,together with mechanism.
26. The Board shall approve the Governance Report and include it in the Bank's annual report.
27. The Board shall ensure the presence of the necessary measures to guarantee that all shareholders, including non-Jordanians, receive their rights and are treated fairly and with equality and without discrimination.

Second: The Board's Responsibilities regarding Disclosure and Transparency as a minimum:

1. Specific mechanism shall be provided to ensure communication with stakeholders through disclosure and offering significant information on the Bank's activities through the following:
 - A. General Assembly meetings.
 - B. Annual report.
 - C. Quarterly reports that include financial information, in addition to the Board's report on stock trading and its financial position throughout the year.
 - D. The Bank's website.
 - E. Shareholders relations section.
2. Ensuring of the allocation of part of the Bank's website includes a clarification of the shareholders' rights, encouraging them to attend and vote in the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and the minutes of meetings.
3. Ensuring and verify that financial and non-financial information of interest to stakeholders has been published on due timing.

4. Ensuring that the Bank's annual report includes a clear text indicating that that the Board is responsible for the accuracy and sufficiency of the Bank's financial statements and information therein, and the sufficiency of internal control and external monitoring and control systems.
5. Ensure that the Bank is committed to disclosures specified by international financial reporting standards (IFRS), international accounting standards (IAS), CBJ instructions, and other relevant legislations, and to ensure that the executive management is aware of the changes that are made to the IFRS.
6. Ensure that the corporate governance manual is published on the Bank's website and by any other appropriate means to inform the public, and the Bank shall disclose in its annual report the presence of its corporate governance manual and the level of its compliance with the implementation of its contents.
7. Ensure that the Bank's annual report and quarterly reports include disclosures that allow current or potential shareholders to examine the results of the Bank's operations and financial position.
8. Ensure that the annual report includes the following as a minimum:
 - A. A summary of the Bank's organizational structure.
 - B. A summary of the role and responsibilities of the Board committees and any authorities that the Board delegated to these committees.
 - C. Information of interest to stakeholders as shown in the Bank's corporate governance manual.
 - D. Information about each Board member in terms of his/her qualifications, experience, his/ her contribution to the Bank's capital, and whether he/she is independent or not, membership in the Board committees, date of appointment, and any memberships they hold in boards of directors of other companies.
 - E. Information about the Risk Management Department, including its structure, the nature of its operations, and developments.
 - F. The number of times the Board of Directors and its committees meet and the number of times each member attended these meetings.
 - G. The names of each of the Board and Senior Executive Management members who resigned during the year.
 - H. A summary of the Bank's remuneration policy, with disclosure of all forms of remuneration for members of the board separately, , and remuneration all their forms granted to the Senior Executive Management separately for the past year.
 - I. Statements from all Board members indicating that the member did not receive any benefits through their work at the Bank that they did not disclose, whether such benefits were material or in-kind and whether they were for him personally or to any of their relatives, over the past year.

Third: Responsibilities of the Board Chairman

The Chairman of the Board shall undertake the following as a minimum:

1. make the effort to build a constructive relationship between the Board and the Bank's executive management.
2. Encourage opinions and point of view on issues discussed and ensure different views are expressed and discussed during the decision-making process
3. Ensure that all Board members receive the minutes of previous meetings and to sign them and that members are receiving the agenda of any meeting within a reasonable time prior to the meeting's conclusion. The agenda shall include sufficient written information about the subjects to be discussed in the meeting. The submission of this shall be through the Board's Secretary.
4. Ensure the presence of a charter that regulates and defines the Board's scope of work.
5. Discuss strategic and important issues in the Board's meetings extensively.
6. Ensure that each Board member, when elected, is provided with the relevant laws to banking and CBJ instructions relevant to the Board's work including the Corporate Governance Instructions, and a manual clarifying the rights, responsibilities, and duties of the Board member, and the tasks of the Board Secretary.

7. Provide each member with a sufficient summary of the Bank's work upon his/her appointment or request.
8. Discuss with any new member, with the assistance of the Bank's legal advisor and the Board Secretary, the duties and responsibilities of the Board, in particular issues related to the legal and regulatory requirements to clarify the member's duties, authorities, and other issues related to the membership, including the membership term, meeting dates, committee tasks, bonus value, and the ability to obtain independent specialized technical advice when necessary.
9. Accommodate the Board members' needs regarding developing their experiences and continued learning, and allow new members to attend an orientation program that takes into consideration the member's banking experience. This program should contain the following as a minimum:
 - A. The Bank's organizational structure, corporate governance, and the Code of Conduct.
 - B. The corporate objectives and the Bank's strategic plan and approved policies.
 - C. The Bank's financial position.
 - D. The Bank's risk structure and its risk management framework.
10. Ensure that CBJ is notified about any material information that could negatively affect the adequacy (fit and proper) of any of its members, as well as the adequacy of the representative of the corporate person.
11. Ensure that CBJ is notified about any material information that could negatively affect the adequacy (fit and proper) of any of the members of the senior executive management.
12. Invite CBJ to attend the General Assembly meetings within a suitable timeframe to give CBJ enough time to appoint its representative.
13. Ensure that CBJ is provided with the General Assembly minutes of meeting within a maximum period of five days from the date of the ratification of the minutes by the in any Companies Controller or his representative.

Fourth: General Duties of the Board Members Each member of the Board shall carry out the following as a minimum:

1. Have adequate knowledge of letigations and principles related to banking and the Bank's operating environment and be updated on the developments therein as well as new developments related to the Board's work.
2. Attend the meetings of the Board and its committees, as well as General Assembly meetings as needed.
3. Not to disclose the Bank's confidential information or use it for his/her benefit or the benefit of another, and for the member/juridical person representative not to disclose any confidential information discussed during Board and committee meetings to any person, including any administrator for that member/juridical person.
4. Put the Bank's interest first in all transactions with any individual/company in which the member has a personal interest, and not to take advantage of any commercial/business opportunities related to the Bank for his/her benefit. The member must avoid any conflict of interest and shall commit to discloseif any. to themember must refrainfrom voting or participating in detail of any conflict of interest if any, while committing not to attend and not to parpticipate in the decision-making at the meeting, during which such a matter is discussed, and this disclosure shall be documented in the minutes of meeting of the Board or its committees.
5. Allocate sufficient time to carry out their tasks as members of the Board.

Article 6: The Responsibilities of the Senior Executive Management and its Adequacy

First: Adequacy of Senior Executive Management Members

- adopt a fit and proper policy for Senior Executive Management. Such policy shall include the minimum standards, requirements, and conditions to be fulfilled by any member therein. This policy shall be reviewed as needed. Enough measures and regulations are put in place to ensure that all members fulfill the fit and proper criteria and continue to do so.
- Inform CBJ of any material information that may negatively affect the adequacy of any of the the Senior Executive Management.
- The Bank shall obtain the Board's approval on appointing/transferring/promoting/assigning or accepting the resignation or ending the services of any member of the Senior Executive Management in the Bank.
- Any member appointed as a Senior Executive Management at banks shall have the following criteria:
 - should not be a board member of any other bank's board of directors unless it is a subsidiary.
 - be a full-time manager at the Bank.
 - hold a university degree as a minimum in economics, finance, accounting, or business management or any similar specializations related to banking.
 - To have experience in banking (mostly in the scope of the position for which he is nominated) or any similar experience for at least five years, except for the General Manager position whose experience in banking should not be less than 10 years.
 - Not to be a major shareholder and not to be connected to the Board Chairman or any Board members or any major shareholder in the Bank in any way, including familial relationship up to the third degree in the case of the General Manager and up to the first degree in the case of any member of the Senior Executive Management.
- Shall obtain a non objection / approval from CBJ prior to appointing/transferring/promoting/assigning any member of the Senior Executive Management after obtaining the approval of the Board and the relevant committee and in accordance with the Instructions.
- The Bank shall obtain the CBJ's approval for the resignation or terminating the services of the General Manager, the internal audit manager, the risk manager, the compliance manager, and the CBJ may call upon any administrator in the Bank to verify the reasons for the resignation or service termination.

Second: Responsibilities of the Senior Executive Management

- To execute and manage the Bank's activities in accordance with the strategies and policies approved by the Board, and the systems, risk management, processes, and controls necessary to manage all types of risks to which the Bank is exposed to ensure that the levels of acceptable risks approved by the Board are not exceeded, and to ensure compliance with all applicable legislation and the Bank's internal policies.
- Ensure the presence of comprehensive work procedures for all the Bank's activities in a manner that correlates with valid laws and strategies and policies adopted by the Board, provided that these measures are endorsed by the Bank's General Manager, as well as ensuring the application of these measures.
- Prepare financial lists.
- To develop the Bank's general organizational structure to be endorsed by the Board, and the Bank shall provide the CBJ with its general organizational structure when carrying out any modifications, while explaining the modification.
- To develop the organizational structures for all units operating in the Bank to be endorsed by the General Manager, except for the organizational structures of the Bank's oversight departments, which are endorsed by the Board upon the recommendation of the relevant committee. These structures shall indicate the administrative hierarchy and show the lines of responsibility and authority clearly and in detail. The general organizational structure shall include as a minimum the following:
 1. The Board and its committees.
 2. The executive management and its committees.

3. Separate departments for risk management, compliance, internal auditing and in a manner that allows them to undertake their tasks completely independently, inclusive of not undertaking executive work, and in a manner that demonstrates their connection to the relevant committee using a solid line and to the General Manager using a dotted line.
 4. Units that do not participate in executive work, such as the employees of credit review and the Middle Office.
 5. Subsidiary companies and external branches.
- Prepare the annual balance sheet to be approved by the Board and submit quarterly performance reports showing the actual performance compared to estimated performance and the reasons.
 - To refrain from doing any practices that would affect the independence and objectivity of the supervisory departments, as the cooperation of these departments with the various units of the Bank and the executive management is considered essential for fulfilling their duties, and they must inform the senior executive management of any important issues that require immediate action to be taken to address them if they become aware of them from any of these departments, and this shall not prevent those departments from informing the relevant committee about those issues.
 - Provide the regulatory authority, the external audit, the internal audit, and any competent authorities, at the time determined by those authorities, with the required information and statements necessary for them to carry out their tasks in an optimal manner.
 - Prepare the Bank's code of conduct to be endorsed by the Board and circulated to all administrators in the Bank.
 - Develop the Bank workers skills and professional conduct to correlate with the latest ethics standards and codes of professional conduct.
 - Ensure the presence of appropriate oversight controls for every activity or operation and separate measures administratively and practically between tasks of approval and implementation.

Article 7: General Manager

1. The Board shall appoint a general manager who has integrity, efficiency, financial solvency, and experience provided a prior non-objection/approval is obtained from CBJ before his appointment. In addition to what stated in different legislation, the general manager shall responsible for the following:
 - o Develop the Bank's strategic approach.
 - o Execute the Bank's strategies and policies.
 - o Implement the Board of directors' decisions.
 - o Provide guidance for executing long- and short-term work plans.
 - o Convey the Bank's vision, mission, and strategy to the employees.
 - o Inform the Board of important issues of the Bank's operations.
 - o Manage the Bank's daily operations.
 - o Adopt a detailed description for the tasks of every regulatory unit (with the exception of oversight department, whereby they must be approved by the competent committee), and all Bank employees shall be informed of such, each according to his specialization.

Article 8: Evaluating of Administrators Performance

1. Regarding the evaluation of the Board's work and assessin, its members, and committees: The Board shall have a system to evaluate its work and members. This system shall include as a minimum:
 - Defining key performance indicators (KPIs) to be derived from plans and strategic objectives to be used to measure the performance of the Board and its committees.
 - Regularity of communication between the Board and the shareholders.

- Regularity of Board meetings with the senior executive management.
 - The member's attendance of the meetings of the Board and its committees and his effective participation in them, as well as comparing his performance with that of other members, in addition to receiving feedback from the relevant member to improve the evaluation process.
 - The extent of the member's development of knowledge of banking operations through his participation in training programs.
2. Regarding the evaluation of the General Manager: The Board shall assess the performance of the General Manager annually according to an evaluation system prepared by the Nomination and Remuneration Committee and approved by the Board. Whereby certain KPIs are defined to include the financial aspect and administrative compared to the size of the risks, and also the level of achievements of the plans /strategies of the bank (medium and long term).. For each item of the evaluation, a set of weighted average will be put in place. The Committee shall notify CBJ of the evaluation results.
 3. Regarding the evaluation of the Bank's administration staff: The Board shall approve a system to measure the performance of the bank's administrators excluding Board members and the General Manager). The system shall include the following as a minimum:
 - o A suitable weighted average to measure the adherence with risk management framework and compliance department and the implementation of the internal controls and organizational requirements.
 - o Gross income or profit shall not be the sole element to measure performance. Other factors shall be considered to measure the performance of the administrators, like the risk connected to major operations and the fulfillment of each department's objectives and its annual plans, in addition to measuring customer satisfaction where applicable.

Article 9: Financial Compensations for the Administrators

The Board shall undertake the following:

1. Set out procedures to determine the compensation and remuneration of its members based on the approved evaluation system.
2. Adopt a policy of granting bonuses to administrative staff which is objective and transparent.
3. The bonus award policy should have the following elements as a minimum:
 - A. to be able to retain and attract competent, skilled, and experienced executives as well as to recruit, motivate and develop the performance of such personnel.
 - B. Be designed to ensure that it does not affect the bank motivation of administrative staff to achieve the bank's objectives without leading to high risks that could negatively affect the bank's solvency and reputation or jeopardizes it legally.
 - C. Not to be based on the current year's performance, but instead on the medium- and long-term performance (3-5 years).
 - D. define the form of rewards, such as salaries, allowances, increases, raises, stock options, or any other privileges, provided that instructions related to the influential share are taken into consideration.
 - E. include the possibility of postponing a reasonable portion of the payment of the rewards (except for salaries), whereby this percentage and the postponement time shall be determined on the basis of the executive's nature of the work, his risks, and activities.
 - F. A mechanism for claw back the deferred compensation granted to the administrator in case it turns out later that there are any problems in his/ her performance or that he/ she exposed the bank to high risks due to the decisions that fall within his/ her authorities and were taken by him/ her and could have been avoided.
 - G. the financial rewards of the control functions/employee (risk management, audit, compliance, and others) shall not be based on the outcomes/results of the work of the departments they audit.

Article 10: Conflicts of Interest

- A. The Board shall approve a policy that govern all forms of conflicts of interest, including those arising from the Bank's connection to the companies within the Bank's group, and shall approve the necessary procedures to ensure the adequacy of internal controls and oversight to monitor compliance with this policy and prevent violations thereof. This policy shall include the following as a minimum:
1. Avoid activities that result in a conflict of interest between the bank and any interest of any administrator in the bank in all form.
 2. Immediate disclosure upon the verification is made of any issue that caused or will cause a conflict of interest between the bank's interests or any interest of any administrator in the bank in all form.
 3. The Board member shall not disclose the Bank's confidential information or use it for his/her benefit or the benefit of another, and for the representative of the legal entity shall not disclose any confidential information discussed during Board and committee meetings to any person, including any administrator of the legal entity.
 4. The Board member shall favor the Bank's interest first in all business transactions conducted with any other company in which the member has a personal interest, in addition, the member shall not take advantage of any commercial/business opportunities related to the Bank for his benefit. The member shall avoid any conflict of interest and shall disclose to the Board in detail of any conflict of interest, if any, with commitment not to attend and or participate in the decision-taken therein,, where such a topic is discussed, and this disclosure shall be documented in the minutes of meeting of the Board or its committees.
 5. Define the related parties to the bank in accordance with applicable laws and specify the terms of dealings with those parties in a way that ensures that the party related to the bank does not obtain better terms than the terms that the bank applies to another customer who does not have a relationship with the bank, and this includes all of the bank's transactions with any of the companies within the banking group of which the bank is a part.
 6. Determine the nature of transactions with the related counterparties to include all types of transactions without being limited to credit facilities only.
 7. Procedures adopted by the bank in cases of not abiding by the policy indicated hereabove (A) must be identified.
- B. The Board shall approve a code of professional conduct enabling the bank to carry out its business with high level of integrity and includes at a minimum the cases, in addition to ensuring its circulation to all administrative levels in the bank. that may result in conflicts of interest shall verify that has been circulated to all administrative levels of the bank.
- C. The Board shall ensure that the executive management practices its activities with high level of integrity, avoids conflict of interest, and implements the approved policies and measures objectively.
- D. The Board shall set controls on the flow of information among the departments to prevent usage for personal interests.

Article 11: Internal Audit Department

First: Tasks of Internal Audit: The Internal Audit Department undertakes the following tasks as a minimum:

1. Verify that there are sufficient internal control and monitoring system to cover the bank's and its subsidiary companies, and compliance with them, and reviewing any documenting any modifications made to the structure of these regulations.
2. Setting the internal audit charter and approving it by the Board based on Audit Committee the recommendation , to include the internal audit department duties, authorities, and work methodology of the internal audit department.

3. Prepare an auditing plan for the bank's activities, including the activities of other supervisory departments and outsourced activities, according to the risk level of these activities, provided that the plan is approved by the Auditing Committee.
4. Review the commitment with the corporate governance manual and the attached policies and charters on an annual basis and prepare a detailed report thereof, and submitting it to the Auditing Committee with a copy to the corporate governance committee.
5. Review the validity and comprehensiveness of stress testing in a manner that correlates with the methodology approved by the Board.
6. Ensure the accuracy of the procedures followed for the bank's Internal Capital Adequacy Assessment process (ICAAP).
7. Audit financial and managerial matters.
8. Follow up the audit findings on violations and observations included in the reports of the supervisory authorities and the external auditor, and ensure that to address them and that the executive management has the appropriate controls to prevent their repetition.
9. Ensure the availability of the of the to the procedures required for receiving , handling and keeping the complaints of the bank's customers, and observation related ,to the accounting system, internal control, and auditing processes, and submitting periodic reports thereof.
10. keep the audit reports and working papers , for a period consistent with the provisions of letigations in force in this regard ,in an orderly and safe manner , to be ready for reviewing by supervisory authority and external auditor authority and the external auditor.
11. The Internal Audit Department shall conduct a test at least once a year to ensure that all transactions that carried out with the bank's related parties have been executed in accordance with applicable laws, the bank's internal policies and approved procedures, and shall submit its reports and recommendations thereon to the Audit Committee. Audit Committee shall inform the CBJ immediately upon verification of any violation of any of the applicable laws and internal policies in this regard.
12. The performance of the the internal audit department's employees of shall be done by the internal audit manager in accordance with the performance evaluation policy approved by the Board.

Second: The Board's Role in Internal Auditing:

The Board undertakes the following:

1. shall take the necessary measures to enhance/promote the effectiveness of internal audit by giving the necessary importance to the internal audit activity and establishing that in the bank, as well as ensuring and enhancing the independence of internal auditors, and giving them an appropriate position in the bank's career ladder. The board shall ascertain that they have the knowledge, skills, and competence necessary to carry out their tasks, and ensuring their right to access all records and information and contact any administrator in the bank to enable them to perform the tasks assigned to them and prepare their reports without any interference.
2. Verify that the Internal Audit Department is subject to the direct supervision of Audit Committee, and that it submits its reports directly to the Audit Committee with a copy to the General Manager. In addition, The General Manager has the right, with the approval of the Chairman of the Audit Committee, assign the Internal Audit Department with assurance or advisory tasks, provided that this assignment does not affect the independence of the Internal Audit Department.

Article 12: External Audit

- A. The bank shall develop an external audit policy to be approved by the Board, provided that it is amended as necessary. Such policy includes the following as a minimum:
1. Mechanism for nominating and assignment of the audit office.
 2. Mechanism for setting the fees of the audit office.
 3. Regular change of the audit office and team.
 4. Requirements for the independence of the external auditor stated in Paragraph (D) of this article as a minimum.
 5. The tasks of the audit office and team.
 6. The relationship of the Auditing Committee with the audit office and team.
 7. Non audit services that can be assigned to audit office.
 8. The criteria for selecting the audit office and the partner in charge to take into consideration the following requirements as a minimum:

The Audit Office:

1. The number of partners in charge of the auditing in the office must not be less than two.
2. The office or the international company, which the office is deemed a member, should have the suitable/adequate experience of no less than 10 years in the area of auditing bank accounts.

The Partner in Charge

1. Is to be of good conduct and reputation and have a good professional reputation.
 2. Should not have been convicted of a felony or crime against honor or integrity.
 3. Hold a valid certificate of practicing the audit profession and to be registered in the Jordanian Certified Public Accounts register according to the provisions of the Law regulating the profession of Accounting.
 4. Should not be suspended from practicing the audit profession within the last five years or have a final criminal ruling issued against him as a result of committing a professional error or legal violation related to the practice of the profession.
 5. Must hold at least a bachelor degree in accounting or any of the specializations related to banking.
 6. Hold one of the professional certificate in the field of accounting or auditing from one of the professional associations of certified public accountants or auditors that is internationally acknowledged professional associations for legal accountants or auditors that is recognized by the Jordanian Society of Certified Public Accountants.
 7. Have practical experience in the field of auditing for a period of no less than 10 years, with at least 7 years of which being in the field of auditing bank accounts, and must be familiar with banking business, its risks, and the legislation related to it, including those issued by the Central Bank.
- B. The bank must ensure regular rotation of the external auditor every 7 years as a maximum, and the external auditor must not be changed during the contract period except after obtaining the approval of the CBJ and based on fundamental reasons.
- C. The previous office may not be re-elected again before at least three years have passed from the date of its last election at the bank.
- D. The Audit Committee shall verify the independence of the external auditor during the contract period, at the beginning and continuously, so as to ensure absence of any conflict of interest between the bank and the external auditor. The Board shall ensure that, and verify that the terms of the contract with the external auditor include the following as a minimum:
1. The external auditor cannot be a member of the Board or the board of managers of any of the bank's subsidiary companies.
 2. The external auditor cannot carry out permanently during the audit mission any technical, administrative, or advisory work for the bank or any of its subsidiary companies.

3. The external auditor cannot be a partner with any of the members of the bank's board/ senior executive management of the bank or any of the members of the board or any of the members of the board of directors/board of managers or any of the members of the senior executive management of any of the bank's subsidiary companies.
 4. shall not be a familial relationship up to the second degree between the partner in charge or any member of the audit team with any member of the Board or any member of the Authority or any member of the senior executive management of the bank or any of its subsidiary companies.
 5. The external auditor cannot own, or deal with, the bank's shares or subsidiary companies, whether directly or indirectly.
 6. The external auditor may not combine audit work on the bank's accounts with any additional non audit services assigned outside of the scope of audit services .
- E. The Auditing Committee shall verify the qualifications and effectiveness of the external auditor and shall ensure that the letter of engagement clearly includes the scope of the audit, fees, contract period, and any other conditions, taking into consideration the nature of the bank, the size of its business, the complexity of its operations, and its risks.
- F. The bank shall inform the CBJ at least 30 days before the date of the General Assembly's meeting of its desire to nominate the external auditor for election (or re-election) by the General Assembly.

Article 13: Risk Management

First: Tasks of Risk Management

The Risk Management Department shall undertake the following tasks as a minimum:

1. Implement the risk management strategy in addition to developing policies and work procedures to control and manage all types of risks.
2. Developing a risk management policy/policies that cover all the bank's activities and set clear scale and thresholds and limits to each type of risks, and ensure that all employees, each according to his administrative level, is completely aware and knowledgeable about it, and review the policy regularly, and the risk management policy/policies shall be approved by the Board.
3. developing a comprehensive document for all risks appetite by the bank and to be approved by the Board.
4. Review the bank's risk management framework to be approved by the Board.
5. Developing the internal assessment document for the adequacy of the bank's capital, reviewing it periodically and verifying the implementation thereof, so that it shall be comprehensive, effective and capable of identifying all the risks that the bank may expose, taking into consideration the bank's strategic plan and capital plan, and to be approved by the Board.
6. Develop methodologies to determine, measure, analyze, assess, and monitor every type of risk
7. Verify the integration of risk measurement mechanisms with MIS used therein.
8. Developing a business continuity plan to be approved by the Board, and to be examined regularly.
9. Ensure, before launching/introducing any new (product/service/process/system), that it is consistent with the bank's strategy, and that all risks arising from it, including operational/information security/cyber risks, have been identified and that the new supervisory controls, procedures or the change that occurred were made in a manner consistent with the risk limits acceptable to the bank.
10. Provide the necessary information about the bank's risks to be used for disclosure purposes.
11. Submit recommendations to the Risk Management Committee regarding risks faced by the bank and record cases of exception from the risk management policy.
12. Monitor the commitment of the bank's executive departments to levels set for acceptable risks.
13. Submit reports to the Board through the Risk Management Committee with a copy to the General Manager that includes information about the actual risk system for all the bank's activities compared to the accepted risk document, and follow up on the treatment of negative deviations. The executive management may request special reports as needed from the bank's risk management.

Second: The Board's Role Regarding Risk Management

The Board shall undertake the following:

1. Ensure that corrective measures and remedies on any deviations from the approved risk and to hold the Senior Executive Management accountable for such deviations.
2. Ensure that the Risk Management Department conducts regular/ periodical stress tests to measure the bank's ability to absorb shocks and deal with high risks. The Board shall have also a major role in approving the assumptions and scenarios used, discussing the results of the stress tests, and approving the procedures to be taken in light of the results the results.
3. Ensure the independence of the Bank's Risk Management Department and shall have access to information to all departments to enable them to acquire information from other departments at the bank departments and cooperate with other committees to carry out its tasks.

Article 14: Compliance Department**First: Tasks of the Compliance Department**

These tasks shall be the following as a minimum:

1. Develop a compliance policy to ensure the bank's commitment to all relevant laws and to ensure that all employees, each according to his/ her administrative level, are fully informed and aware and of the policy, provided that such policy shall be approved by the Board.
2. Develop an annual compliance plan, and approve it by Compliance Committee.
3. Monitor the commitment of all administrative levels at the bank with the regulatory requirements and laws in force and international standards, including the recommendations of the Financial Action Task Force.
4. Develop regular reports that assessing the risk of non-compliance, violations, deficiencies, and corrective action taken and submit them to the Compliance Committee with copies to be sent to the General Manager.

Second: The Board's Role Regarding Compliance Department

The Board shall undertake the following:

1. Ensure the independence of the Compliance Department and ensure its continuously provided sufficient and well trained staff.
2. Approve the duties and responsibilities of the Compliance Management Department.

Article 15: Committees formed by the Board of Directors**A. Brief Description of the Committees:**

- The Board formed committees from among its members and identified their roles and granted them authorities as set out in each committee charter. The committees report and provide their minutes of meetings on periodic basis to the Board. The committees nominate a secretary for each. Notably, the formation of these committees does not exempt the Board from its responsibility.
- Any member of the Board may not chair more than one of the following committees:
 1. Corporate Governance Committee
 2. Audit Committee
 3. Nomination and Remuneration Committee
 4. Risk Management Committee
 5. Compliance Committee

- No Board member may chair more than two of overall board Committees .
- The quorum for any committee meeting shall not be less than three members, including the committee chair, and it is not permissible to nominate an alternative member in any committee meeting in the absence of any member.
- Despite what is stated in the Companies Law, Board members may attend its meetings and the meetings of any of its committees via any means of visual communication to discuss the meeting agenda, provided that the Board Chairman and the Board Secretary approve the minutes of the meeting and its quorum.
- The authorities of any Board committees hereof shall not be delegated to any other party. Banks are also prohibited from having any committee with any executive authorities while this does not include the Credit Facilities Committee.
- The committees take their decisions by a majority of the votes of those present, and in the event of a tie, the opinion of the side on which the chairman is present prevails.

B. Details about the Committees:

1. Corporate Governance Committee

- Committee Formation, Number of Meetings and Legal Quorum:
- The committee is formed of five members, the majority of whom are independent members. The Committee includes the Board Chairman. The Committee shall meet periodically and at least twice a year. The Committee quorum for the meeting shall be fulfilled with the presence of all its members.
- Committee Responsibilities:
 1. Guide and supervise the preparation of the Corporate governance manual, having it approved by the Board, reviewing and updating the manual whenever needed.
 2. to verify that the observations contained in report of the Internal Audit Department's report, or any other relevant party have been corrected, with regard to the bank's commitment to the corporate governance manual.
 3. Inform CBJ immediately upon any violations of the provisions and requirements of these instructions.
 4. Preparing the Governance report and submitting it to the Board.

2. Nomination and Remuneration Committee

- Committee Formation, Number of Meetings and Legal Quorum:
- The committee is formed of five members, the majority of whom are independent, including the Committee chairman. The Committee shall meet on a bi-annual basis as a minimum.
- Committee Responsibilities:

Towards the Board:

- Board Members' Adequacy:
 1. Ensure that there is fit and proper policy for the Board members approved by the Board and to include the minimum of criteria, requirements, and conditions that should be present in the nominated and appointed member.
 2. Identify the requirements necessary to ensure the member's independence and to include the conditions stipulated in the instructions as a minimum, define and review the applicability of the independence of the Board member independence criteria, on an annual basis. Provide CBJ with any developments regarding the independence of any of the independent members.
 3. Studying fit and proper of persons nominated to join the Board taking into consideration the candidates' qualifications and capabilities. In case of a re-nomination, the regular attendance of meetings and the effective participation during Board and committee meetings shall be taken into consideration.
 4. Notify any person (including the representative of the legal entity) applying for nomination to the Board in writing of the Board's decision that includes the non-applicability of the provisions of the instructions to him.

- Continuing Education:
 1. Ensure that Board members attend workshops or courses in banking matters, particularly risk management, corporate governance, and recent developments in banking.
 2. Provide information and summaries to Board members on some important topics related to the Bank when requested and ensure that they are continuously aware of the most recent issues regarding the banking industry.
- Assessing the performance of the Board and the Committees:
 1. Create a system to assess the performance of the Board and its committees and members in such a way that such a system ensures the presence of major Key Performance Indicators, to be approved by the Board.
 2. The Committee shall assess the Board's work as a whole as well as its committees and members and shall inform CBJ of the results of this assessment. Board members (except for members of the Nomination and Remuneration Committee) shall assess the performance of the Nomination and Remuneration Committee and its members separately on an annual basis.
 3. Follow specific and approved principles in evaluating the performance of the Board provided the standard for assessing performance is objective.
- Granting Incentives to the board members:

Set a policy for granting adequate remuneration to board members. Such policy shall be presented to the Board for approval.

Towards the Executive Management:

- Executive Management Members' Adequacy:
 1. The Committee shall ensure that there is a policy to guarantee the adequacy of the senior executive management members at the bank provided this policy includes the minimum of criteria, requirements, and conditions and to ensure that sufficient procedures and regulations are set to guarantee that all members of the senior executive management fulfill these criteria and continue to have it. Such policy shall be approved by the Board. The continued application of the adequacy criteria stated in this policy shall be ensured.
 2. The Committee shall nominate to the board qualified persons to join the senior executive management to the Board.
- Assessing the Performance of the Executive Management:
 1. Create a system for assessing the performance and for granting remuneration to the bank's administrators and review it regularly, to include a mechanism for determining the salaries, remuneration, and privileges of the general manager and the rest of the executive management.
 2. The Committee may not delegate this task to the executive management, and this policy shall be approved by the Board.
- Human Resources Policies:
 1. The Committee shall ensure that there is a succession policy particularly for the senior executive management and staff, and which shall be approved by the Board.
 2. Ensure that there are policies for human resources and training at the bank and monitor their implementation.
 3. The committee shall recommend to the Board to approve the bank's main organizational structure and its amendments.

3. Audit Committee

- Committee Formation, Number of Meetings and Legal Quorum:
 1. The Auditing Committee is formed of seven members, the majority of whom are independent members(including the Committee Chairman), provided that the committee chairman is neither the Board Chairman nor the chairman of any other Board committee all members of the committee shall have adequate educational qualifications in the areas of accounting, finance, or any similar specializations relevant to bank's work.
 2. The Committee meets once every three months at least or when needed, provided that the number of its meetings are not less than four meetings a year.
 3. The work of this committee shall not be merged/combined with the work of any other committee.
- Committee Responsibilities:
 1. Subject to the Banking Law regarding the committee's functions and authorities, the committee shall review the following:
 - A. Scope, outcomes, and adequacy of the bank's internal and external auditing.
 - B. Accounting issues of material impact on the bank's financial statements.
 - C. The bank's internal control and monitoring systems.
 2. Recommend to the Board regarding the appointment of the external auditor, terminating its contract, its fees, and any and other terms of engagement, in addition to evaluating their independence annually, taking into consideration any non-audit services it performed according to" the external audit" policy approved by the Board.
 3. Review. Monitor and ensure that the bank has appropriate and effective whistleblowing procedures that allow on any error regarding the financial statements or any other matters. The Committee shall ensure the availability of proper procedures for an independent investigation and shall ensure that the investigation outcomes are followed up on and addressed in an objective manner.
 4. The Committee shall submit its recommendations to the bank's Board regarding the appointment, replacement, dismissal or accepting of the resignation, or the termination of the internal audit managers.
 5. The Committee shall evaluate the performance of the internal audit manager and set his bonuses based on the approved policy by the Board.
 6. Ensure that internal audit staff are not engaged in any executive responsibilities.
 7. Ensure that all bank activities are audited, on the basis of the methodology adopted for risks, including outsourced activities.
 8. Recommend to the Board to approve the internal audit charter which includes the authorities and responsibilities of the internal audit department.
 9. The Committee shall provide CBJ with an annual report of the internal and external audit on the results of the auditing procedures related to the information and technology governance. Such a report shall include the response of the executive management and the Committee's recommendations in this regard.
 10. The Committee shall have the right to acquire any data or information required from the senior executive management directly or through the internal audit manager and shall have the right to summon any administratormember to attend any of its meetings as it sees suitable
 11. The committee shall verify the internal audit department's compliance with international standards for the professional practice of internal auditing issued by the Institute of Internal Auditors(IIA), including conducting an independent external evaluation of the internal audit activity at least once every five years and providing CBJ with a copy of this evaluation.
 12. The Committee shall meet with the external auditor and the compliance manager at least once a year without the presence of any of the senior executive management.

4. Compliance Committee

- Committee Formation, Number of Meetings and Legal Quorum:
 1. The Compliance Committee is formed of three Board members, the majority of whom are independent.
 2. The Committee shall meet once every three months or more as needed.

- Committee Responsibilities:
 1. The Committee shall review and monitor the extent of adequacy and effectiveness of the compliance programs in place and ensure compliance with the legislation, policies, and procedures of the group.
 2. The Committee shall submit its recommendations to the board regarding the appointment, replacement, dismissal, acceptance of the resignation, or termination of the services of the compliance manager. The Committee shall assess the performance of the compliance manager and set his bonuses based on the policy approved by the board regarding the oversight departments' bonuses, after seeking the opinion of the general manager.
 3. Submit periodic reports to the board on the risks of money laundering and terrorist financing, violations, deficiency, and the measures taken to correct them, in addition to that supervising the work of the bank's compliance to the provisions of legislation, laws, and regulations, the requirements of the regulators, and the requirements of the Financial Action group, the committee shall be aware of all high risks related to the bank's operations and activity in combating money knowledge terrorism financing and on contents to mitigate the risk
 4. Review compliance policies on, combating money laundering and terrorism financing, economic sanctions, anti-corruption and weapons proliferation, and bribery, and other policies related to compliance management on annual basis or as needed.
 5. Approve the annual plan prepared by the compliance department.
 6. Review the estimated budget of the Compliance Monitoring Department for financing training and attending seminars and workshops on money laundering and terrorist financing and submit recommendations regarding it to the Board, as well as review plans and continuous training programs in the field of combating money laundering and terrorism financing for the bank's employees and Board members, provided that these programs include methods of money laundering, terrorism financing, and weapons proliferation, and that the budget for these programs is not less than 10% of the total general budget for training.
 7. Review the assessment of the risks of money laundering and terrorist financing, the violations and deficiencies, and the measures taken to correct them, in addition to supervising the monitoring work and the bank's compliance with the application of the provisions of legislation, laws, regulations, the requirements of the regulatory authorities, and the requirements of the Financial Action Task Force.
 8. Review the risk-based approach implemented at the bank to ensure that the approach to managing money laundering and terrorism financing risks commensurate with the nature, size, and complexity of the bank's operations and activities and its level of money laundering and terrorist financing risks.
 9. The Committee shall ensure that compliance department has necessary resources in terms of quantity and necessary expertise.
 10. Review and approve the scenarios of unusual operations control system, including any modifications (addition/cancellation/amendment, etc.) to these scenarios and approve them, evaluate the adequacy and effectiveness of these scenarios, and identify the outstanding alerts and the reasons for that.
 11. Discuss and address controversial issues that may arise with the executive management regarding processes/products/services/or practices that carry a high degree of risk and that the compliance department and the executive management were not in agreement.
 12. Ensure that compliance staff are not assigned to any executive tasks.
 13. The Audit Committee shall meet with the compliance manager at least once a year without the presence of any of the employees of the Senior Executive Management.

14. The Committee must review the notes contained in the internal audit reports regarding the work of the compliance monitoring department or any violations, the notes contained in the reports of the Internal Audit Department on the work of the branches and work units, and the reports of the regulatory authorities that relate to combating money laundering and terrorism financing.
15. The Committee shall directly oversee the work of the compliance department and shall receive reports issued by it directly.
16. The Committee shall approve the governance of the compliance department at the banking group level and ensure that compliance is managed appropriately in all the bank's departments in a way that ensures compliance with the CBJ instructions and the host supervisory authorities in particular.
17. Supervise the implementation of the compliance policy in the bank and ensure that the bank's executive management resolves all issues related to compliance appropriately and effectively.

5. Risk Management Committee

- Committee Formation, Number of Meetings and Legal Quorum:
 1. The committee is formed of at least three members from the Board of Directors, the majority of whom are independent, including the committee chairman.
 2. The Committee meets once every three months and whenever needed.
- Committee Responsibilities:
The Committee undertakes the following:
 1. Ensuring the availability of policies and tools to identifying, measuring, analyzing, assessing and controlling risks, while reviewing such on an annually basis to ensure their effectiveness and amending them when necessary.
 2. verifying the availability of a risk management system that ensures the accuracy and adequacy of the data used to identify, measure, analyze, assess, and control risks and losses that may result from them and maintain the necessary capital to confront them.
 3. Ensuring the effectiveness of the Risk Management Department's work procedures and assessing the extent of the executive management's abide by the approved policies and procedures.
 4. Reporting to the Board periodically on the risks to which the bank is exposed, including exceeding of acceptable risk levels and procedures for addressing them.
 5. Ensuring the availability of risk management measures , including but not limited to:
 - A. Risk Self-assessment and risks indicators
 - B. Prepare a historical database of losses and identifying the sources of such losses, and classifying them according to type of risk.
 - C. Ensuring the availability of the necessary equipment, appropriate automated systems and quantitative methods.
 6. Ensuring the availability of sufficient resources and a enough number of qualified staff for the Risk Management Department and enrolling them to specialized training programs.
 7. Assessing the performance of the Chief risk officer and determining his/her remunerations in accordance with the performance appraisal policy approved by the Board, after seeking the opinion of the General Manager.
 8. The Committee shall ensure the availability of a comprehensive risk management strategy at the bank that includes the type and level of risk appetite for all the bank's activities and shall conduct an annual review of the bank's risk management strategy and recommend it to the Board for approval.
 9. Review the bank's risk management framework.
 10. Recommend to the Board to approve bank's Risk appetite document.
 11. Keep updates with developments that could affect risk management at the bank.

12. Ensure that there is no discrepancy between actual risks taken by the bank and the level of acceptable risks approved by the Board.
 13. The committee shall review and ensure the appropriateness of risk management and ensure the availability of sufficient resources, infrastructure, and information systems that must be available to report on those risks and make decisions that are consistent with the scope of work and the nature of the group's activities.
 14. The Committee shall assure the Board that the risk management department uses periodical conducts stress testing to measure the bank's ability to withstand shocks and confront high risks, and that the Board and the Committee shall have the main role in approving the assumptions and scenarios used, discussing the results of the tests, and approving the measures to in light of the results.
 15. The Committee shall submit its recommendations to the bank's Board of Directors regarding the appointment, change, dismissal, acceptance of resignation, or termination of the services of the head of risk management department. The Risk Management Committee shall evaluate the performance of the head of the Risk Management Department and determine his remuneration according to the policy approved by the Board and after seeking the opinion of the general manager.
 16. The committee shall submit its recommendation to the board to approve the Internal Assessment Adequacy Assessment Process (ICAAP) methodology, and that this methodology is comprehensive, effective, and capable of identifying all the risks that the bank may face, and that it takes into account the bank's strategic plan and capital plan, and that this methodology be reviewed periodically, and its application is verified and ensured, and the bank shall maintain sufficient capital to meet all the risks it faces.
 17. Ensure that there is Business continuity plan and review it regularly.
 18. review the results of the internal audit study on capital adequacy.
 19. View the recovery plan according to CBJ requirements.
 20. The Committee shall approve the cybersecurity and information security policy and a cybersecurity program at the bank.
 21. test compliance with the policy and program of cybersecurity and information security.
6. Credit Facilities Committee
- Committee Formation, Number of Meetings and Legal Quorum:
 1. The committee is formed of five members and one of its members may be independent provided that he is not a member of the Audit Committee.
 2. The meeting's legal quorum is achieved with the presence of at least four members at least and its decisions are adopted with a majority of members regardless of the number of those present.
 3. The Committee shall meet twice a year or when needed.
 - Committee Responsibilities:
 - o Make suitable decisions regarding the facilities that were recommended for approval by the executive management committee (highest committee in the executive committee) and the value of which exceeds the credit authorities of the highest credit committee at the executive management level according to the Bank's credit policy approved by the Board.
 - o Determine upper limits for the authorities assigned to the Committee related to granting, amending, renewing, structuring, scheduling, or settling credit facilities.
 - o The Committee shall periodically submit to the Board the details of the facilities that were approved by it.

7. Information Technology Governance Committee

- Committee Formation, Number of Meetings and Legal Quorum:
 1. The Committee is formed of four Board members with academic qualifications and various professional experience in the field of information technology.
 2. The Committee may, if necessary, may seek assistance at the bank's expense, in coordination with the Board Chairman, in order to compensate for the shortfall in this field and reinforcing objectivity.
 3. The Committee shall be quarter annually and as needed.
 4. The Committee takes its decision by the majority votes of attending member, the vote of the Committee Chairman shall be the deciding vote in case of a tie.
- Committee Responsibilities:
 1. The Committee shall submit periodic reports to the Board of Directors.
 2. The Committee shall perform its duties in accordance to the instructions for Governance and Information Technology Management accompanying them number 65/2016 dated 25/10/2016 and their amendments.

8. Strategy Committee

- Committee Formation, Number of Meetings and Legal Quorum:
 1. The Committee is formed by the Board of Directors whereby it is chaired by the Board Chairman and has five Board members.
 2. Committee members must have academic qualifications and various professional expertise in business management, information technology, and any fields closely related to the Committee's work.
 3. The Committee shall meet once a year or as needed.
 4. The Committee may invite any of the bank's employees to attend its meetings if the need arises.
- Committee Responsibilities:
 1. The Committee shall direct the executive management in preparing a strategy for the bank to achieve the strategic goals set by the Board of Directors and recommends to the Board to approve the strategy prepared by the management.
 2. The Committee shall oversee all matters related to the strategy of the bank and the group and ensure that there are general policies to implement the strategies effectively.
 3. The Committee shall follow up and discuss the efficiency and effectiveness of the Senior Executive Management's implementation of the strategic decisions made by the Board and the strategic work plans that affect the bank's infrastructure, including corporate governance and the bank's strategies, operations, and investments, in addition to information technology.
 4. the committee shall recommend to the Board to approve a policy to monitor and review the executive management's performance by setting main performance indicators to identify, monitor, and measure performance and advance towards achieving corporate objectives.
 5. The Committee shall approve and recommend to the Board matters related to new investments, mergers and acquisitions.

Article 17: General and Transitional Provisions

The bank shall commit to all items stipulated in the Instructions with regard to the general and transitional provisions according to Article 24 of the Instructions.

The General Framework of the Bank's Governance System

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