

Jordan Islamic Bank

Corporate Governance Guide

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I: Introduction

The importance of Corporate Governance in the Jordan Islamic Bank stems from the fact that it provides a basis for development of corporate performance to consolidate the trust in the Bank and its different activities. Hence, our Bank views Corporate Governance as the key to the trust of all stakeholders and concerned parties.

Accordingly, the Bank's Board of Directors has decided to approve and adopt the Corporate Governance Guide (hereinafter referred to as the Guide), which has been prepared in accordance with international best practices in this regard and based on the amended instructions of the Corporate Governance of Islamic Banks No. (64/2016) dated 25/09/2016 issued by the Central Bank of Jordan.

By adopting this Guide, the Bank aims at achieving the principles of corporate governance, which is the fairness of dealing with all parties related to the Bank, in addition to transparency and disclosure of the Bank's real financial and administrative position and accountability in the relations between the Board of Directors on one hand and the Senior Executive Management, stakeholders, and other parties on the other hand.

II: Definitions

The words and phrases in this guide shall have the meanings assigned to them later unless the context indicates otherwise.		
1-	The Bank	Jordan Islamic Bank
2-	The Central Bank	The Central Bank of Jordan
3-	The Guide	Guide to Corporate Governance at Jordan Islamic Bank.
4-	Corporate Governance	The system by which the Bank is managed and directed, and which aims to identify and achieve the Bank's corporate objectives, manage the Bank's operations securely, protect the interests of depositors and holders of mutual investment accounts, and be accountable to shareholders and other stakeholders and the Bank's compliance with the Bank's internal legislation and policies.
5-	The Group	Al Baraka Banking Group (Parent company)
6-	The Board	Board of Directors of Jordan Islamic Bank.
7-	Senior Executive Management	Including the Chief Executive Officer / General Manager of the Bank, the Deputy General Manager, the Assistant General Manager, the Director of the Finance Department, the Director of the Department of External Operations, the Director of the Central Operations Department, the Director of the Internal

		Audit Department, the Director of the Sharia Internal Audit Department, Director of Treasury and Financial Institutions , the Director of the Compliance Control Department, in addition to any employee of the Bank who has an executive authority parallel to any of the said authorities and is functionally associated with the Chief Executive Officer / General Manager.
8-	Appropriateness	The availability of certain requirements in the members of the Bank's Board of Directors and its Senior Executive Management and the members of the Sharia Supervisory Board of the Bank, in order to achieve the greatest degree of credibility, integrity, competence, required expertise, ability to commit and devote time to the Bank's work.
9-	Sharia Board	The Sharia Supervisory Board at Jordan Islamic Bank.
10-	External Auditor	Certified auditor who conducts audits of the operations and accounts of Jordan Islamic Bank .
11-	First degree relatives	They are the father, mother, son and daughter of the person and the relatives of one of the spouses are considered in the same kinship and degree as for the other spouse.
12-	Second degree relatives	They are the brother, sister, grandfather, grandmother, grandchild and granddaughter of the person and the relatives of one of the spouses is considered to be in the same kinship and degree as for the other spouse
13-	Third degree relatives	They are the uncle, the aunt, the children of the brother and the sister, and the relatives of one of the spouses is considered to be in the same kinship and degree as for the other spouse.
14-	Forth degree relatives	They are cousins,, nephews, and grandchildren of the brother and sister of the person. The relatives of one of the spouses are the same relative and degree to the other spouse.
15-	Stakeholders	Any stakeholder in the Bank such as depositors or holders of joint investment accounts, shareholders, employees, creditors, customers or regulatory authorities concerned.
16-	Major stakeholder	A person who owns a ratio of (5%) or more of the capital of the Bank directly or indirectly.
17-	Executive Member	Member of the Board of Directors who participates in the daily management of the Bank.
18-	Independent Member	A member of the Board of Directors who is not subject to any effects that limit his/her ability to make substantive decisions in favor of the Bank and meets the conditions set out in this Guide.
19-	Executive Management Committee	The senior Facilitation Committee in the Executive Management

III: Compliance with Corporate Governance

- 1- A Committee, emerging from the Board, called "Corporate Governance Committee" is composed of the chairman of the Board and two independent members. The committee directs and supervises the preparation and updating of the Guide and monitors its application.
- 2- Include in the annual report of the Board of Directors a report to the public indicating the existence of the guide, clarifying the extent of compliance with its terms, and stating the reasons for not complying with any item that has not been applied.
- 3- The Bank provides the approved version of the Guide on the Bank's website www.jordanislamicbank.com.

IV: Principles and Core Bases of Institutional Governance

The core principles and bases of corporate governance include five areas: shareholder equity, equal treatment of shareholders, the role of stakeholders, disclosure, transparency and the responsibilities of the Board, through the following:

- 1) The position of Chairman of the Board shall be separated from that of CEO /General Manager. In addition, there is no family relationship up to the fourth degree between the Chairman and the CEO /General Manager.
- 2) The Chairman shall not be an executive member.
- 3) The existence of an organizational and administrative structure in which the powers and responsibilities are divided with a complete specification and clarity, and the existence of effective control frameworks that achieve clear separation of responsibilities and delegation of authority.
- 4) To ensure justice in the treatment of all relevant parties, such as (shareholders, depositors, bank employees, and regulatory authorities).
- 5) Transparency and disclosure in a manner that enables relevant parties to evaluate the Bank's status and financial performance.
- 6) Accountability in the relations between the Board and the Senior Executive Management, shareholders, and other relevant parties.
- 7) Ensuring the achievement of the principles of appropriateness in each of the members of the Board and the senior executive management of the Bank.

V: Board of Directors (BOD)

1) The composition of the Board

- a- The number of the Board members shall not be less than eleven members.
- b- No Board member shall be an executive member.
- c- The number of independent members shall not be less than four members.

2) Appropriateness of the Board members

The Board members shall enjoy the highest degree of credibility, integrity, competence, expertise, ability to commit and devote time to the Bank's work. The Board and the Nominations and Remunerations Committee are responsible for ascertaining this, as follows:

- a. Any person occupies the presidency or membership of the Board of Directors of the Bank shall have the following:
 1. His age shall not be less than 25 years.
 2. He shall not be a member of the Board of Directors of any other bank inside the Kingdom or a General Manager of it or a regional manager or an employee at it without the other bank is an affiliate of the Bank.
 3. He shall not be a solicitor or a legal counselor or the bank's accounts auditor.
 4. He shall obtain the first university degree as a minimum wherever in Economics or Finance or Accounting or Business Administration or any other similar specialization. The Committee of Nomination and Remuneration has the right to consider adding any other specializations if it was combined with an experience that is related to the Bank business.
 5. He shall not be a government employee or any other official of a public institution except being a representative of it.
 6. He shall not be a member of the Board of Directors of more than five public shareholding companies within the Kingdom being personally in some of them or as a proxy of a corporate person in some others.
 7. He shall have an experience in the bank business or finance or any other similar fields of not less than 5 years with knowledge of banking activities that agree with provisions of the Islamic Sharia.

3) The Board Meetings:

- a. The Board members shall attend the meetings personally. In case of not being able to do so, the Board member shall give his opinion through video or telephone after the approval of the Head of Directors, without having the right to vote or sign the meeting minutes.
- b. The Board meetings minutes shall be recorded along with the emerging committees in a complete and accurate way, in addition to writing down any reservations raised by any member. The bank shall keep all these minutes appropriately.
- c. The Senior Executive Management shall, before an appropriate period of the board meeting, provide the Board members with adequate information. The Chairman of the Board shall verify this.

4) Duties of the Board Secretary

- a. Attend all the Board meetings and write down all the discussions and suggestions, objections, reservations, and how to act upon the projects of the Board resolutions.
- b. Define the dates of the Board meetings with the co-ordination of the chairman of the Board.
- c. Confirm that the Board members have signed on the meetings minutes and resolutions.
- d. Follow up the implementation of resolutions taken by the Board, and follow up any topics that were postponed from a previous meeting.
- e. Keep the registers and documents of the Board meetings in appropriate place.
- f. Take the necessary measures to ensure that the draft resolutions to be issued by the Board are in line with the legislations.

- g. Prepare for meetings of the General Assembly and cooperate with committees emerging from the Board.
- h. Provide the Central Bank with the appropriateness acknowledgments that are signed by the Board members.

5) The Board tasks and duties

In addition to the provisions of the Banks and Companies Laws and the instructions of other relevant regulatory bodies, the Board shall perform the following functions (including but not limited to):

- a. General supervision and draw strategy
 - 1. Brief the Central Bank on the structure of the Group and inform the Central Bank on the relationships between the Bank and the parent company, the adequacy of the corporate governance within the Group, the harmonization of the corporate governance strategies and policies of the Parent Company and these instructions and any instructions issued by any other regulatory bodies. In case there is a conflict, the Central Bank prior consent shall be taken to address this.
 - 2. Define the strategic aims of the bank. Direct the executive management to prepare a strategy to achieve these aims, and to adopt such strategy, in addition to adopting action plans that keep up with this strategy.
 - 3. Define the Code of Ethics of the bank; draw clear lines of the responsibility and accountability for all the bank activities along with establishing a high culture of ethical standards, integrity and professional behavior of the bank staff.
 - 4. Adopt an organizational structure of the Bank illustrating the managerial sequence including the board committees and the executive and managerial corporate.
 - 5. Adopt an effective strategy to guarantee that the members of the Board, Senior Executive Management, and the Bank committee are appropriate. The said policy shall possess the minimum requirements and standards required to fulfill the membership criteria and it shall be subject to review whenever necessary. Adequate procedures and regulations are set to ensure that all board members fulfill their suitability requirements, and that they continue to do so.
 - 6. Ensuring policies, plans, and action procedures including all the bank activities and going along with relevant legislations have been circulated at all the various managerial levels and that it is being regularly revised.
 - 7. Check that the credit policy of the bank includes evaluation of the Corporate Governance of the clients of companies specially the general shareholding companies, so that risks of clients shall be evaluated according to the points of strength and weakness and according to their practices in the field of the governance.
 - 8. Ensure having adequate and reliable Management Information System (MIS) that cover all the bank activities.
 - 9. Ensure that the bank adopts appropriate social initiatives in the field of protecting the environment, health and education; observe providing funding to the small and middle-sized companies with appropriate prices and periods.
 - 10. Adopt the measures that secure having a clear separation between the authorities of the shareholders who possess an influencing interest from the one hand and the executive management from the other hand with the aim of

fostering the sound Corporate Governance and find the appropriate mechanisms to stop the influence of the shareholders who possess an influencing interest through the following including and not being limited to:

- i. No shareholder who owns an influencing interest shall occupy any job of the Senior Executive Management.
 - ii. The Senior Executive Management shall take its authority from the board alone and work within the delegation given to them.
11. The board shall determine the banking operations that require the bank agreement provided observing not to extend that in a way that breaches the regulating role of the board. The Board member shall not be granted executive powers including the power to grant a credit for one of the board members alone including the chairman.
 12. Delegate some or all of the powers of the Facilitation Committee emerging from the Board to amend the conditions or structure of the facilities for the Executive Management Committee, and the Facilitation Committee shall be informed about the decisions taken within these powers.
 13. Defining the tasks and duties of the Secretary of the Board.
 14. Develop the general policies to be applied from time to time, in the areas of the recruitment of funds and available financial resources, the identification of ways to invest them, and the arrangement of the distribution of legally acceptable risks and guarantees.
 15. Approval of service fees, commissions and wages that the bank can charge for banking and management work in its various activities.
 16. Approval of settlements, reconciliations and acceptance of arbitration, which the Bank's management agrees to enter into.
 17. Approving the annual plan to open new branches, expanding the various investment fields, and innovate new methods to develop the banking business that is not based on usury (interest).
 18. Appoint one or more members of the Board who has/ have the right to sign for the Bank alone or jointly, in accordance with the decision of the Board in this regard.
 19. Grant the right of signature to the Bank employees.
- b. Senior Executive Management
1. Appoint the General Manager, Internal Auditing Manager, Internal Sharia Auditing Manager, Risk Management Department Manager, Regulatory Compliance Manager and accept their resignations based on a prior recommendation of the Committee of Nomination and Remuneration.
 2. Supervise the executive management and follow up their performance, making sure of the integrity and appropriateness of the bank financial conditions. Adopt appropriate policies and procedures to supervise and control the bank performance.
 3. Adopt a policy to control and revise the executive management performance through setting Key Performance Indicators (KPIs) to specify, assess and watch performance to move forward towards achieving the institutional aims.
 4. Approval of the candidates nominated by the Nomination and Remuneration Committee to the Senior Executive Management and ensuring that the required expertise and qualifications are available to them.
 5. Approval of appointing any of the members of the Senior Executive Management of the bank.

6. Approval of the functional succession plan for the members of the Senior Executive Management of the bank and revise such plan at least once yearly.
 7. Exercise powers not delegated to the CEO / General Manager.
 8. Inform the Central Bank of any crucial information that may negatively affect any of the appropriateness of any of the members of the Senior Executive Management.
- c) **Sharia Regulation Control Environment**
1. Secure the availability of an appropriate and independent Sharia Supervisory Board and a system of Sharia controls which includes an internal Sharia system, through insuring that there is an active Sharia independent supervision over each of the Bank Units.
 2. Check that all the banking activities are carried out in accordance with the provisions and principles of the Islamic Sharia and the Sharia resolutions and Fatwa issued by the Board.
 3. Ensure duly providing the Sharia Board with adequate and sufficient information with the aim of helping them in carrying out their tasks represented in checking the bank adherence to the Islamic provisions and principles of the Islamic Sharia, and form an independent opinion with this regard.
 4. Secure getting the Sharia Board opinion of all contracts, transactions, agreements, products, services, investment policies, profit and loss distribution and set aside earnings on the investment account, and the mechanism of dealing with the income that violates the Sharia provisions.
 5. Adopt a policy that organizes the relationship between the bank and shareholders/ investment accountholders provided being revised by the Sharia Board and the obligation of publishing this policy on the Bank Website.
 6. Adopt the guide of special policies and procedures by sticking to the provisions and principles of the Islamic Sharia provided containing at least the following:
 - a. The mechanism of showing the topics to the Sharia Board to get the corporation's Fatwa and/or resolutions regarding it.
 - b. Guide/ The Sharia Board work procedure.
 - c. The mechanism of insuring compliance with the Fatwa or resolutions issued by the Sharia Board.
 - d. A mechanism to facilitate the communication of the various bank units and the bank clients with the Sharia Board.
 7. A mechanism to provide the bank clients- upon their request- a clarification of any Fatwa issued by the Sharia Board.
 8. The commitment to publish the Fatwas and resolutions issued by the Sharia Board on the bank website. In case of initiating a product or a service or treatment adoption or a mechanism related to the product or service and a Fatwa and resolutions are issued for this regard, they have to be published during a period of no more than six months as from the date of adoption/ provision.
 9. Insure adherence to the control criteria issued by Accounting & Auditing Organization for Islamic Financial Institution (AAOIFI).
 10. Secure and foster the independence of the internal auditors, and give them an appropriate position at the job hierarchy of the bank, to insure that they are qualified to perform their duties, including their right to approach all the registers and information and contact any employee inside the Bank to be able

to perform the tasks assigned to them and to prepare their reports without any external interference.

11. Take the necessary procedures to foster the efficacy of the internal auditing through:
 - a. Giving the necessary importance to the process of auditing to establish that in the Bank.
 - b. Follow up the correction of the auditing remarks.
 12. Check the availability of adequate materials and number of qualified staff to administer and train the Internal Sharia Auditing. Those working at the department shall have the minimum of the following requirements:
 - a. An appropriate university degree along with knowledge of the origins of the Islamic dealings and the terms of every contract and the reasons behind its being void.
 - b. The employee shall have experience and knowledge of standards issued by the (AAOIFI).
 13. Check the rotation of the employees of the Internal Sharia Auditing on auditing the Bank activities every three years as a maximum.
 14. Check that the employees of the Internal Sharia Auditing are not assigned of any executive tasks.
 15. Check that all the Bank activities are subject to Internal Sharia Auditing at the Bank include those assigned to external parties (Outsourced Activities).
 16. Adopt the Internal Sharia's Audit Charter which includes the tasks, powers, and responsibilities of the Department of Sharia Auditing according to the Board recommendation to be circulated on the relevant parties.
 17. Check that the Internal Sharia Auditing Department is subject to direct supervision of the Sharia Board and that reports are submitted to the Chairman of the Sharia Board along with submitting copies of them to the Auditing Committee and the General Manager.
- d) Internal and External Auditing
1. Adopt internal Control and Monitoring systems of the bank to be annually revised. Make sure that the internal and external auditors have revised the structure of these systems once at least every year.
 2. Ensure that the Bank's Internal Audit Department is able to perform the following tasks as a minimum:
 - a. Check of availability of control and monitoring systems and adequate internal supervision of the Bank activities and the affiliate companies availability and compliance with.
 - b. Check the compliance to the Bank internal policies and the International standards and the relevant legislations.
 - c. Audit the financial and managerial issues in a way that insures that the major information regarding the financial and managerial issues are accurate, reliable and timely.
 - d. Revise the commitment to the Corporate Governance Guide.
 - e. Revise the validity and comprehensiveness of the stress tests, in a way that agrees with the approach adopted by the Board.
 - f. Insure the accuracy of the procedures followed in the process of internal evaluation of the Capital Adequacy of the Bank (ICAPP).
 3. Secure and foster the independence of the internal auditors, and give them an appropriate position at the job hierarchy of the bank, to insure that they are

qualified to perform their duties, including their right to approach all the registers and information and contact any employee inside the Bank to be able to perform the tasks assigned to them and to prepare their reports without any external interference.

4. Take the necessary procedures to foster the efficacy of the internal auditing through:
 - a. Giving the necessary importance to the process of auditing to establish that in the Bank.
 - b. Follow up the correction of the auditing remarks.
 5. Adopt an Internal Auditing charter which includes the tasks and powers and responsibilities of the Auditing Department and circulate to the relevant parties.
 6. Check that the internal auditing management is subject to direct supervision of the Auditing Committee, and that they submit their reports directly to the Head of the Auditing Committee and the CEO/ General Manager.
 7. Insure the independence of the external accounts auditors from the beginning and on.
 8. Approval and upon the recommendation of the Audit Committee and prior to the agreement with the external auditor to provide any other services outside the scope of the auditing, in accordance with the law of practicing the profession of auditing and the instructions issued pursuant thereto, and to disclose these services.
 9. Insure the regular rotation of the External Auditor among the auditing offices and the affiliate, ally, or joint companies every seven years as a maximum, starting from the date of election, taking into consideration the following:
 - a. The period of seven years is calculated at the beginning of the application as from (2010).
 - b. The first year (of rotation) for the new office shall be implemented jointly with the old office.
 - c. No old office shall be re-elected before the passage of at least two years as from the day of its last election at the Bank other than the task of joint auditing.
 - d. Take the appropriate procedures to remedy the points of weakness at the systems of internal control and supervision or any other points shown by the external auditor.
- e) **Risk Management**
1. Adopt a strategy for risk management and observe its implementation so that it includes the acceptable risk level along with insuring that the bank is not exposed to high levels of risks. The Board shall be familiar with the Bank's operating environment and the risks associated with it, and shall ensure the availability of tools and infrastructure for the bank risk management which is able to define and assess and control all kinds of risks the bank is exposed to.
 2. Check that trespasses are addressed at the levels of acceptable risks, including the accountability of the Senior Executive Management concerned with such trespasses.
 3. Check that Risk Management carries out stress test conditions periodically to assess the Bank capability to bear checks and encounter high risk and that the Board shall have a major role in adopting hypotheses and scenarios used and discussing the test results and adopting procedures to be taken based on such results.

4. Adopt the approach of internal auditing of the sufficiency of the Bank Capital, so that such approach shall be comprehensive, effective and capable of determining all the risks including the Sharia risks that the bank may encounter, taking into account the strategic plan of the bank and the Capital plan. This approach shall be periodically revised to check its application and check that the bank keeps an adequate capital to face all the tasks encountered.
 5. Take into consideration the risks resulting from that and the capability and qualification of the risk management employees before approving any extension of the Bank activities.
 6. Secure the independence of the Risk Management at the Bank through submitting its reports to the Committee of Risk Management along with giving it the necessary powers to enable them obtain the information from the other departments and to co-operate with the other committees to perform their tasks.
 7. Adopt the accepted Risk Document at the Bank.
- f) **Compliance Monitoring**
1. Insure the independence of the Compliance Monitoring Department, so that it contains a section for Sharia Compliance and secure its continuity through supporting it with adequate trained staff.
 2. Adopt a policy to insure the Bank adherence to all related legislations, Fatwa and resolutions issued by the Sharia Board; periodically revise such policy and insure its application.
 3. Adopt the tasks and responsibilities of the Compliance Monitoring Department.
- g) **Code of Ethics and Conflict of Interests**
1. The Board shall adopt a policy and procedures to address the conflict of interests and to disclose any conflict of interests that may arise from the Bank being connected with the companies inside the group.
 2. The Board shall adopt a policy and procedures for interactions with those concerned so that they include definition of such parties taking into consideration the legislations and the terms of dealings and the procedures of approval and the mechanism of supervising such dealings, so that such adopted policies and procedures shall not be surpassed.
 3. The Board shall confirm that the Senior Executive Management implements the adopted policies and procedures.
 4. Adopt controls of the information transfer movement among the various managements to prevent their exploitation for a personal interest.
 5. Adopt policies and a charter for the professional behavior and publish it to all the concerned administrators provided that they include the following as a minimum:
 - a. No administrator shall exploit any internal information of the bank for their own interest.
 - b. Foundations and procedures to organize transactions with those concerned.
 - c. Conditions which may result in interests' conflicts.
 6. Confirm that the Senior Executive Management enjoys a high level of integrity in performing their work and in avoiding the interests' conflicts.
- h) **Stake Holders Rights**

- 1- Provide a specific mechanism to insure communication with stakeholders through disclosure and to provide contextual information about the Bank activities for the stakeholders through:
 - a. The General Assembly Meetings.
 - b. The Board of Directors annual report.
 - c. Semi-annual reports, containing financial information, as well as the Board's report on the Bank's trading and financial position during the year.
 - d. The website of the Bank.
 - e. The shareholders' relations Section.
 - 2- Insure allocating a part of the Bank website including a clarification of Shareholders rights encouraging them to attend the meetings of the general assemblies and to vote, in addition to publishing the documents related to the meetings including the full text of the invitation and the meeting minutes.
 - 3- Insure allocating a part of the Bank website including a clarification of the rights of Joint Investment Accounts Holders and publish the policy that organizes their relationship with the stakeholders, so that it includes quality and quantity disclosures.
- i) Transparency and Disclosure**
- 1- Insure publishing the financial and non-financial information that stakeholders care about.
 - 2- Insure the Bank adherence to the disclosures issued by the Auditing Organization For Islamic Financial Institution (AAOIFI) provided adherence to the disclosures specified by the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in case of not having indicators for the Islamic establishments and the instructions of the Central Bank and other related legislations, and insure that the Executive Management is aware of the changes that take place in the indicators issued by the Auditing Organization For Islamic Financial Institution (AAOIFI) and International Financial Reporting Standards (IFRS).
 - 3- Insure that the annual report and the quarterly reports of the Board of Directors include disclosures that allow current and potential stakeholders to be advised of the operations results along with the financial situation of the Bank.
 - 4- Confirm that the Board of Directors annual report includes the following as a minimum:
 - a. A synopsis of the Organizational Structure of the Bank.
 - b. A synopsis of the tasks and responsibilities of the Board Committees and any powers commissioned by the Board to such committees.
 - c. The Information that is of importance to stakeholders illustrated in the Corporate Governance Guide of the Bank and the extent of being committed to implement what has been mentioned in the Guide.
 - d. A statement indicating that the Board is responsible for the accuracy and adequacy of the Bank's financial statements and the information contained therein, and that the internal control and legitimacy systems are sufficient.
 - e. Information about all the Board members regarding the qualifications, experience and shareholding of the Bank Capital and whether he/she is independent or not and his/her membership in the Board Committees, the date of appointment, any other memberships he/she occupies in the field of managing other companies, all kinds of remunerations he/she received from the Bank for the previous year, the funding granted to him/her from

the Bank, and any other operations carried out between the Bank and the Member or any relevant parties.

- f. Information about all the Sharia Board members regarding the date of appointment and the jobs they occupy outside the Bank.
 - g. Information about Risk Management including its structure, the nature of its job and the changes that have taken place on them.
 - h. The number of meetings of the Board of Directors and its Committees and the number of each member's attendance of such meetings.
 - i. The names of all the resigned members of the Board and the Executive Management during the year.
 - j. A synopsis of the policy of granting the remunerations at the Bank, with the disclosure of all kinds of remunerations granted to the Board members each on its own, and all kinds of remunerations granted to the Senior Executive Management members for the previous year each on its own.
 - k. The names of stakeholders who own 1% or more of the Bank capital, and specifying the ultimate beneficial owner of all or part of such shareholding whether such shareholdings were wholly or partly mortgaged.
 - l. Acknowledgments of all the Board members and the Sharia Board members that the member has not received any benefits through working at the Bank without disclosure, whether such benefits are materialistic or in kind, or to any of those related to him for the previous year.
 - m. The BOD and the Sharia Board verify that the Board insures that the annual report of the Bank include disclosures that allow current and potential investment accounts holders to be advised of the operations results along with the financial and legitimate situation of the Bank.
- j) Performance Evaluation and Remuneration Determination**
1. Develop a system to evaluate the performance of the Board of Directors and the work of its members provided that the system shall include the following as a minimum:
 - a. Set specific objectives and specify the Board role in achieving such objectives in a way that can be assessed.
 - b. Specify key Performance Indicators (KPIs) that can be extracted from strategic aims and plans to be used to assess the Board performance.
 - c. Communication between the Board of Directors and shareholders and the frequency of such communication.
 - d. Periodical meetings of the Boards of Directors with the Senior Executive Management.
 - e. The role of the member in the Board of Directors' meetings, and the comparison of his/her performance with the performance of others. Feedback shall be provided from the concerned member with the aim of improving the evaluation process.
 2. The Committee of Nomination and Remuneration shall evaluate the performance of the Sharia Board as a whole and its committees and members annually, including the development of KPIs, including criteria for evaluating the performance of the Sharia Board and its members, through the role of the member in the meetings of the Sharia Board, as well as comparing its performance with the performance of the other members of the Sharia Board. The feedback shall be obtained from the member concerned in order to improve the evaluation process. The evaluation system shall include the extent to which the Sharia Board achieves its functions and duties and the

effectiveness of the system of controls and supervision in the Bank, provided that informing the Central Bank of such evaluation.

3. The Board shall evaluate the CEO/ General Manager Performance every year according to an evaluation system prepared by the committee of Nomination and Remuneration which includes setting the KPIs provided that they include the standards of evaluating the executive performance of the CEO/ General Manager, and the financial and managerial performance of the Bank obliging him/her to apply the Sharia controls at the Bank and the extent of the performing the medium term and long term plans and strategies and inform the Central Bank of the result of such appraisal.
4. The Board shall adopt a system to assess the performance of the bank administrators other than the Board of Directors 'members and the General Manager, provided that such system shall include the following as a minimum:
 - a- An appropriate weight shall be given to assess the commitment performance in the framework of the Risk Management Work and the application of the internal controls and the organizational requirements.
 - b- The total income or profit shall not be the only element to assess performance, but other factors shall be taken into consideration when assessing the administrators' performance such as risks connected with the basic operations, the client satisfaction and others when applicable.
 - c- Authorities and interests conflicts shall not be exploited.

k) Remuneration Determination

1. Set procedures to determine the remunerations and fees of the Sharia Board members depending on the evaluation system that has been approved by the Board, in accordance with the policy of awarding the financial remuneration established by the Nomination and Remuneration Committee and approved by the Sharia Board.
2. The policy of granting financial remunerations shall have the following elements as a minimum:
 - a. The policy shall be prepared to keep qualified and skilled administrators with the necessary experience in order to polarize and motivate them and promote their performance.
 - b. The policy shall be designed in a way that insures it's not being used in a way that affects the solvency or reputation of the bank.
 - c. The policy shall take into consideration the risks and the liquidity situation and profits along with their timing.
 - d. The element of granting remuneration shall not be based just on the performance of the current year, but it shall be also based on the medium and long – term performance (3-5 years).
 - e. The policy shall express the bank objectives, values and strategies.
 - f. The form of the remuneration shall be determined as being in the form of fees, salaries, allowances, promotions, shares options or any other advantages.
 - g. It shall include the possibility of deferring the payment of a reasonable percentage of the remunerations so that such percentage and the postponement period shall be determined on the basis of the work nature and risks of the activities of the concerned administrator.
 - h. No financial remunerations shall be paid to the administrators of the supervisory departments (risk management, auditing, regulatory

compliance and others) depending on the results of the actions of the departments they observe.

6) Duties of Board of Directors Members

Each Board member shall do the following as a minimum:

- a. Acquaintance of legislations and principles related to the Islamic Banking Business and the operating environment of the Bank while keeping up with the developments taking place there in addition to external updates that are concerned with his/her job along with the appointment requirement at the senior executive management post at the Bank.
- b. Attend, in person, the Board meetings and the meetings of committees in which he/she is a member. Attend the meetings of the Board committees, as required, and meetings of the General Assembly.
- c. The member shall not disclose any of the confidential information of the Bank and shall not use it for his own interest or for others interests.
- d. Prefer the Bank's interests in all transactions performed with other companies he/she has an interest with. Not to cease the commercial actions opportunities of the Bank for his/her own interest and to avoid any interests' conflicts. The Board member shall disclose to the Board in details any conflict of interests, in case of having one, along with commitment of not attending or participating in any meeting where such topic is discussed and to participate in the decision taken in that meeting in addition to writing down that disclosure in the Board meeting minutes.
- e. Allocate sufficient time to perform his/her duties as a Board member.

7) Duties of the BOD Chairman

Each Board member shall do the following as a minimum:

- a. Being keen on establishing constructive relationships between the Board and the Executive Management of the Bank.
- b. Being keen on establishing a constructive relationship between the BOD and the Sharia Board, and between the Sharia Board and the Executive Management of the Bank.
- c. Encourage constructive criticism about issues discussed in general and other issues with variance in opinions of members. Encourage discussing and voting on such issues.
- d. Confirm that all the BOD members receive and sign the previous minutes of the meetings, in addition to receiving the agenda of any meeting before its being held with a sufficient period provided that the agenda includes adequate information about the topics to be discussed during the meeting. The delivery shall be made by the Board secretary.
- e. Confirm having a Charter that organizes and specifies the Board actions.
- f. Discuss thoroughly the strategic and important matters at the Board's meetings.
- g. Provide each member of the Board members when being elected with the law provisions concerned with the Bank work and the instructions of the Central Bank that are related to the Board work along with a booklet that illustrates the member's rights, responsibilities, duties and tasks along with the tasks and duties of the Board's secretary.

- h. Provide each member with an adequate summary of the Bank work at appointment or upon request.
- i. Discuss with any new member, with the help of the Bank legal counsel, the Board's tasks and responsibilities, especially those related to the legal and organizational requirements to clarify tasks, powers and other things related to membership including the membership period, the meeting dates, the committees tasks, the amount of the remuneration, and the possibility of getting the independent specialized technical consultation whenever necessary.
- j. The Chairman of the Board shall confirm informing the Central Bank of any crucial information that may negatively affect any of the appropriateness of any of its members or any of the Sharia Board members.
- k. Meet the needs of the Board members regarding the development of their experience and constant education, and to allow to the new member attending orientation program taking into consideration the banking background of the member, provided that the program includes, as a minimum, the following topics:
 - 1. The Organizational structure of the Bank and the Corporate Governance and the professional Code of Ethics.
 - 2. The institutional objectives and the Bank Strategic Plan and its adopted policies.
 - 3. The financial situation of the Bank.
 - 4. The structure of the Bank risks and the framework of the Risk Management.
 - 5. The Sharia Controls.

8) Limits of Responsibility and Accountability

- a. The Board shall bear the responsibility of the integrity of all the Bank transactions including the Bank financial situations and the responsibility of executing the Central Bank requirements and the relevant control parties while observing interests' owners. The bank shall be administered within the framework of the internal policies and legislations of the bank, and that the effective control is always available on the bank activities including the bank activities attributed to external parties.
- b. Adopt clear limits of responsibility, liability, accountability and adhere to them at all the managerial levels of the Bank.
- c. Confirm that the organizational structure clearly reflects the lines of responsibility and authority provided that it contains at least the following regulating levels:
 - 1. The Board of Directors
 - 2. The Sharia Supervisory Board
 - 3. Separate departments of managements of risk, compliance regulation, internal auditing, Internal Sharia auditing that don't practice daily executive actions.
 - 4. Units/ employees not participating in the daily operations of the Bank activities (such as credit review staff and Middle Office).
- d. Confirm that the Senior Executive Management perform its responsibilities related to the management of the Bank daily operations, contributes in applying Corporate Governance there, commissions powers to its employees, establishes an active managerial structure that may foster accountability, and achieves tasks in the various areas and activities of works in a way that goes

along with the policies and procedures adopted by the Board, and the resolutions and Fatwa issued by the Sharia Board.

- e. Adopt appropriate regulatory and Sharia controls to enable him enquire the senior executive management.
- f. Provide direct contact of the Board members and committees with the executive management and the Board secretary. Facilitate their performance of the tasks assigned to them including seeking the help of, whenever necessary and on the Bank expenses, with external resources in co-ordination with the chairman along with confirming that no board member shall influence the executive administration resolutions unless through discussions carried out at the meetings of the BOD or its emerging committees.

9) The Board Emerging Committees

1. In order to increase its efficiency, the Board of Directors constitutes the following standing committees:
 - a- The Corporate Governance Committee
 - b- The Auditing Committee
 - c- Nomination and Remuneration Committee
 - d- Risk Management Committee
 - e- Credit Facilities Committee.
 - f- Social Responsibility Committee.
 - g- Information Technology Governance Committee.
 - h- Compliance Committee.
2. These committees shall carry out specific tasks for a specified period of time. The Board shall also determine these committees' objectives and delegate them to authorities in accordance with a charter that clarifies this.
3. The Committees shall, with the approval of the Board, set written procedures for the organization of their work and determine their obligations, provided that they are provided in writing in a charter.
4. The committees shall submit their reports and recommendations to the Board. The names of the members of these committees shall be disclosed along with a summary of their functions and responsibilities in the annual report of the BOD of the Bank.
5. The Board shall adopt the principle of transparency when appointing its committees members.
6. The committees shall meet according to the system of their formation or whenever necessary.
7. The committees shall be composed of members of the Board, and may include members of the Executive Management of the Bank if this does not conflict with the legislations in force, provided that the number of members of the Committee shall not be less than three. The committees' decisions and recommendations shall be taken by an absolute majority.
8. Any board member shall not head more than one of the following committees: (Corporate Governance Committee, Audit Committee, Nominations and Remuneration Committee, Risk and Compliance Committee). No board member may head more than two committees from committees deriving from the Board.
9. The committees shall have the following powers:
 - a- Request any information from the senior executive management that must cooperate to provide this information in a safe and accurate manner.

- b- Seek legal, financial, administrative or technical advice from any external consultant.
- a. **Corporate Governance Committee**
 - 1) The committee shall consist of at least three members of the Board. All of them are independent members, provided that it includes the Board chairman. This committee assumes guidance and supervision of preparing and updating a guide of the Corporate Governance and observing its application.
 - 2) The Corporate Governance Committee shall coordinate with the Sharia Board to ascertain the Bank's compliance with the provisions and principles of Islamic Sharia.
- b. **The Auditing Committee**
 - 1) The Auditing Committee consists of at least three members. The majority of the Committee members, including the head of committee, are from the independent members. The Chairman of the Committee shall not be the head of the Board or the Chairman of any other Committee emanating from the BOD.
 - 2) All the committee members shall have scientific qualifications and enjoy appropriate practical experience in the fields of accounting or finance or any of the specializations or similar fields concerned with the business of Islamic Banks. In case of not having appropriate experience in the business of Islamic banks, work on providing them with appropriate training programs in the field of accounting criteria, auditing, controls, legal criteria issued from Accounting & Auditing Organization For Islamic Financial Institution (AAOIFI), and the criteria issued from Islamic Financial Services Board (IFSB).
 - 3) The Committee shall exercise the functions and responsibilities assigned to it by the Banking Law and any other relevant legislation, including revising the following:
 - a. Scope, results and extent of adequacy of the bank's internal and external auditing of the bank.
 - b. Accounting issues of material impact on the financial statement of the bank.
 - c. Internal control & monitoring system at the bank.
 - 4) The committee submits recommendations to the Board of Directors regarding the appointment of the external auditor and terminating their job and fees and any terms related to contracting them, in addition to appraising their independence, taking into consideration any other business they are assigned to do outside the auditing range.
 - 5) The committee shall have the power of getting any information from the executive management and has the right to summon any administrator to attend any of its meetings, provided that this is stated in its Charter.
 - 6) The committee meets with the external and internal auditors along with the regulatory compliance official at least once a year without the attendance of any of the Senior Executive Management members.
 - 7) The Auditing Committee shall check the independence of the external auditor every year.
 - 8) The Auditing Committee shall revise all the transactions of those concerned and supervise them, and inform the board of such transactions.
 - 9) The committee shall revise and monitor the procedures that enable employees from secretly notifying any mistake in the financial reports or any legal

breaching or any other issues. The committee secures the presence of the necessary preparations for the independent checking and confirming the follow up of the investigation results and objectively addressing them.

- 10) Confirm the external audit ability to revise the range of the bank compliance with Sharia controls within the terms provided in the Link Message signed with him, to insure that the bank has done so.
 - 11) The Auditing Committee shall verify the following:
 - a. Sufficient and adequate numbers of qualified staff are available to manage and train the internal auditing department.
 - b. The employees of the internal auditing are rotated on the auditing of the bank activities every three years as a maximum.
 - c. The auditing employees are not assigned to do any executive tasks.
 - d. All the bank activities are subject to auditing including those assigned to external parties (outsourced activities).
 - e. Review the annual report of the Internal Audit Department submitted by the Sharia Board.
 - 12) Evaluate the performance of the Director and the employers of the internal auditing to determine their remunerations.
 - 13) Study the periodic reports before presenting them to the Board and make recommendations thereon, focusing on the following:
 - a. Any change in accounting policies followed.
 - b. Any change in the accounts resulting from the audits or as a result of the proposals of the external auditor.
 - c. Studying the work plan of the external auditor and ensuring that the bank provides the auditor with the necessary facilities to carry out his work.
 - d. Approve the internal audit plan, evaluate the internal audit procedures and review the internal audit reports, particularly those relating to any observations that arise as a result of the internal audit.
 - e. Recommend to the Board on matters related to internal audit procedures and work.
 - f. Make sure that there are no conflicts of interest that may result from the Bank entering into transactions, concluding contracts or entering into projects with related parties.
 - g. Review the transactions of related parties with the Bank prior to its conclusion.
 - h. Any other matters decided by the Board.
 - 14) The responsibility of the Audit Committee does not detract from the responsibilities of the Board or the senior executive management of the Bank in relation to the adequacy of its internal control and regulation systems.
 - 15) The work of any other committee shall not be combined with the work of the Auditing Committee.
- c) Nomination and Remuneration Committee
- 1) The Nomination and Remuneration Committee shall consist of at least three members of the Board. All of them are independent members, provided that it includes the Board chairman.
 - 2) The Nomination and Remuneration Committee shall perform the following tasks:
 - a. Define the persons qualified to join the board membership while taking into consideration the abilities and qualifications of the nominated persons.

The number of the member's attendance and active participation in the board are taken into consideration in case of nominating the members once again.

- b. Specify the persons qualified to join the Sharia Board membership taking into consideration the conditions that shall be applicable in the Sharia Board (appropriateness of the Sharia Board member).
- c. Determine whether the member achieves the status of an independent member and review it annually, to include the following terms as follows:
 1. He shall not be an executive member at the Board for the last three years as from the date of the application of being elected as a member in the Board.
 2. He shall not be a previous employee of the Bank or of any of its affiliate companies during the last three years as from the date of being elected as a member in the Board.
 3. He shall not be a relative of a second degree to any of the other board members or any member of the board members of the other companies affiliate to the bank (if any) or with one of the major stakeholders of the bank.
 4. He shall not be a relative of the second degree with any of the other members of the Senior Executive Management or any member of the board members of the other Senior Executive Management of the affiliate companies of the bank.
 5. He shall not be a partner or an employee at the External Auditor of the Bank or used to be a partner or an employee during the previous years of the date of electing him as a board member. He shall not be a relative of first degree to the partner responsible for auditing.
 6. He shall not be a major stakeholder of the bank, a proxy of a major stakeholder, an ally to a major stakeholder of the Bank, or that his shareholding with the shareholding of an ally constitutes the amount of a major shareholder or a major stakeholder of one of the companies affiliate to the bank or a major stakeholder of the group owning the bank.
 7. He shall not have occupied the membership of the Board of Directors of the Bank of one of the companies affiliate to the Bank or a member of Managers Corporation for more than eight continuous years.
 8. He shall not have received, he or any company of which he is a member of its board of directors or owning it or a major shareholder of it, a credit from the bank with a percentage more than (5%) from the subscribed capital of the bank. He shall not be a guarantee of a credit from the bank with a value that exceeds the same percentage.
 9. He shall be one of those with high financial or banking qualifications or experience.
- d. Nominate the persons qualified to join the senior executive management.
- e. Check the attendance of the Board members and Sharia Board members of workshops or seminars on the banking topics particularly in risk management, the corporate governance, and the latest developments of the Islamic banking business.
- i. Follow specific and approved criteria for evaluating the performance of the Board, its committees, members of the BOD, the Sharia Board, the CEO and the General Manager, so that the performance evaluation criterion is

objective. The Central Bank shall be informed of the results of evaluating the work of the Board, its committees and members annually.

- j. Provide information and summaries about the background of some important topics of the bank to the Board members and the corporate members upon request. Confirm that they are continuously informed of the latest topics related to the Islamic Banking Business.
 - k. Check the availability of the performance incentive policy for the bank administrators and periodically revising it and applying that policy as recommended by the committee by specifying the salaries of the CEO/ General Manager and the remaining staff of the Senior Executive Management along with their incentives and other privileges.
 - l. Find a clear methodology for verifying that the Board member is allocated sufficient time to carry out his duties as a member of the Board of Directors including (for example), the extent to which the member is associated with membership of other boards of directors / bodies / forums, etc.
- d) Risk Management Committee
- 1) The risk management committee consists of two of the board members provided having one independent member among them. Its members may be members of the senior executive management.
 - 2) The risk management committee shall perform the following tasks:
 - a. Revise the framework of the Risk Management of the Bank.
 - b. Revise the strategy of the Risk Management of the Bank before adopting it by the Board.
 - c. Keep up with the developments that affect the actual risk management of the bank, submit periodical reports about them to the Board.
 - d. Check that there is no variance among risks taken by the bank and the level of the acceptable risks approved by the board.
 - e. Provide the appropriate conditions to secure acknowledging the risks that have a crucial influence, and any activities carried out by the Bank that may expose it to risks beyond the acceptable risks, and submit reports about them to the Board to follow up its remedy.
 - f. The Risk Management Committee is responsible for reviewing and evaluating the policies and strategies of risk management at the Bank before being approved by the bank, especially what follows:-
 - 1. Cash liquidity at the Bank.
 - 2. Investment and finance.
 - 3. Credit risks.
 - 4. Conditions of allowances and reserves.
 - 5. Sufficiency of insurance policies to cover risks.
 - 6. Sufficiency of organizational and economic capital of the Bank.
 - 7. Operation risks.
 - 8. Market risks.
 - 9. Rate of return risk.
 - 10. Reviewing and evaluating the methods and approaches of measuring the risks employed at the bank.
 - 11. The limits of exposure to risks at the levels of the country, currency, time limits, counter party, instrument, market and sector.
 - 12. New products and services before release.

13. Revise the structure and development of the Risk Management Department of the Bank before submitting it to the Board of Directors.
- e) **Facilities Committee:**
 - 1) The Committee shall consider direct and indirect banking facilities exceeding the authority of the highest executive committee in the executive management department.
 - 2) The Committee shall be composed of at least five members. One of its members may be independent and not a member of the Auditing Committee. Members of the Senior Executive Management may participate in its meetings to present their recommendations.
 - 3) The quorum for the meetings of the Committee shall be attended by at least four members and shall take its decisions by a majority of its members, regardless of the number of those present.
 - 4) The Committee members shall attend the meetings and vote personally. In case of not being able to do so, the committee member shall give his opinion through video or telephone, and has the right to vote or sign the meeting minutes, provided that this is duly documented.
 - 5) The Board may delegate some or all of the powers of the Committee to amend the conditions or structure of the facilities for the Executive Management Committee, provided that the Facilities Committee shall be informed of the decisions taken within these powers.
 - 6) The Committee shall undertake the following tasks:
 - a. Make the appropriate decision regarding the facilities recommended by the Executive Management Committee.
 - b. Exercise of the powers conferred upon it by the Board and relating to granting, modifying, renewing or structuring credit facilities.
 - c. The details of the facilities approved by the Board shall be periodically submitted to the Board of Directors.
 - f) **Sustainability and Social Responsibility Committee:**
 - 1) The Committee shall be composed of four members of the Board of Directors and the membership of the Executive Chairman / Director General, headed by an independent member of the Board. The Committee shall elect from among its members a Vice-Chairman.
 - 2) The Committee shall undertake the following tasks:
 - a. Supervise the implementation of the Bank's social responsibility program, in coordination with the Social Responsibility Committee of the Executive Management.
 - b. Provide appropriate guidance and support to the Social Responsibility Committee of the Executive Management.
 - c. Ensure that the Bank's social responsibility program is a pioneering program in Islamic banking.
 - d. Exercise all the necessary powers with respect to the Bank's social responsibility program, to achieve the objectives set and to continue to comply with the philosophy of forming the Committee.
 - e. Being informed of the progress made in the Bank Social Responsibility Program.
 - f. Take the necessary steps that will facilitate the work of the Committee.
 - g. Recommend to the Board to adopt the Bank's Social Responsibility Report on an annual basis.

g) IT Governance Committee:

- 1) The Information Technology Governance Committee shall be established from among the Board of Directors members. This committee shall consist of at least three members.
- 2) The IT Governance Committee shall carry out the following tasks as a minimum:
 - a. Adopting the strategic objectives of information technology and appropriate organizational structures, including Steering Committees at the senior executive management level, in particular (the Information Technology Steering Committee), to ensure that the Bank's strategic objectives are met and the best value added of IT resources projects and investments is achieved; to use the tools and standards needed to monitor and verify the extent to which this is achieved, such as the use of the IT Balanced Scorecard system, the calculation of return on investment (ROI), and measuring the impact of the contribution in increasing the financial and operational efficiency.
 - b. Adopting the overall framework for the management and control of IT resources and projects that complies with internationally accepted best practices in this regard, specifically COBIT (Control Objectives for Information and Related Technology), that complies with the achievement of the objectives and requirements of the directives by achieving the corporate objectives sustainably, achieves the matrix of information and related technology objectives, and covers the IT governance processes stated in the Information and Related Technology Management Governance Guide.
 - c. Adopting the matrix of corporate objectives, the IT objectives, considering its data as a minimum limit, and describing the sub-targets required to achieve them.
 - d. Adopting a RACI Chart towards the key processes of IT governance and its sub-processes in terms of: the responsible entity (entities), person or parties primarily responsible, those accountable, those consulted, and those that are informed towards all operations in the said facility, guided by COBIT 5 Enabling Processes in this regard.
 - e. Ensuring that there is a general framework for IT risk management that complies with and complement the overall risk management framework of the Bank and takes into account and complies with all information technology governance processes.
 - f. Adopting the balance of IT resources and projects in line with the Bank's strategic objectives.
 - g. General supervision and monitoring of the progress of operations, resources and projects of information technology to ensure their adequacy and effective contribution to the fulfillment of the requirements and work of the bank.
 - h. Reviewing the IT audit reports and taking necessary actions to address the deviations.
 - i. Recommending to the Board to take necessary actions to correct any deviations.

h) Compliance Committee

The Compliance Committee shall consist of at least three members, the majority of whom are independent members.

The Committee shall undertake the following functions and responsibilities:

- 1) Review and evaluate compliance control policies periodically to ensure that these policies are in line with the latest laws, guidelines and recommendations binding on our bank at minimum before being approved by the Board of Directors.
- 2) Supervise the achievement of the objectives of our Compliance Policy Group by reviewing the adequacy and effectiveness of the procedures applied by our Bank to implement compliance policies approved by the Board.
- 3) Supervise the management and evaluation of the risks of non-compliance, money laundering and terrorist financing at our bank, and assisting the Board and senior management in understanding, identifying, managing and evaluating the risks of non-compliance, money laundering and terrorist financing, facing our bank.
- 4) Supervise and ensure the compliance of our bank in implementing the resolutions and regulations of economic sanctions and international embargo issued by the United Nations lists and / or lists of other parties adopted in the policy of economic and trade sanctions at our bank.
- 5) Review and evaluate the risks of non-compliance, money laundering and terrorist financing at our bank at least once a year, to ensure the effectiveness of our bank's management in managing such risks, trace any deficiencies discovered therein and formulate appropriate proposals for making adjustments by submitting the recommendations to the Board.
- 6) Review and evaluate the training programs of the Bank's staff in the field of combating money laundering and terrorist financing and to ascertain their suitability with developments in trends of suspicion indicators and the risks of money laundering and terrorist financing.
- 7) Review and evaluate periodic compliance control reports on suspicious / unusual transactions and accounts of high risk clients.
- 8) Review and evaluate periodic compliance monitoring reports on the extent to which our Bank complies with the laws and instructions issued by the relevant regulatory authorities.
- 9) Discuss the customer complaints report and the procedures taken to address them and assess their impact on other services and products for which no complaints have been received and any possible impact of such complaints on the reputation of our bank.
- 10) Ensure the independence of the Compliance Control Department and provide the necessary powers to enable it to carry out the assigned tasks as stated in the relevant instructions.
- 11) Make the necessary recommendations to the Board of Directors.

VI: Senior Executive Management

1) Role of the CEO/ General Manager

In addition to the duties mentioned in legislation, the CEO/ General Manager shall:

- a. Set the Bank's strategic direction.
- b. Implement the Bank's strategies and policies.
- c. Implement the Board's decisions.
- d. Implement and comply with decisions and fatwas issued by SSB.

- e. Provide guidance for the implementation of short and long-term work plans.
- f. Convey the Bank's message and strategy to employees.
- g. Inform the Board of all important aspects of the Bank's operations.
- h. Manage the Bank's daily operations.

2) Tasks of the Senior Executive Management

The Senior Executive Management shall perform the following tasks at a minimum:

- A. Prepare and develop strategies and policies and work on applying them upon approval by the Board.
- B. Prepare and develop work procedures so as to ensure the identification, measurement, control and monitor of risks facing the Bank, and apply such procedures.
- C. Prepare financial statements and final accounts, submit them to the Audit Committee for discussion, and refer them to the Board for approval.
- D. Prepare an organizational structure and ensure actual compliance therewith after approval by the Board.
- E. Prepare the annual budgeting, refer it to the Board for approval and submit periodic reports to the Board stating the deviation between the actual performance and the planned one.
- F. Develop proper internal Sharia control and supervision policies and apply them after being approved by the Board.
- G. Carry out responsibilities according to the delegated authorities.
- H. Ensure the effectiveness of internal Sharia control and supervision systems and submit at least one annual report to the Audit Committee for discussion, and refer it to the Board for approval.
- I. Submit sufficient and accurate information to the Board members well in advance before the Board meeting.
- J. Set the procedures that guarantee the organization of capital adequacy and submit regular reports to the Board in this regard.
- K. Provide external and internal supervision authorities, in a timely manner, with the information and statements deemed necessary for performing their tasks properly.
- L. The annual report shall indicate that the Executive Management is responsible for providing internal control and supervision systems to ensure the quality and transparency of the required information and financial statements.
- M. Avoid conflict of interests; formulate the Work Ethics Charter of the Bank; have it approved by the Board then disseminate it at the administrative levels at the Bank.
- N. Develop skills and professional conduct of the Bank's staff to correspond with the latest developments and techniques.
- O. Provide the Central Bank with the requirements contained in the corporate governance instructions for Islamic banks.

3) Suitability of Senior Executive Management Members

A. Members of the Senior Executive Management shall have the highest level of credibility, integrity, efficiency and necessary experience as well as commitment and ability to dedicate enough time for the Bank business, as follows:

1. The CEO/ General Manager shall possess integrity, technical competency and banking experience.
2. A member of the Senior Executive Management shall not be a board member at any other bank inside the Kingdom, unless such bank is affiliated to the Bank.
3. A member of the Senior Executive Management shall work full-time on the management of Bank works.
4. A member of the Senior Executive Management shall have at least the first university degree in commerce, finance, accounting, business administration or in any other similar major relevant to the bank work.
5. A member of the Senior Executive Management shall have not less than 5 years of experience in banking or relevant works, while the CEO/ General Manager shall have at least 10 years of experience in banking. Years of experience should include at least 2 years in the field of Islamic banks. Otherwise, the member of the Senior Executive Management shall be subject to a comprehensive training program in the field of Islamic banks, accounting and auditing standards, as well as Sharia controls and criteria issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the standards issued by the Islamic Financial Services Board (IFSB).

VII: Sharia Supervisory Board (SSB)

1) Appointment of SSB

A. The General Assembly shall appoint the members of SSB as recommended by the Board and as assigned by the Nomination and Remuneration Committee for four renewable years. The SSB shall consist of three individuals at least. The Committee shall appoint the SSB chairman from its own members.

B. An engagement letter between the Bank and SSB, outlining the SSB scope of work, duties and fees, shall be signed.

2) Suitability of an SSB Member

A. An SSB member or chairman shall fulfill the following conditions:

1. Possessing a faculty for fiqh and being well versed in the understanding of informed reasoning (*ijtihad*) and authentication (*takhreej*) and use of deduction in new matters; having acumen, alertness and acquaintance with people's conditions and traditions; and being familiar with the local norms in order to understand the person asking for the fatwa.

2. Having at least a bachelor's degree in Sharia sciences in the fields of Islamic jurisprudence (fiqh) and its fundamentals, Islamic commerce and Islamic finance.
3. Having at least three years of experience in providing fatwa and Sharia judgments and/or at least four years of experience in teaching or scientific research after graduation.

3) Autonomy of SSB Members

The following requirements are required at a minimum in order to ensure the autonomy of an SSB member:

- A. An SSB member must not have had funding for him/herself or for his/her first- or second-degree relatives from the Bank or from any of its affiliates.
- B. An SSB member must not have worked as an employee at the Bank or at any of its affiliates for the past three years.
- C. An SSB member must not be an SSB member at any other licensed Islamic bank in the Kingdom, and must not be an SSB member at more than four financial institutions operating in the Kingdom that do not accept deposits, subject to non-conflict of interests.
- D. An SSB member must not be a member in the Board of Directors of the Bank, or an owner of a company that conducts transactions with the Bank, except for the transactions that result from the usual services and/or works provided by the Bank for its clients, provided that such transactions are governed by the same conditions that govern similar transactions with any other party, without any preferential conditions.
- E. An SSB member must not have any first or second-degree family relationship with a Board member or any Senior Executive Management member in the Bank, and must not receive from the Bank any salary, monetary amount, remuneration, benefits or gifts, except for those received in return for its membership in SSB or in return for any additional works assigned to him/her without affecting his/her autonomy.
- F. An SSB member shall not be a shareholder of the Bank or a representative of a major shareholder of the Bank or a shareholder of any of the companies affiliated to the Bank or a shareholder of the group owning the Bank.

4) SSB Meetings

- A. The SSB shall meet periodically in order to conduct regular audits and follow up on the compliance with Sharia in Bank operations. At least six meetings shall be held every year. The SSB shall meet with the Board, the Audit Committee and the external auditor at least twice a year (every 6 months) in order to discuss matters of common interest.
- B. SSB meetings can be held at the request of its chairman, at the request of two of its members or upon a decision by the Board or the CEO/ General Manager.

C. SSB members shall attend the meetings in person. In case personal attendance is not possible, an SSB member can give his/her opinion via video or phone after the approval of the SSB chairman. An SSB member has the right to vote and sign the minutes of meeting. Such member loses this right in the following cases:

1. If the member is absent with no valid excuse.
2. If the percentage of the member's personal attendance at SSB meetings is less than 50%.

D. If the SSB consists of three members, an SSB meeting shall be legal when at least two members attend. If the SSB consists of more than three members, an SSB meeting shall be legal when the majority of the members attend. In any case, decisions shall be taken unanimously or based on the majority of the members.

E. The SSB secretary shall prepare the minutes of SSB meetings accurately and comprehensively, and shall include any reservations expressed by any member. The Bank shall appropriately keep such minutes.

5) SSB Tasks and Responsibilities

SSB shall:

A. Prepare a procedure manual that includes SSB work system, authorities responsibilities, the organization of its relationship with the Board and the Senior Executive Management, the mechanism used in preparing reports that are submitted to the Senior Executive Management, the Board and the shareholders, methodology of Sharia supervision and the mechanism for holding meetings.

B. Observe the Sharia and legislative environment in the Kingdom, taking into consideration the provisions of Article (53/a) of the Banking Law No. (28) of the year (2000) as amended in the Kingdom.

C. Require SSB members to implement the Code of Conduct applicable in the Bank.

D. An SSB member shall seek to:

1. Maintain equity and justice among stakeholders.
2. Act in a way that allows him/her to preserve his/her honesty and integrity.
3. Take into consideration, when making a decision, the lawful and legal aspects in addition to the technical aspects of Sharia commitment.
4. Appreciate difference of opinions among the jurisprudential schools and the variance of experience among his/her colleagues at SSB.

E. SSB shall undertake fatwa and Sharia supervision works as follows:

1. Monitor the works and activities of the Bank and ensure that they comply with and do not violate the provisions of Islamic Sharia, and follow up on and review the operations to make sure they contain no violations of Sharia.
2. Give opinion and approve all contracts, transactions, agreements, products, services, investment policies and the policy that organizes the relationship between shareholders and owners of joint investment accounts, including profit and loss distribution and retention of earnings on the joint investment

account, and the mechanism of dealing with the income that violates the Sharia provisions.

3. Review any matter assigned to SSB as per the Central Bank orders issued for the relevant purpose.
4. Agree to allocate liability for any losses resulting from Bank operations in relation to the owners of joint investment accounts.
5. Formulate and give opinion of the extent of the Bank's compliance with the provisions and principles of the Islamic Sharia, so as the SSB may do the following:
 - a) Review and approve the annual report of the Internal Sharia Audit Department and submit it to the Audit Committee.
 - b) Issue semi-annual/ annual report about Sharia compliance, which shall include the level of effectiveness of internal Sharia controls and any weaknesses in the internal Sharia control and supervision systems which have a crucial effect. The semi-annual report shall be submitted to the Board of Directors while the annual report shall be submitted to the General Assembly of Shareholders, and a copy of each of them shall be submitted to the Central Bank.
6. Revise the policies and guidelines to ensure compliance with the provisions and principles of the Islamic Sharia.
7. Provide advice for the parties that deliver services to the Bank such as auditors, lawyers, and counsellors.
8. Confirm the adequacy and efficiency of the internal Sharia supervisory system at the Bank.
9. Confirm the adequacy and efficiency of the Internal Sharia Audit Department by reviewing internal Sharia auditing reports, providing the Department's comment on them and providing guidelines for the Internal Sharia Audit Department.
10. Coordinate with the committee of Corporate Governance and the Audit Committee to confirm the Bank's compliance with the provisions and principles of the Islamic Sharia.
11. Review all the reports which include examining the compliance with the provisions and principles of the Islamic Sharia, including the Central Bank reports, the external auditor's reports and the Senior Executive Management's comments on them.
12. Attend all meetings of the General Assembly of shareholders, and the SSB report shall be read by the SSB Chairman or an SSB member appointed by the Chairman.
13. Give opinion on the Memorandum and the Articles of Association of the Bank to ensure their agreement with the provisions and principles of the Islamic Sharia.

F. Ask the Board to appoint/ dismiss the internal Sharia audit director. The director of the Internal Sharia Audit Department shall be the SSB Secretary.

G. SSB has the right to obtain any information, have access to all activities of the Bank, and contact any employee inside the Bank. It also has all powers that enable it to perform the tasks assigned to it as required, including summoning any employee in the Bank.

H. SSB is authorized, if required, to use external sources at the Bank's expense in order to help it with the performance of the tasks assigned to it as required.

I. Publish SSB fatwas inside the Bank and on the Bank website for the public use.

J. Coordinate with the Nomination and Remuneration Committee to evaluate the performance of the internal Sharia audit director and employees, and specify their remuneration.

K. Ensure that the external auditor reviews the adequacy and effectiveness of the internal Sharia supervision system in the Bank, in coordination with the Audit Committee.

L. Avoid conflict of interests and adopt policies and procedures to address any conflict of interests.

M. Ensure that the Internal Sharia Audit Department in the Bank is able to perform the following tasks at a minimum:

1. Examine and evaluate the adequacy and effectiveness of the internal Sharia supervision system in the Bank;
2. Follow up on the Bank's compliance with Sharia aspects and fatwas and decisions issued by the SSB;
3. Develop and implement an annual Sharia supervision plan that shall be approved by the SSB;
4. Examine receivables and funding to be written off and which are funded by the joint investment accounts, in order to ensure no violation or omission on the Bank's part;
5. Count earnings that do not comply with Sharia and follow up on the process of disposing thereof as per the SSB decisions;
6. Confirm that the Senior Executive Management complies with the policy organizing the relationship between the shareholders and the owners of joint investment accounts, especially the criteria of profit distribution.

6) Organization of SSB Works

The SSB Secretary shall:

A. Attend all SSB meetings and write down all minutes of meetings accurately and comprehensively, including all discussions, suggestions, objections, reservations, and the way of voting on SSB draft resolutions, as well as keep records, documents and minutes of SSB meetings in an appropriate place.

B. Submit sufficient and accurate information to SSB members well in advance before the SSB meeting.

C. Set the dates of SSB meetings, in coordination with the SSB Chairman and notify members of such dates.

D. Prepare for SSB meetings and receive Sharia-related inquiries from all the organizational units in preparation for presenting them to the SSB.

- E. Confirm that SSB members have signed the minutes of meetings and resolutions.
- F. Follow up on the implementation of fatwas and decisions taken by SSB and advise the Internal Sharia Audit Department and the Compliance Committee of the same for knowledge and application, and follow up on the study of any subjects that were postponed in a previous meeting.
- G. **Keep records and documents of SSB meetings.**
- H. Write down the name of the member who is absent from the meeting and indicate the excuse or lack thereof in the minutes of meeting.
- I. Provide the Central Bank with suitability declarations signed by SSB members.

VIII: Internal Sharia Control and Supervision Environment

1) Internal Control and Supervision Systems

- A. The internal and external auditors shall review the structure of the internal control and supervision systems at least once a year.
- B. The Board shall include, with the annual report of the Board of Directors of the Bank, a report on the adequacy of the internal control and supervision systems for financial reporting. Such report shall include the following:
 - 1. Paragraph stating the responsibility of the Senior Executive Management for developing internal control and supervision systems for financial reporting in the Bank and for maintaining these systems.
 - 2. Paragraph about the framework used by the Senior Executive Management in order to evaluate the effectiveness of the internal control and supervision systems.
 - 3. The Senior Executive Management's evaluation of the effectiveness of the internal control and supervision systems, as per the date of the financial statements included in the annual report of the Board of Directors of the Bank.
 - 4. Any serious weaknesses in the internal control and supervision systems.
- C. Procedures enabling employees to report any concerns, timely and secretly, regarding the possibility of violations, shall be established, in a manner that allows independent investigation into such concerns and following up on them. Implementation of such procedures shall be monitored by the Audit Committee.
- D. Supervisory departments in the Bank shall ensure that the operations related to stakeholders have been conducted as per the approved policy and procedures.

2) Internal Audit Department

The Internal Audit Department shall perform the following tasks and duties:

- A.** Ensure the adequacy and effectiveness of the internal control and supervision systems and the risk management systems, and advise the Audit Committee of the same.
- B.** Assist the Board with the performance of its duties as required by providing it with analyses, evaluations and recommendations regarding the activities for which the Internal Audit Department is responsible.
- C.** Ensure the implementation of the instructions of the supervisory bodies and the decisions of the Board.
- D.** Include the tasks, authorities and responsibilities of the Internal Audit Department in the Internal Audit Charter approved by the Board.
- E.** Review the work of the organizational units in the public administration department and the affiliated companies, and prepare reports that include observations and procedures for addressing such observations and violations. Reports shall be prepared without any external interference, and the Internal Audit Department shall discuss its reports with the departments, branches and affiliates that are subject to the audit.
- F.** Review financial reporting operations in the Bank to ensure that information regarding financial and administrative matters are accurate, reliable and punctual.
- G.** Ensure compliance with the internal policies of the Bank, the international standards and procedures and the relevant laws and instructions.
- H.** Ensure the application of the Bank's instructions, regulations and bylaws, and suggest solutions to weakness points in financial, administrative and technical systems.
- I.** Review the accounts of Bank affiliates.
- J.** Any other works or responsibilities related to the nature of the Department's work and which are assigned by the Audit Committee.

3) Internal Sharia Audit Department

The Internal Sharia Audit Department shall perform the following tasks and duties:

- A.** Ensure that the works of the Bank agree with the provisions and principles of the Islamic Sharia.
- B.** Ensure the implementation of SSB decisions and recommendations regarding compliance with the Sharia-related aspects in transactions.
- C.** Include the tasks, authorities and responsibilities of the Internal Sharia Audit Department in the Internal Sharia Audit Charter approved by the Board.
- D.** Refrain from assigning internal Sharia audit employees any executive works.

E. Review the work of the organizational units in the public administration department and the affiliated companies, and prepare reports that include Sharia-related observations and procedures for addressing such observations and violations. Reports shall be prepared without any external interference, and the Internal Sharia Audit Department shall discuss its reports with the departments, branches and affiliates that are subject to the audit.

F. Review Sharia-related issues in Bank affiliates.

G. Any other works or responsibilities related to the nature of the Department's work and which are assigned by SSB.

4) External Audit:

In compliance with provisions of the Bank's law and any provisions set forth in any other legislation, the Bank shall do the following:

A- Conclude an agreement with the External Auditor to audit the Bank's works. The agreement obliges the External Auditor to carry out all matters entrusted thereto compatible with requirements of International Standards on Auditing, in addition to do the following:

- 1- Provide Audit Committee with a detailed report that includes all weaknesses in accounting and internal control systems and any other matters with negative impact to review them during audit process. The Audit Committee shall keep the Board informed thereof.
- 2- Verify validity of the provided information during audit process.
- 3- Provide the Central Bank of a copy of reports submitted to the Bank within the mission of audit entrusted thereto.

B- Verify that the External Auditor fulfills of the following requirements:

- 1- Obtain a valid license to practice the profession.
- 2- Be a member of Jordan Association of Certified Public Accountants.
- 3- Have practiced his profession for at least three consecutive years after obtaining license to practice the profession of auditor.
- 4- One or more auditor who fulfills the above-mentioned requirements shall work in his office.

C- Take the appropriate actions to ensure that:

- 1- The External Auditor is not a founder, shareholder or a member of the Board, or a partner or employee of any member of the Board.
- 2- The External Auditor does not do any additional works for the Bank, such as providing administrative and technical consulting, unless obtaining approval of Audit Committee.

3- The External Auditor does his work with impartiality and the Board or Senior Executive Management does not interfere in his work.

D- No employee working at the External Auditor's Office shall be appointed at the Bank, unless after elapsing two years at least from leaving the work at the office.

E- The External Auditor shall meet with the Audit Committee, in absence of the Senior Executive Management, at least once a year, and with SSB twice a year.

5) Risk Management Department

A- Objectives of Risk Management Department:

Manage various risks to which the Bank may expose such as risks of market, operating, credit, non-compliance, foreign currency, liquidity, and rate of return, in order to obtain higher profitability ratio with acceptable level of risks for various activities.

B- The Risk Management Department shall have at least the following duties:

1- Monitor the compliance of the Bank's executive departments to the set levels of acceptable risk.

2- Review Risk Management Framework at the Bank before being approved by the Board.

3- Implement the Risk Management Department strategy, and develop policies and procedures to manage all types of risks.

4- Develop methodologies to identify, measure, monitor and control all types of risks.

5- Report to the Board of Directors through the Risk Management Committee, and send a copy of the report to the Senior Executive Management. The report shall include information on the Bank's actual risk profile for all its activities compared with the risk appetite. It shall also follow-up on measures taken to remedy any problems.

6- Verify the compatibility of the risk measurement methodologies with the applied management information systems.

7- Review and analyze all types of risks that the bank may face.

8- Submit recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.

9- Provide the necessary information about the Bank's risks for use in the Bank's disclosures.

10- Analyze and evaluate risks related to the new activities, products and services before launching it, as well as the existing activities, products and services.

11- Submit recommendations to the Risk Management Committee on risk limits, approvals, reporting, and registering any exceptions to the risk management policy, if any.

6) Compliance Department

A- Objectives of Compliance Department:

Ensure compliance of the Bank and its internal policies with all laws, systems, instructions, orders or conduct, standards, and valid bank practices issued by the local and international regulators, which determine, evaluate, and provide advice and guidance, monitor and report to Risk Management Committee to discuss them and recommend referring them to the Board to ensure compliance of the Bank.

2- Risks of non-compliance are represented in legal or regulatory sanctions, material losses, or risks of reputation that the Bank may face due to non-compliance with laws, systems, instructions, orders or conduct, standards, and valid bank practices.

B-The Compliance Department shall have at least the following duties:

1- Provide assistance to the Senior Executive Management and the Bank's personnel to manage non-compliance risks that the Bank may face.

2- Provide advice to the Senior Executive Management about the applicable laws, systems and standards and any amendments thereto.

3- Educate the personnel about issues of compliance. Prepare written instructions in this regard before setting Compliance Manual compatible with volume, nature, and complication of the Bank's operations and its internal regulation, manual of practical guidance practices, and code of conduct.

4- Prepare effective methodology to ensure compliance of the Bank with all applicable laws and legislation and any relevant instructions and evidence.

5- Prepare and develop compliance policy and ensure its application in the Bank, after being approved by the Board.

6- Report to the Compliance Committee to discuss and refer the reports to the Board, and send a copy of which to the CEO/ General Manager .

IX: Relation with Shareholders

Taking into account the applicable legislations, the Bank shall take the appropriate actions to ensure that the shareholders obtain their rights without discrimination. The most important actions are as follows:

1- Take all the legal steps to encourage the shareholders, including the junior shareholders, to attend the ordinary and extraordinary meetings of the General Assembly to discuss and vote, personally or by proxy. The shareholders shall vote each issue discussed during the meeting separately.

2- The members of the Board shall attend the annual meeting of the General Assembly and the External Auditors shall be invited to attend the meeting in order to answer any questions that may be raised about audit and the auditor's report.

3- Invite the SSB chairman or member to attend the annual meeting of the General Assembly to read the Sharia Supervisory Board's report and answer any inquiries that may be raised about the sharia matters.

4- Prepare the General Assembly's minutes to keep the shareholders informed about the notes that have been made and reached, including results of vote and inquiries raised by the shareholders, as well as answers of the Senior Executive Management.

X: Rights of Joint Investment Accountholders

1- The Bank shall preserve rights of Joint Investment Accountholders, whether these accounts are for absolute or restricted investment.

2- In general, the Bank preserves rights of Joint Investment Accountholders through taking the following actions:

A- Acknowledge rights of Joint Investment Accountholders in following-up performance of their investments and the relevant risks and setting the adequate means to ensure preserving and practicing these rights, in terms of:

1- Put Joint Investment Accountholders on an equal footing with the shareholders with regard to obtaining the necessary information about their investment accounts.

2- Disclose the Bank's policies and practices, with regard to the Joint Investment Accounts, to the Joint Investment Accountholders.

3- The right of Joint Investment Accountholders is not considered as intervention in the Bank's management of these investments.

4- The Bank, before opening Joint Investment Accounts, shall provide the owners of the accounts with adequate information about their contractual rights and the risks related to products of Joint Investment Accounts, including their main investments, strategies for distributing its assets, and the method of calculating profits/ losses on investments.

5- The Bank is responsible for losses arising from violation of default in applying investment contract.

B- Adopt a sound investment strategy compatible with the expected risks and returns of owners of Joint Investment Accounts (Taking into account distinguishing between owners of absolute and restricted investment accounts), in addition to adopt transparency in supporting any returns:

1- The returns (Dividends) of Joint Investment Accountholders and shareholders are supported using the reserve of profit rate, which is deducted from profits of investment before deducting the Bank's portion as a speculator.

2- Reserve of profit rate is not used to cover a loss or to transfer a loss to profit.

C- Contracts concluded with Accountholders or conditions of opening accounts signed by them.

D- Provisions and principles of Sharia Law and opinion of the Bank's SSB.

E-The Bank's law and other applicable legislations.

F- The Bank's Memorandum and Articles of Associations.

G- Accounting and audit standards and controls of Islamic financial institutions.

H- Corporate Governance Manual and internal and sharia control systems contained therein.

I-Work systems developed by the Bank

3- In particular, the Bank preserves rights of Absolute Investment Accountholders through compliance with Article No.(3) of clause No.(16) of the Bank's Articles of Association which stipulates that:

A-The Board determines, through announcing to the public, the general portion of profits related to the total amounts involved in the Joint Investment at the beginning of the same financial year, provided that announcement shall be made before end of the first month of each year.

B-The Bank shall preserve a cash account to face risks of investment in Joint Investment Accounts, in order to cover any losses exceeding total investment profits within a certain year. This account is supplied as follows:

1- Deduct at least (10%) of net investment profits that have been made on various ongoing transactions during the year.

2- Increase the above-mentioned percentage at the request of the Central Bank. The amended percentage, after being increased, shall be valid in the financial year subsequent to the year at which decision of amendment has been issued.

3- Deduction shall be suspended when the total amount of the account is twice the Bank's capital or any other amount determined by the Bank.

C-The Bank, in its capacity as a participating speculator, shall fulfill the percentage declared for the speculator's portion. Also the Bank is entitled to participate in profits of joint investment according to the percentage of its own resources or funds that the Bank is authorized to use through "Al-ghumm bil-ghurm".

D-The Bank, in its capacity as a participating speculator, shall bear losses arising from any legitimate cause, including cases of violation and default arising from acts of members of the Board, Senior Executive Management or employees. Also the Bank will be responsible for cases of manipulation, breach of confidence, and collusion, in addition to any forms of violating limits of honest work in management of joint speculation made by the Bank.

E- SSB appointed by the Bank as per provisions of the law shall verify presence of jurisprudential base that supports the Bank's responsibility for any loss inflicted within the scope of joint investment operations.

XI: General & Transitional Provisions

- 1- The Chairman of the Board shall extend an invitation, sufficiently ahead of time, to the Central Bank of Jordan to attend General Assembly meetings for the CBJ to name its representative.
- 2- The Chairman of the Board shall provide the Central Bank of Jordan with the minutes of General Assembly meetings no later than five days after the General Corporate Controller or his representative approves the minutes.
- 3- At least 30 days before the date of the General Assembly meeting, the Bank shall inform the Central Bank of Jordan of its wish to nominate an external auditor for election (or reelection) by the General Assembly.
- 4- At least 30 days before the date of the General Assembly meeting, the Bank shall inform the Central Bank of Jordan of its wish to nominate SSB member for election (or reelection) by the General Assembly.
- 5- The Bank shall provide the Central Bank of Jordan with the number of shares pledged by the Bank's shareholders who own 1% or more of the bank's capital, and the party to which they are pledged.
- 6- The Bank shall provide the Central Bank of Jordan with information on board members and committees, SSB members, and Senior Executive Management members, according to the forms prepared by Central Bank of Jordan Nos (4/1, 4/2, 4/3 and 4/4) . This information must be sent semi-annually and whenever amended.
- 7- The Bank shall provide the Central Bank of Jordan with information on members of board of directors and directors, and Senior Executive Management departments at subsidiary companies inside and outside the Kingdom, according to the forms prepared by Central Bank of Jordan Nos (5/1, 5/2 and 5/3). This information must be sent semi-annually and whenever amended.
- 8- The Board shall reconcile conditions of the current Senior Executive Management's members with this Manual, within not later than three years as of its effective date, in addition to ask them to sign the declarations prepared by the Central Bank of Jordan.
- 9- The Central Bank of Jordan is entitled to determine a greater number of independent members during formation of the Board, when necessary. The Central Bank of Jordan may object to nomination of any person to a Board member position if it is established that this person does not fulfill any requirement of independent member. Also Central Bank of Jordan may consider any member non-independent according to specific criteria, despite of fulfilling all conditions of the independent member.
- 10- The Central Bank of Jordan may summon any candidate to a high executive position at the Bank for a personal interview before his appointment, and may, as it deems necessary, summon any board member for an interview.
- 11- The Central Bank of Jordan may appoint any external entity to evaluate the Bank's governance at the expense of the Bank.

- 12- The Central Bank of Jordan may, at any time, summon SSB members, Audit Committee members, the Internal Audit Department Director, Sharia Internal Audit Department Director, or the Compliance Department Director to discuss any issue related to their work.
- 13- Who occupies the position of chairman or member of the Board shall sign suitability declaration, to be kept with the Bank and a copy of which shall be sent to the Central Bank of Jordan attached to the member's CV.
- 14- Nominations and Remunerations Committee shall set a policy for granting remunerations to the Board's members, Senior Executive Management, and other employees with objectivity and transparency. The Board shall approve such remunerations, a copy of which shall be sent to the Central Bank of Jordan within not later than seven working days as of the date of its approval.
- 15- The Bank shall obtain a NOC from the Central Bank of Jordan before appointment of any member to a high executive position at the Bank. The Central Bank of Jordan shall be provided with the candidate's CV, accompanied by academic certificates, experience certificates, certificate of good conduct and other necessary supporting documents, in addition to the candidate's signature on declaration of Senior Executive Management's member.
- 16- The Chairmen and members of SSB shall sign the required declaration about governance instructions accompanied by the member's CV.
- 17- When needed to appoint SSB members from those who are resident outside the Kingdom, the number of appointed members shall not exceed half of the SSB members.
- 18- The SSB shall suggest the legitimate training program necessary for the Bank personnel.