

THE POLICY OF THE CORPORATE GOVERNANCE
OF
THE JORDAN INVESTMENT AND FINANCE BANK.

CHAPTER ONE: General definitions and an introduction

First: General Definitions:

The following words and terms shall have the following designations assigned to them wherever they are stated here-below:

- 1) The bank: The Jordan Investment and Finance Bank.
- 2) The Board: The Board of Directors of the Jordan Investment and Finance Bank.
- 3) Members of the Board: Members of the Board of Directors of the Jordan Investment and Finance Bank.
- 4) The Executive Staff: the executive staff of The Jordan Investment and Finance Bank.
- 5) The Central Bank: the Central Bank of Jordan.
- 6) The Committee: the Committee of the Corporate Governance at the Jordan Investment and Finance Bank.
- 7) The Audit Department: the Department of the Internal Audit in the Jordan investment and Finance Bank.
- 8) The Risks Department: the Department o the Risk Management in The Jordan Investment and Finance Bank.
- 9) The Administrator: Member of the Board of Directors whether in his personal capacity of in his capacity as the representative of a legal person, or the General Manager of the Bank or any employee in it.
- 10) The employee: the employee of The Jordan Investment and Finance Bank.
- 11) Handbook: the manual of the Corporate Governance issued by the Central Bank in 2007.
- 12) The Internal Auditor: the internal auditor of The Jordan Investment and Finance Bank.
- 13) The External Auditor: the accredited external auditor to audit the operations and the accounts of The Jordan Investment and Finance Bank.
- 14) The Independent Member : one of the members of the Board of Directors who must satisfy the following conditions:
 - He must not have worked in the Bank during the three preceding years of the date of the submission of his candidacy to the membership of the Board.
 - He must not be a relative below the second degree to an administrator in the Bank.

- He should not receive a salary or a financial amount from the Bank except what he receives for his membership on the Board.
- He must not be a member of the Board of Directors or the proprietor of a company that the Bank deals with except the transactions that take place due to the services and / or the usual business which the bank provides for its clients which should be governed by the same terms to which similar transactions are subjected to with any other party and without any preferential terms.
- He must not be a partner to the external auditor, or an official unto him during the three preceding years of the date of his nomination to the membership of the Board.
- His contribution must not constitute an influencing interest in the capital of the bank or be an ally of another contributor.

Second: Introduction

The Corporate Governance has been defined through the organization of cooperation and economic development as being "*A set of relationships between a company's management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently*"

The Jordan Investment and Finance Bank adopted this definition in the Corporate Governance policy, since the main goal of the concept of the Corporate Governance is:

"The supervision and follow-up by the Board of Directors of the Bank of the performance of the executive management of its tasks and its execution of the various operations of the bank, and its support to the executive management and the proper guidance to it in order to help it realize the purposes and objectives in maximizing the shareholders' equity by way of defining the relationship between the board of Directors, the Executive Management, the shareholders and the employees as well as the other parties with an interest in the bank".

In preparing this policy, the Jordan Investment and Finance Bank has relied on the following **principles**:

- 1.** **Fairness:** In the treatment of all the stakeholders (such as the shareholders, the depositors, the creditors, the Bank staff, and the control authorities).
- 2.** **Transparency:** Transparency in the disclosure of the position of the bank and its financial performance.
- 3.** **Accountability:** The responsibility in the relationship between the Board of Directors and each of the Executive Management, the shareholders and the other stakeholders.
- 4.** **Responsibility:** The identification of responsibility and the clean separation in responsibilities and the delegation of authorities.

CHAPTER TWO

THE BASIC PILLARS OF THE POLICY OF CORPORATE GOVERNANCE

FIRST: COMMITMENT TO CORPORATE GOVERNANCE:

In view of the discernment of the bank of the importance of the concept of Corporate Governance, the Board of Directors of the Bank has formed a committee emanating from it which it called " The Corporate Governance Committee" is composed of the Chairman of the Board of Directors and two non-executive members, as follows:

1. The Chairman of the Board of Directors His Excellency Basel Jardaneh / Committee Chairman.
2. The representative of The Rauf Abu Jaber and Sons Co. Mr. Ziad Abu Jaber / Member.
3. The representative of Al-Nahda for Financial Investments, Mr. Waleed Finan / Member.

The goal is to undertake the task of a guide in the preparation of the Bank's Corporate Governance policy, to update it annually and to make sure it is fully applied at the Bank.

In its commitment to the principle of transparency, the Bank, as soon as the policy of Corporate Governance is adopted, will publish it as of 2007 on the Website of the Bank, and its inclusion in the Bank's Annual Report with a statement of the items which the Bank was unable to commit to and the reasons thereof.

SECOND: THE FUNCTIONS OF THE BOARD OF DIRECTORS:

1. General Principles:

The Corporate Governance is considered a means or an instrument that enables the Bank to undertake the objectives that it seeks to achieve. Since the Board of Directors is considered one of the principal parties in the application of the concept of Corporate Governance, the following responsibilities fall on its shoulders.

- A. The Board is responsible for all the operations of the Bank
And its financial security, it also makes sure of fulfilling
The requirements of the Central Bank and the interest of the

Shareholders, the depositors, the creditors, the staff and the other stakeholders. It also makes certain that the management of the Bank conducts its function prudently and within the framework of the laws and regulations in force and in conformity with the internal policies of the Bank.

- B. The bank entrenches the principle of the commitment of every member of the members of the Board towards the bank and all its shareholders and not towards a particular shareholder.
- C. The Bank lays down its strategic goals in addition to monitoring its executive management which shoulders the responsibility of daily operations. The Board also approves the internal control and monitoring systems and makes sure of their effectiveness; in addition to affirming that all the risks of the bank have been managed in a sound manner.

1. The Chairman of the Board and the Chief Executive Officer (CEO) /General Manager

In its endeavor to attain the best practices, the Bank has separated between the positions of the Chairman of the Board of Directors and the General Manager of the Bank.

The responsibilities and duties of each one has been defined so as to realize:

- 1. A high level of reviewing and questioning.
- 2. To minimize the risk that results from the centralization of authority.
- 3. In addition to mitigating the load of undertaking the tasks of the staff.

3. The Role of the Chairman of the Board.

The Chairman of the Board is a non-executive officer. He undertakes the following:

- 1- The establishment of a constructive relationship between the Board and the executive management of the Bank and the executive and the non-executive members.
- 2- Create a culture – during the meetings of the Board – that encourages constructive criticism regarding the issues where different viewpoints exist among the members. It also encourages the discussions and voting on these issues.

- 3- Assure that sufficient information has reached every member of the Board and the shareholders at the right time.
- 4- Assure the availability of high standards of the Corporate Governance at the Bank.

4. The Composition Of The Board

In the desire for compliance with the necessary parties of the Corporate Governance in respect of the composition of the Board, the Bank gave due attention to the urgent diversification in the practical, professional and specialized skills of the current Board members. Since the members of the Board are elected once every four years, the Bank headed towards the establishment of the concept of the independent member until the date of the next elections in order to apply this concept in the Bank.

5. The Functions of The Board :

The members of the Board of Directors are currently provided with the agenda of the meetings before hand, in addition to the recording of all the discussions, proposals and the voting of the members. The members are also being currently provided with a suitable summary of the business of the bank upon their appointment and throughout the time of membership or upon request. At the present time, the organization of the meetings of the Board of Directors is done within the following bases and principles:

- 1- In order to guarantee the comprehensiveness of the subjects presented in the meetings of the Board - which is no less than six meetings during the year- the executive management takes the initiative in proposing the subjects that it views as important on the agenda of each meeting.
- 2- The policy of the Bank must contain the presence of independent members on the Board in order to assure the availability of objective decisions. This is to guarantee the maintenance by the Board of a level of monitoring that guarantees the balancing of the influences of all the parties, including the executive management and the principal shareholders, and making sure that the decisions taken are in the interest of the Bank.

- 3- The Bank provides the members of the Board, in sufficient time before the meetings of the Board, with the sufficient information to enable them make the appropriate decision.
- 4- The secretary of the Board must record all discussions and suggestion of the Board and the voting of members that takes place during the meetings of the Board.
- 5- Written clarification must be made regarding all banking operations that require the approval of the Board (including, for example, the authorization of the Board to grant loans that exceed a certain limit; or their consent regarding their transactions with the relevant stakeholders; or any other banking operations that fall within the jurisdictions of the Board).
- 6- The Board members must always be abreast of the developments within the Bank and the domestic and the international banking sectors. The Bank must provide the members with an appropriate summary of the business of the bank upon appointment and during the term of membership and upon request.
- 7- The members of the Board and its committees must be afforded direct contact with the executive management.
- 8- The Board members the Board committees have the power, when necessary, to seek assistance from external sources to help them discharge the tasks entrusted to them in a perfect manner.
- 9- The Bank must lay down an organizational chart illustrating the administrative hierarchy (including the Board committees and the executive management). Disclosure to the public is made regarding the part of the organizational hierarchy that shows the senior administrative levels of the bank.
- 10- The secretary of the Board must make sure that its members follow the procedures that have been established by the Bank; and the transmission of the information between the members of the executive management; in addition to the deciding the dates of the Board Meetings and the recording of the minutes and the inscription of the minutes of the minutes of the meeting. The Board must identify the function and the tasks of the secretary in a formal and written manner consistent with the level of the responsibilities referred to above. Any decision regarding his appointment or removal must be made unanimously during the meeting.

- 11- The responsibilities of the members of the Board of Directors must be specific and clear and consistent with the relevant legislations. The Bank must provide each member upon his appointment with a letter detailing the rights and the responsibilities of the member, as follows:
- Each Board member has an obligation towards the Bank and all the shareholders, and not towards a certain shareholder.
 - It is prohibited to exceed any facilities granted to any Board member or any group of borrowers who are connected with a member of the Board. The management of the Bank and the concerned member must abide by this.
 - In case of extending any facilities to any Board member or any of his relatives, these facilities must not be classified as inactive, which leads to the finding of the necessary provisions to meet these debts.
 - When discussing any facilities or matters relating to a member of the Board, he is not allowed to attend the meeting dealing with that discussion.
 - It is not permitted for the Board member to be on the Board or an owner of a company with which the Bank deals, except such dealings that arise because of the normal services and / or businesses that the Bank provides to his customers, and must be governed by the same terms to which similar dealings are subject with any other party, and without preferential terms.
 - Board members must be permanently aware of the developments inside the Bank and within the domestic and international banking sectors.
 - The Board can enlist, when necessary external sources to assist the members or the Board committees discharging the tasks assigned to them.
 - The secretary of the Board makes sure that the Board members and Board committees follow these rules and principles.

- It is to be noted that an organizational structure has been prepared to define the relationship of the various Board Committees with the Board and the Executive Management.

6. Board activities: self-assessment and the General Manager performance appraisal

- 1- The Board, through the Nominations and Remuneration Committee, at least annually assesses its own performance as a Board.
- 2- There is a formal annual evaluation of the General Manager by the Board.

Board activities: Planning, controls, code of conduct, Conflict of interest policy

- 1- The Board has established the Bank's business objectives, and has directed the executive management to draw up a business strategy for achieving them. Through a planning process, involving input from the Bank's various departments; executive management also draws up business plans that are consistent with these strategies. The Board is required to approve the strategy, and the business plans, and the Board ensures that performance against plan is reviewed and that corrective action is taken as needed. The Bank's budgeting process is part of the short-term planning and performance measurement
 - A. The Board ensures that the Bank maintains a high degree of integrity in its operations. Formal policies, including a Code of Conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and are required to be assent to by all employees and Directors, and these have been published. These policies include:
 - i.) Rules and procedures for related party transactions between the Bank and its employees or Directors or their companies, or other related parties, including lending and share trading transactions. Furthermore bank loans extended to Directors and their companies are made at market rates and not on preferential terms and the Directors involved in any such transaction do not participate in discussions, nor vote, on it. Related party transactions are subject to individual approval by those

of the process of the annual credit assessment of its clients

- 6- Adoption of the organizational structure of the bank and the composition of committees and the delegation of the authorities and jurisdictions.
- 7- Adoption of the strategies and policies of the bank and its annual balance sheet and the business code of conduct and their periodical review.
- 8- Ensuring that the executive management has realized the effectiveness of the systems of control and internal monitoring.
- 9- Informing the Board or the committees emanating from it of the reports of the control authorities, the external and internal auditing, the follow up of violations and remarks attached thereto, and making sure they are rectified by the executive committee and that necessary measures have been taken to guarantee they do not recur, in addition to any other reports relating to the compliance and risks management and other relevant matters.
- 10- Exercise the powers that are outside the jurisdictions of the executive management.
- 11- Assessment of the performance of the executive management and the extent of its commitment to the policies of the Board and its success in realizing the set results and objectives and processing the deviations.

CHAPTER THREE

COMMITTEES OF THE BOARD OF DIRECTORS

The management of any type of financial institutions requires diligence in planning and execution. It also requires supervision systems. These are basic matters to insure the disbursement of funds of the institution in a sound and an effective manner.

Though it is taken for granted that the avoidance of all risks all the time is not possible, these risks must be identified and managed in a practical and effective manner, through the presence of policies, measures and systems that assist in managing these risks. All members of the Bank staff must be committed to it, since their non-commitment will lead to the loss of the benefits aspired from them. Thus the policies, the measures and the systems must be designed in a good and simple manner and must be clearly comprehensible to all employees who are charged with their execution.

In order for the Board of Directors to cover all the risks that the Bank may be exposed to in a practical way, the Board has established committees and divided the tasks among them so that each committee handles specific tasks and responsibilities to supervise them . This is in order to assist the Board in covering all activates in a sound manner. Assurances have been made that the committees do not unjustifiably impede the work through the doubling of tasks or the crossing of the lines of communication. Since the speed of notification, the preparation of reports and decision taking are matters of decisive importance to the Bank, and that all committees derive their power and authorities from the Board of Directors, we have to stress here that although the Board of Directors may delegate some of its powers to these committees, it remains always responsible.

The mechanism of the appointment of the chairmen and members of these committees has been defined, so also the manner of reporting to the committees of the Board of Directors with the orientation towards the appointment of independent members on the Board and its committees. It is to be noted that the difficulty of this measure at the present emanates from the fact that the Board of Directors is elected every four years.

Accordingly, the Board of Directors has formed the following committees from amongst the present members of the Board of Directors as follows:

First: The Audit Committee:

The audit committee has been composed of three non-executive members with educational qualifications and practical expertise in the field of financial management. A disclosure regarding them will be made annually in the Bank's Annual Report. The internal audit committee is charged with the following task:

1. The committee represents the Board in ensuring the soundness and integrity of the assets and possession of the Bank and the fulfillment of its liabilities and the maintenance of capital adequacy, consistent with the directives of the Central Bank and international standards.
2. The responsibility of the audit committee does not constitute a substitution for the responsibility of the Board or the executive management of the bank with regards to the control over the competence of its systems of control and internal monitoring.
3. Review the accounting and the monitoring measures and policies and any amendments therein, the extent of their effect and safety, the scope of adhering to them and their conformity with the international accounting principles.
4. Assuring the complete adherence to the laws and regulations, the policies and orders that govern the operations of the bank, and the presence of a general framework for proper professional conduct.
5. Monitor the extent of the comprehensiveness of the external auditing to the operations of the Bank and the verification of the existence of coordination between the work of the external auditors in case of the presence of more than one auditor, and the recommendation of the election of the external auditor to the general assembly and assuring that the task of the external auditor has been discharged in complete independence and that the annual auditing measures have been completed in an effective manner.
6. Review the observations contained in the reports of the Central Bank and the report of the external auditor and follow-up the measures taken in this regard.

7. Study the annual internal auditing plan and review the observations contained in the inspection reports and the reports of the internal auditing and follow-up the measures taken therein.
8. Insuring the existence of an integrated general framework for the internal auditing and working to improve it when necessary.
9. Review the financial statements of the Bank before submitting them to the Board, especially the ascertainment of the orders of the Central Bank and the sufficiency of the provisions to meet the doubtful debts and the provisions of the portfolios and to express the opinion regarding the inactive debts of the Bank or the suggestion to consider them written off debts.
10. Consider any subject referred to it by the Board.
11. Consider any subject that is in agreement with the policy and methodology of auditing.
12. The committees coordinate with the external auditor to identify the objectives of the external audit according to the letter of the appointment that illustrates the actions of the external auditor and the periodical reports relating to the financial statements according to the international standards, and the administrative reports directed to the management and the amount of the required fees.
13. The committee follows-up and realizes the organized turnover of the external audit among the auditing bureaus. In case of the difficulty to apply this from the practical aspect, the Bank demands the organized turnover of the organized of the principal partner who is responsible for the external auditing of the Bank.
14. The external auditor provides the committee with a copy of his report, and he meets with the committee, executive management, at least once annually.
15. The liaison officer in the Internal Audit Department makes available the requirements of the external auditor and in touch with him to facilitate his task especially the Financial Department /Central Accounting.
16. The committee meets with the external auditor to discuss the quarterly, bi- annually and annually financial reports as follows :
 - Review the conclusions and the observations of the external auditor and the extent of the efficiency of the systems of financial monitoring and the supervision of the execution of the suggested recommendations.

- Review the draft of the financial statements and the report of the auditor to prepare the necessary recommendations and submit them to the Board for their approval.

The auditing committee enjoys the powers of acquiring any information from the executive management and it shoulders the monitoring of the competency of the systems of control and internal monitoring of the bank.

Due to the nature of the tasks and the responsibilities undertaken by the auditing committee to reach the best recommendations, it must meet with the external auditor and the internal auditor and the officers in charge of compliance at least once a year without the need of the presence of the executive management.

Second: The Nominations and Remunerations Committee

A committee for Nominations and Remunerations is composed of members of the Board of Directors. It is made up of at least three non-executive members the majority of whom are of the independent members. Its tasks are as follows:

1- The Board of Directors and the members of the Board of Directors

- i. The committee nominates the members of the Board, taking into consideration the abilities and the qualifications of the nominated persons. In case of re-nomination, it is to be taken into consideration, the number of times of their attendance and the quality and effectiveness of their participation in the deliberations of the Board, taking into account that the Companies' Law stipulates that the term of the jurisdiction of the Board ends after four years of its election. The membership renewal of any member of the Board requires nominating himself for election during the annual meeting of the General Assembly of the Bank.
- ii. The committee identifies if the member is classified as an independent member, taking into consideration the

- minimum requirements that must be available which are stipulated in the Governance handbook.
- iii. The committee follows specific and definite bases in evaluating the effectiveness of the Board. The standard of the evaluation of the performance must be objective and must also include a comparison with the other banks and the similar financial institutions, in addition to the standards of safety and correctness of the financial statements of the bank and the extent of commitment to the monitoring requirements.
 - iv. It undertakes the responsibly of making available information and summaries relating to the background of some important matters about the Bank related to the members of the Board upon request, and ensuring of keeping them constantly informed of the subjects relating to the banking business. In order to realize this, the Bank encourages its members of the Board to attend the panels and the functions that allows them the opportunity to meet with the institutions and the domestic and international companies.

2. The Bonuses of the Executive Staff

- i. The committee recommends bonuses (including the monthly salary and other benefits) for the General Manager. The committee also reviews the bonuses (including the salaries) that are granted to the rest of the executive management.
 - ii. The committee undertakes the responsibility of insuring the presence of a policy of bonuses in the bank that provides the inclusion of bonuses / salaries that are sufficient to attract qualified persons to work in the bank and to keep them in a manner commensurate with the bonuses /salaries granted by the similar banks in the market.
 - iii. Disclosure of the summary of the policy of bonuses in the Annual Report.
- 2. In addition to the afore-mentioned, the Committee of the Nomination and Bonuses is formed from the members of the Board of Directors as follows :**
- x H.E. Basel Jardaneh/ Chairman
 - x Dr. Osama Al-Talhouni/ Member

- x Representative of Rauf Abu Jaber & Sons Co./ Mr. Ziad Abu Jaber/ Member

Third: Risk Management Committee:

Any operations of the banks or the financial institutions are associated with the inevitability of facing multi-types risks. The Board of Directors knows that the handling and treatment of any sort of risks begins with a regular analysis of two important elements, namely:

The probability of the occurrence of the risk and the impact of the risk on the Bank.

Accordingly, the Board of Directors has formed the Risk Management Committee that is composed of the members of the Board of Directors and the Executive Management to undertake the following tasks and responsibilities:

- 1- Ensuring the presence of suitable administrative structure to the Risk Management Department; and the existence of policies and strategies to manage the risks that are endorsed by the Board. The aim is to realize the required practices, and attain the best practices related to the management of the risks.
- 2- Ensuring that the Risk Management Department covers all the risks that the bank is exposed to in an efficient and effective manner.
- 3- Submit to the Board of Directors periodical reports regarding the risks that the bank is exposed to, and ways of their management.

Fourth:

In addition to these committees, the Bank has formed the following committees:

- 1- **The Executive Committee:** its task is to grant the direct or the indirect facilities according to the "granted powers."
- 2- **The Investment Committee:** its task is to oversee the whole domestic and external investment portfolio of the bank.
The Board can form additional committees to increase the effectiveness of the Board.

CHAPTER FOUR

CONTROL AND INTERNAL MONITORING

First: The Systems of Control and Internal Monitoring:

- 1- The structures of the systems of control and internal monitoring are reviewed at least once a year by the internal auditor and the external auditor.
- 2- The Board inserts in the annual report of the bank a statement regarding the extent of the sufficiency of the systems of control and internal monitoring on financial reporting. The statement must include the following:
 - a. A paragraph clarifying the responsibility of the executive management of laying down systems of control and internal monitoring of financial reporting and the maintenance of these systems.
 - b. A paragraph about the work framework which the executive management has employed to assess the effectiveness of the systems of control and internal monitoring.
 - c. The evaluation of the executive management of the effectiveness of the systems of control and internal monitoring as on the date of the financial statements that the annual report of the bank contains.
 - d. Disclosure of any points of weakness in the systems of control and internal monitoring of crucial value (A substantial weak point is a clear point of weakness or a group of points of weakness that result in the probability of the prevention, or the uncovering of an invalid statement of a substantial impact).
 - e. A report from the external auditor stating his opinion in the assessment of the executive management regarding the effectiveness of the systems of control and internal monitoring.
 - f. The bank sets measures that enable the employees to report, with confidentiality at the time, on the presence of anxieties in respect of the probable occurrence of violations in a way that allows the independent investigation and follow-up of these apprehensions.

These measures are monitored by the auditing committee.

Second: Internal Auditing:

The department of internal auditing enjoys independence, since it is attached directly to the auditing committee. Coordination with the executive management is to be observed in executing its business.

This is in addition to vast authorities and resources that qualify it to discharge the tasks entrusted to it in a suitable manner through the availability of a qualified cadre, and the rewarding of these cadres appropriately; and the entitlement of the department to obtain the information from any official inside the bank. This is to be documented in the code of auditing approved by the Board of Directors .

The following matters relating to the department of internal auditing has been taken into consideration to enable the bank commit to the required practices in the Corporate Governance. These are as follows:

- 1- Submitting reports to the chairman of the Board's Auditing Committee.
- 2- The officials of the internal auditing are not charged with any executive responsibilities.
- 3- Preparation of the reports without any outside interventions. It has the right to discuss these reports with the concerned departments.

Among the most important responsibilities of the department of internal auditing are the following:

- 1- Inform the auditing committee of the probability of the existence of conflicts of interest.
- 2- Ensuring the accuracy and dependability of the main data regarding the financial and administrative matters and the operations and the compliance with the internal policies of the bank and the international standards and measures.

Third: Risk Management:

In order to achieve the best practices with regards to risk management, it was entrusted with the task reporting regularly to the committee of risk management. As for the day to day operations, the risk management submits its reports to the General Manager which will include the following responsibilities:

1. Analysis of all the risks, including credit risks, market risks, liquidity risks, operations risks.
2. Development of methodologies to measure and control risks.
3. Recommend to the risk management committee the ceilings for risks, the approvals, the submission of reports and the recording of cases of exceptions of the risks policies.
4. Provide the Board and the senior executive management with information regarding the risks measurement and the matrix of risks in the bank.
5. Provide information about the risks at the bank for disclosure purposes.

The annual report will include information about the department of risk management, like its setup and the nature of its operations and the developments that took place for the purpose of disclosure to the public as well as the monitoring authorities in order to reach the best practices. The bank seeks to reach the best practices in order to cause awareness among the committees of the bank to assist the department of risk management in its tasks in conformity with the specified jurisdictions assigned to it.

Four: Compliance Risks :

1. The bank must form an independent management for compliance that is provided by trained cadres who are sufficiently rewarded, consistent with the issued directives of the Central Bank in this regard.
2. The compliance management prepares an effective methodology to guarantee the compliance of the Bank with all the laws and legislations in force, and any relevant legislations and instructions. The bank must document the tasks,

authorities and the responsibilities of the compliance management, These are circulated inside the bank.

3. The Board approves and monitors the policy of compliance. Its preparation, development and application of the policy of compliance in the Bank, falls within the jurisdiction of the compliance management.
4. The compliance management submits its reports regarding the results of the work and its monitoring of compliance to the Board or the committee emanating there from. A copy is sent to the executive management consistent with the issued directives of the Central Bank in this regard.

CHAPTER FIVE

RELATIONSHIP WITH SHAREHOLDERS

The bank aims at establishing good relationships and close ties with the shareholders in order to achieve the required practices. This is conducted through the following:

- 1- Embarking on serious and effective steps to encourage the shareholders, especially the younger ones – to attend the annual meeting of the General Assembly.
- 2- Inviting the shareholders to attend the annual meeting of the General Assembly of the committees emanating from the Board of Directors.
- 3- Inviting the external auditors to attend the annual meeting of the General Assembly to answer the questions that maybe asked regarding the auditing and the report of the auditor.
- 4- Voting on the issues in a separate manner in the annual meeting of the General Assembly.
- 5- Election or re-election of the members of the Board during the annual meeting of the General Assembly, in addition to the election of the external auditor.
- 6- Prepare a report to inform the shareholders of the observations that were made during the annual meeting of the General Assembly and its ramifications.
- 7- The attendance of the chairmen of the committees emanating form the Board of Directors the annual meeting of the General Assembly.

CHAPTER SIX

TRANSPARENCY AND DISCLOSURE

In the endeavor to apply the principle of complete transparency and disclosure, and in its desire to provide indicative and meaningful information regarding the activities to the shareholders and the public and the various domestic and external monitoring bodies, the Bank has adopted the following:

1. disclosure according to the International Standards Of Financial Reports (IFRS), and the directives of the Central Bank of Jordan together with the accompaniment of the

changes that take place on the international practices of financial reporting and the scope of the transparency required from the financial institutions as well as the complete adherence to all the amendments that occur on the International Financial Reporting Standards (IFRS).

2. The forwarding of the executive management of the reports relating to the developments and the amendments that occur on the financial position of the Bank, to the Board of Directors.
3. Clarification of the responsibilities of the bank in respect of the accuracy of the bank in respect of the accuracy and sufficiency of the financial statements of the bank and the information contained in the annual report, within the annual report of the bank.
4. The bank is committed to the maintenance of the lines of communication with the monitoring authorities, the shareholders, the depositors and the other banks and the public through (the investors relationship job; the annual report , the quarterly reports, the report of the Board regarding the circulation of shares of the periodical meetings , the periodical summary for the shareholders and the analysts and journalists provide the information on the website of the bank in both Arabic and English)
5. Include in the Bank's annual report and the quarterly reports a disclosure from the executive management of the bank called (Management Discussion and Analysis).

Within the framework of the commitment of the bank to the principle of transparency and disclosure, it has included the following in the annual report:

- 1- The policy of the Corporate Governance, stating the items which the bank adhered to, and the items that it did not adhere to, and the reasons which did not enable the bank to commit to these stems.
- 2- All informational about every member of the Board of Directors.
- 3- The principal shareholders of the bank like the shareholders or the stakeholders who have control over more than 10% of the capital of the bank.
- 4- A summary of the organizational structure of the bank.
- 5- A summary of the tasks and the responsibilities of the Board committees and the delegated jurisdictions to these committees, and the number of meeting the Board and its committees hold.

- 6- A summary of the policy of the bonuses and the highest salary that has been paid to the executive management.
- 7- The attestation of the Board of Directors of the sufficiency of the system of control and internal monitoring.
- 8- Full description of the structure of the risks management department and the various activities of the different activities of the department.

There exists a difficulty at the present time in appointing independent members on the Board of Directors due to the fact that the election of the Board of Directors takes every four years, and this period ends in the year 2011.

The Bank will form a compliance management during the year 2008.