



بنك الإسكان للتجارة والتمويل

The Housing Bank for Trade & Finance

# 2018

## Sustainability Report

..... Together Towards a Sustainable Future





# 2<sup>nd</sup> Sustainability Report 2018

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## About This Report

Our Second Sustainability Report has been prepared in accordance with the GRI Standards: Core option indicating the correctness of the locations of the materiality disclosures (GRI 102-40-102-49).

The GRI Table of Contents and the Materiality Disclosures of this Report can be found in Appendix C.

This report aims to provide the essential information to key stakeholders of the Bank, including: customers, shareholders, employees, regulatory and supervisory bodies, society and suppliers.

This report contains information and data about the Housing Bank's achievements and initiatives on sustainability issues, including social, economic and environmental dimensions.

This information and data covers the progress made in sustainability during 2018, at the level of Jordan only, unless otherwise noted.

Housing Bank is committed to issuing a report on the most important issues of concern to stakeholders regarding sustainability. We invite you to contact us via the following pages on the following social media websites:



<https://www.facebook.com/TheHousingBank>



<https://twitter.com/thehousingbank>



<http://instagram.com/thehousingbank>



<https://www.linkedin.com/company/housing-bank-for-trade-and-finance>



<http://www.youtube.com/user/thehousingbank>

Furthermore, you can send your comments and inquiries via the email allocated for this purpose [Sustainability@hbtbf.com.jo](mailto:Sustainability@hbtbf.com.jo)



## Chief Executive Officer's Statement

**Dear Stakeholders,**

On behalf of the Board of Directors, I am pleased to present the second Sustainability Report of Housing Bank for Trade and Finance, prepared in accordance with the Global Reporting Initiative (GRI) standards. The report highlights the Bank's three-dimensional key achievements in the field of sustainability (social, economic, and environmental achievements) for 2018, together with the bank's contribution at these levels in Jordan.


This report is a testament to our unwavering and serious commitment to adopting a sustainable approach in all our activities and practices. As a driving force in the economies and societies in which we operate, we believe that a sustainable approach is our duty. Our responsibility is not only to achieve financial benefits, but also to instill and consolidate the culture and concepts of sustainability in all our business, and to all our stakeholders.

In 2018, the Bank identified six pillars to develop the concept of sustainability: Effective Governance, Risk Management, Responsible Banking Services, Talent Development, Creating a Positive Social Impact, Customer Service for a Better Financial Future, along with Innovation and Digital Excellence. These pillars form the compass that directs our future plans, and the basis for our daily work in order to support our objectives and achievements and maintain our leading position.

The Bank is fully committed to applying the standards of governance and compliance in all branches and departments, in order to safeguard the interests of our shareholders, customers, employees, and all other concerned bodies. We are constantly reviewing and improving our governance frameworks to ensure they comply with the best international and local practices.

On that basis, the Bank applies a set of policies, procedures, and regulations that relate to transparency, integrity, and zero tolerance for any form of corruption and bribery and any breaches of the Code of Professional Conduct and Work Ethics.

As a leading financial institution, we have ensured that our banking and finance services and products reach our customer base - the largest in the Kingdom - easily, through the largest network of branches extended throughout our beloved country. We do this while concentrating on spreading the culture of financial inclusion along with the plans of the Central Bank of Jordan to reach all segments of society.



We at Housing Bank are keenly aware of the importance of diversity and equal opportunities for our employees, to ensure they know that they are a part of our growing family. We have more than 2,400 qualified, professional employees. We protect their rights, respect their dignity, provide them with high quality training and career development opportunities, ensure their engagement, and communicate with them through open communication channels. We encourage the participation of women in many processes and positions, as they now constitute 40% of our workforce.

As part of our environmental responsibility for the creation of a positive social impact, we have endeavored to achieve higher efficiency in the use of energy and water and other natural resources. In supporting the transition to a green economy, we have decreased consumption of electricity in the Bank by 4.3% and water consumption by 7.8%. Our greenhouse gas emissions dropped by 4.4%, and we increased paper recycling by 46.1%.

We have continued to support and sponsor many social, humanitarian and charitable initiatives, as well as educational, health and environmental activities. Our social contributions in the Hashemite Kingdom of Jordan exceeded 10 million Jordanian dinars in the last five years.

We have worked hard to support local suppliers through the inclusion of local companies within the Bank's approved list of suppliers, where total spending of purchases from local suppliers was about 82% of the total purchase expenses of the Bank.

We continued these efforts throughout 2018. We enhanced our digital transformation strategy by providing integrated and comprehensive solutions that ensure the highly efficient services to our users and customers. The result of such an endeavor was an increase in the volume of mobile banking transactions by 40% and ATM transactions by 3%.

Finally, I am proud of our achievements in sustainability. I stress that we look forward to achieving progress in this field, ensuring the rights of all stakeholders and benefits to our community. I invite the stakeholders to study this report and to contact us at [Sustainability@hbt.com.jo](mailto:Sustainability@hbt.com.jo) to provide their views, comments and ideas.

**Ammar Safadi**  
Chief Executive Officer







## About Housing Bank

Housing Bank was established in 1973 in a small building in Jebel Amman, as a Jordanian Limited Share Company. With its headquarters in Jordan's capital, Amman, the Bank initially specialized in the housing finance field. In 1997, twenty-four years after its inception, the Bank began a new phase of operations when it became a comprehensive commercial bank. Housing Bank now offers all financial and banking products and services to individuals, institutions, and companies.

The Bank's journey has been a successful one, exceeding forty years. In recognition of its efficiency, subsequent successes, and outstanding role in the economic and social development process, the Bank has received the Patronage and Appreciation of Hashemite Leadership Award on several occasions. In March 1989, it was also the first bank to win the First-Class Planet Medal. Such appreciation was an incentive for the bank to continue its achievements at various levels, resulting in further positive outcomes for the country and its citizens.

The bank has 129 branches throughout the Hashemite Kingdom of Jordan, 15 branches in Palestine and one branch in Bahrain. There are also three subsidiaries Banks in Algeria, Syria and Britain, and two subsidiaries in Jordan, in addition to representative offices in Iraq, UAE, and Libya.

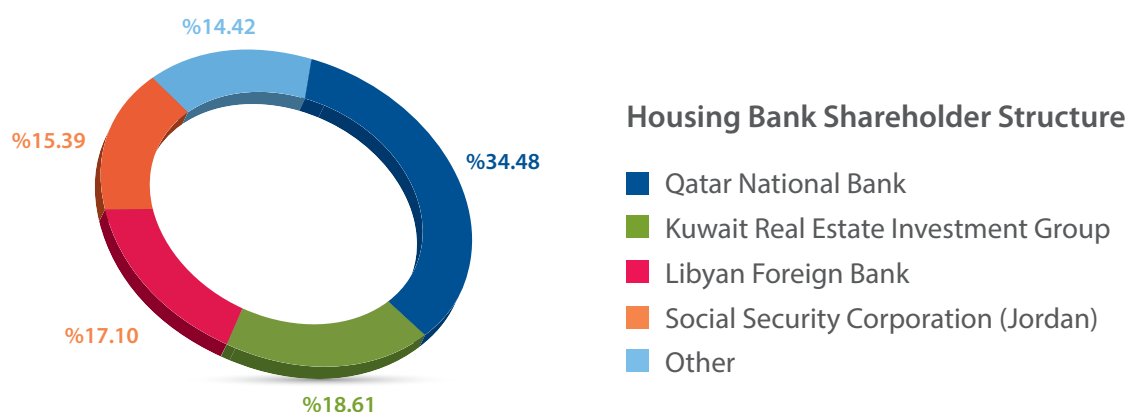


 Housing Bank / Jordan: 129 Branches	 Jordan International Bank: 1 branch
 Housing Bank / Palestine: 15 Branches	 Specialized Finance Leasing Company: 3 Branches
 Housing Bank / Bahrain: 1 branch	 International Financial Center Company: 1 branch
 International Trade and Finance Bank: 31 Branches	 Abu Dhabi Representative Office
 Housing Bank / Algeria: 7 Branches	 Baghdad Representative Office
	 Tripoli Representative Office

Housing Bank is at the forefront of the Jordanian banking sector due to a number of reasons, the most important of which are:

Total equity, balances of saving accounts, number of branches, number of ATMs, and number of customers.

Housing Bank is considered by many to be one of the best Arab banks, with distinguished stakeholders ranging from governments, investment and banking foundations, and companies, as well as Jordanian and Arab investors. This highlights the Bank's presence as a solid channel and bridge for the flow of Arab investments into Jordan, reflecting the well-established fact that Jordan is a safe and strategic arena for Arab investments and offers considerable opportunities for joint Arab investment.



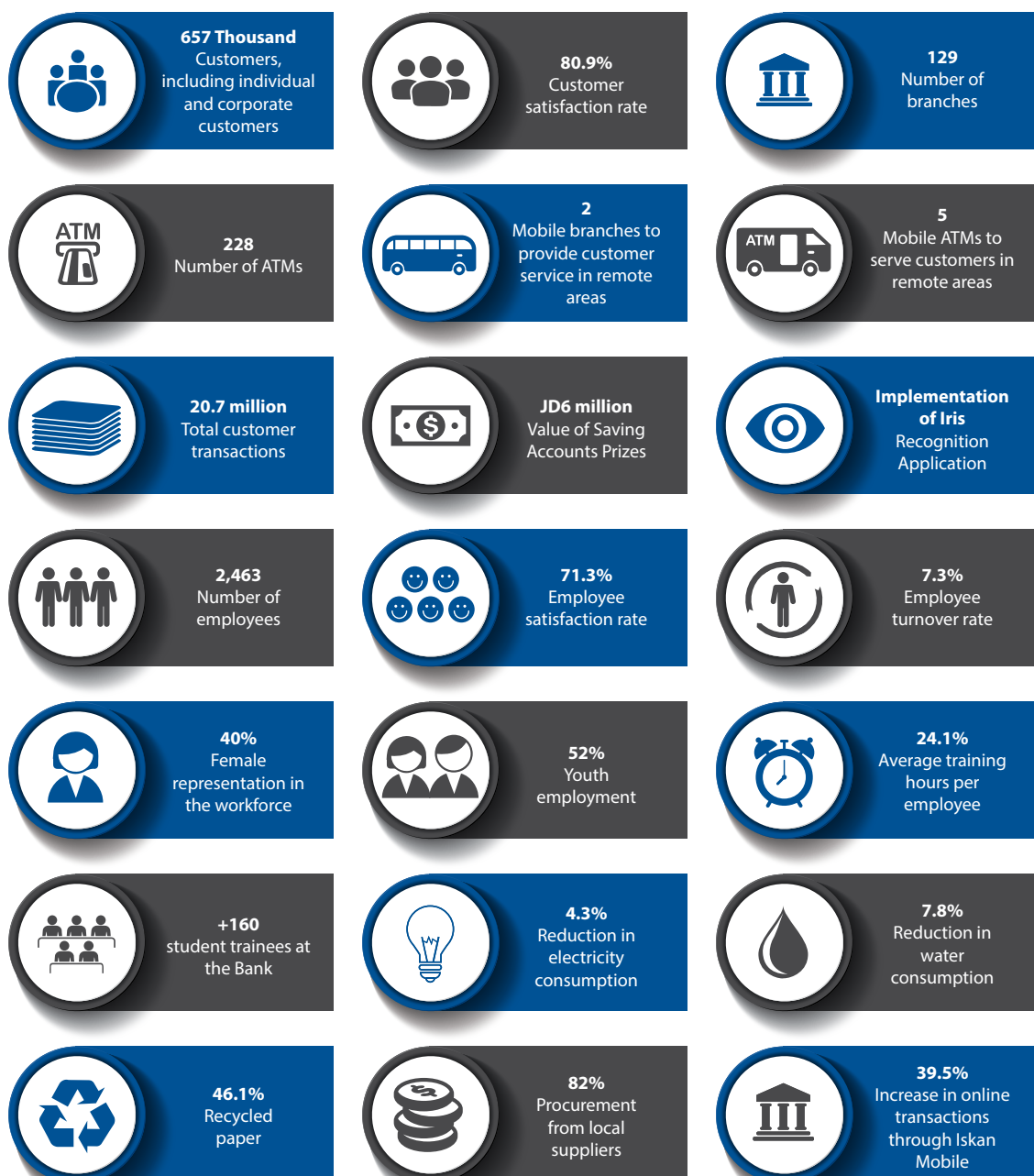
## Financial Performance of the Group

Despite increasing competition in a difficult and volatile environment, characterized by the continued turbulent political and security conditions in the region, Housing Bank Group continued to perform well in 2018. We attribute this to the strategy adopted by the Bank's management and its prudent policies in the banking markets in which it is located. The Group managed to record increases in assets of 1.9% on the previous year, reaching JD8.3 billion at the end of 2018. The customer deposits increased by 0.8% to reach JD5.9 billion. The total direct credit facilities portfolio increased by 3.5% to reach JD4.6 billion.

In 2018, the Bank achieved pre-tax profits totaling JD132 million, and after-tax profits of JD95 million.

Total assets JD8.3 billion	Generation ratio 1.9%
Total customers deposits JD5.9 billion	Growth rate 0.8%
Total credit facilities JD4.6 billion	Growth rate 3.5%
Capital adequacy ratio 16.1%	
Percentage of net loans to deposits 72.5%	

## Major Milestones of Performance and Achievements



## Awards and Appreciations

Housing Bank is a strong banking institution with a robust and solid financial record and history. It has distinguished and efficient management, sound and visionary business strategies, advanced performance, growing profitability, and modern business fields which keep abreast of global developments. The Bank's overall excellence has been confirmed by local, regional and world institutions throughout the years, with the bank winning several awards and appreciations, including:

### The Banker

Bank of the year – Jordan (for the years 2003, 2011, 2013 and 2015)

### Euromoney

Best Bank in Jordan (for the year 2007)

### Banker Middle East

- Bank of the year -Jordan (for the years 2016 and 2018)
- Best Provider of innovation financial services - Jordan (for the year 2018)
- Most Innovative Bank - Jordan (for the years 2017)

### Global Banking & Finance Review

- Best Retail Bank - Jordan (for the year 2018)
- Best Project Finance Bank - Jordan (for the year 2016)
- Best Trade Finance Bank - Jordan (for the year 2016)
- Best Co-Branded Credit Card with Qatar Airways in Jordan (for the year 2016)

### International Finance

- Most Innovative Corporate Bank-Jordan (for the year 2018)
- Best Customer Service Bank - Jordan (for the year 2017)

### World Union of Arab Bankers

- Best Trade Finance Bank - Jordan (for the year 2018)
- Leading Bank in Development of Banking in the Arab World's (for the year 2017)
- Best Trademark - Jordan (for the year 2017)
- Leading Bank in the Arab World for Financial Inclusion (for the year 2016)
- Excellence in Project Finance (for the year 2015)
- First Bank by the number of branches and ATMs - Jordan (for the year 2015)

### Royal Care and Trust of the Hashemite Leadership

- Al Kawkab Medal of the First Order on the fifteenth anniversary of bank establishment.
- King Abdullah II Award for Excellence, the highest award at the national level (2000)
- Excellence Award for Qualitative Performance at the National Level from Prince Faisal bin Al Hussein (2006)

# Our Commitment to Sustainability

As the preferred bank for customers and the most popular bank in the Jordanian banking sector, Housing Bank seeks today, more than ever, to integrate sustainability considerations into its core disclosures and businesses. This initiative will enhance its banking businesses, build successful business relations, and further the bank's values and mission. The Bank recognizes the importance of this approach for reducing risks, encouraging innovative products and services, stimulating sustainable growth, improving customer levels of satisfaction, reducing overall environmental impact, reinforcing the Bank's position, and meeting stakeholder expectations.

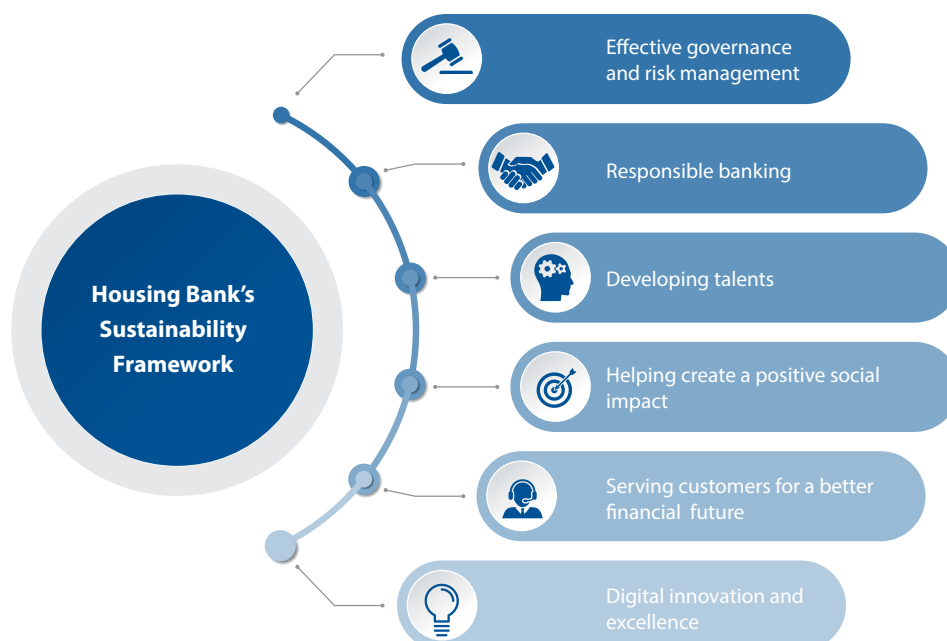
## Development Stages of Housing Bank Reports and Disclosure Statements

- Since its inception in 1973, the Bank has been keen to cover governance and financial performance practices in its annual reports.
- In 2014, the Bank began publishing annual social responsibility reports, focusing primarily on community initiatives in Jordan.
- In 2017, the Bank issued its first sustainability report, which focused on the bank's branches and departments operating in the Hashemite Kingdom of Jordan. This reflects the Bank's long-term commitment to sustainability by examining social, environmental and economic issues and their various impacts, in order to inform stakeholders of the Bank's performance and practices in relation to sustainability.



## Housing Bank's Approach towards Sustainability

Sustainability is an opportunity to use our skills, experience and relationships to bring positive change to individuals, society and the environment. Building trust through transparency and efficiency is vital to achieve this objective. In 2017, the Bank identified six axes of sustainability that are key areas of focus for Sustainable Development of our Bank. In this report, we demonstrate our activity, performance and Housing Bank initiatives in each of these areas in detail.



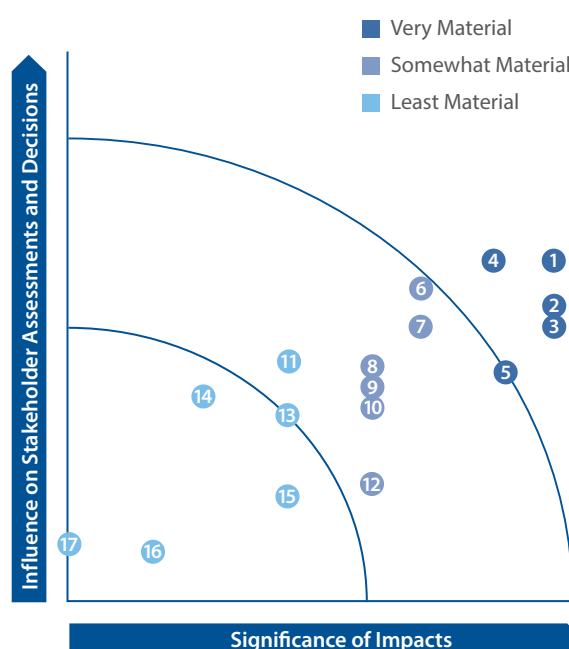
## Material Issues (GRI 102- 47)

Believing that sustainability is a collective and not individual responsibility, Housing Bank evaluated its material issues, taking the following into consideration:

- Engagement of the relevant stakeholders in the Bank to identify the most important key issues to them and to the Bank itself.
- Analysis of the material issues based on a comprehensive list of the matters that may affect the Bank or are important to the stakeholders. This list has relied on, inter alia: GRI standards aspects, GRI G4 financial services sector disclosures, SASB disclosure topics for the financial sector, industry and sector benchmarks, and internal documents.
- Based on the above, the Bank has selected 17 key issues related to sustainability for stakeholders for the year 2018, as per the matrix below:

Rank	Material Issues
1	Combating financial crimes
2	Financial performance
3	Governance, ethics and compliance
4	Transparent disclosure of performance
5	Customer experience and satisfaction
6	Financial stability and risk management
7	Client privacy and data security
8	Investment, lending, sustainable products and services
9	Communicating with customers transparently and reliable marketing
10	Talent attraction, development and retention
11	Digital innovation
12	Financial integration and access to various banking services and financial literacy
13	Collective investments
14	SME and entrepreneurship support
15	Diversity, inclusion and equal opportunities
16	Responsible and local procurement
17	Environmental impact management

Materiality Matrix  
Housing Bank 2018



## Stakeholders Engagement (GRI 102- 40)

Positive involvement with stakeholders both within and outside of Housing Bank is considered the basis of its approach to sustainability. Such a strategy assists the Bank to define stakeholders' priorities, understand the Bank's broader impact, and recognize the challenges that the Bank faces to make its role more sustainable. The figure below shows the major stakeholder categories of Housing Bank. For more information on stakeholders and the Bank's ways of engaging and communicating with them, **please see Appendix B.**





# Effective Governance and Risk Management







1

# 1. Effective Governance and Risk Management

Compliance with implementation of the best international governance practices is a priority of Housing Bank. To ensure good governance practices, the Bank has been keen to ensure proper structures, policies and procedures are in place for all of its operations. The Bank maintains its reputable levels of ethical and professional conduct by applying the highest standards of accountability and transparency to practices at all administrative levels, in order to instill confidence and active engagement between the Bank and its stakeholders.

## 1.1 Governance

Housing Bank applies the principles of good governance, in line with all requirements, legislation and regulatory directives stipulated by the regulatory and supervisory authorities in Jordan and in the countries in which the Bank operates.

The Bank has a clear hierarchical organizational structure that displays the lines of power and responsibility and the levels of management, in addition to providing a framework of the principles and procedures related to management, stakeholders, internal audit and risk management.

### 1.1.1 Board of Directors and Emanating Committees

The Board of Directors is the supreme corporate governance body of the Bank and is authorized to approve the Bank's strategies and plans of action, including approval of risk policy and risk management procedures, as well as ensuring that there is a mechanism for measuring these risks and setting their relevant thresholds.

The Bank's Board of Directors consists of thirteen non-executive members, one of whom is a female, and four who are independent members. The Board members are elected by the General Assembly of shareholders by secret ballot.

Members of the Bank's board of directors have diverse experience, qualifications and knowledge in different financial, banking, and commercial activities.

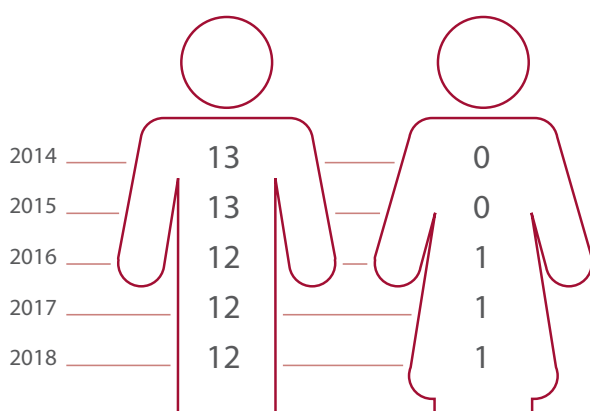
Based on best practices in the governance field and consistent with the institutional governance guidelines of banks issued by the Central Bank of Jordan, Housing Bank separates the positions of Chairman of the Board and the Chief Executive Officer. The Nominations and Remuneration Committee assesses the performance of the Board of Directors and of its committees and members, at least once every year.

The Bank's Board has seven committees. Each committee has written tasks, responsibilities and authorities and the formation of these committees aims to increase the effectiveness of the Board's performance, maintaining transparency in its tasks and duties, and taking appropriate resolutions.

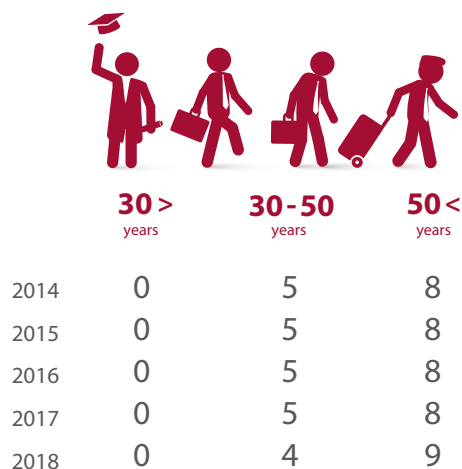


## Board of Directors

Members according to gender



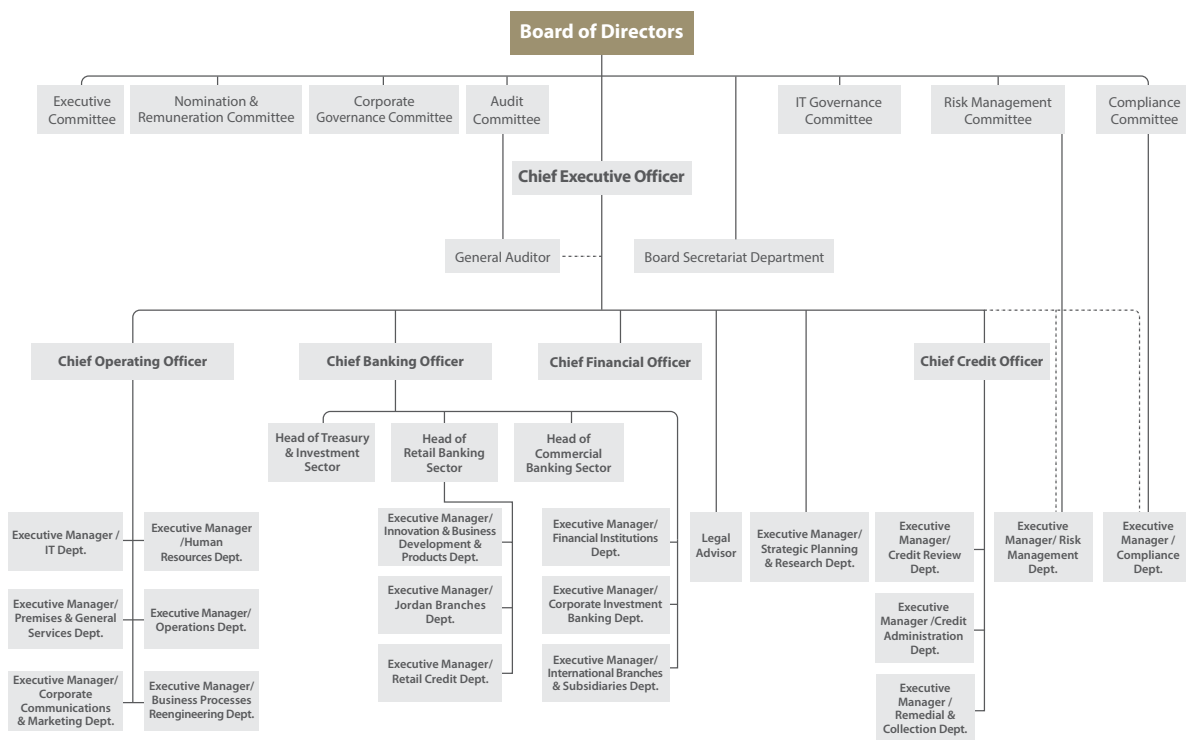
Members according to age group



For more details on management policy and approaches to responsible governance and a summary of the functions and responsibilities of the Bank's Board of Committees, please refer to the institutional governance guide published at the following link:

<https://www.hbtf.com/ar/InvestorRelations/Lists/HBTfDocumentsInstance/%02018المؤسسية%20الحوكمة%20دليل.pdf>

### 1.1.2 Organizational Chart



## 1.2 Ethics and compliance

Housing Bank's commitment to behavioral and professional ethics and compliance with the various laws and regulations is essential to enhancing its reputation, gaining the confidence of stakeholders, and protecting its clients and employees. To achieve this, the Bank relies on firm ethics and compliance standards to ensure integrity and control any corruption and bribery in all of its operations and activities.

The above is represented in the Bank's regulatory policies, procedures, and controls within the framework of corporate governance, in addition to the code of professional conduct and business ethics. In this context, Housing Bank has developed many policies related to ethics and compliance practices, including the following as the most important:

- Fraud Policy.
- Compliance Policy.
- Customer Complaints Policy.
- Employee Public Disclosure Policy.
- Fair and Transparent Customer Service Policy

### Employee Public Disclosure Policy

This policy is intended to enhance transparency and to achieve the requirements of corporate governance and compliance with regulatory bodies by:

- Ensuring there are no violations or conflicts of interest between the Bank and its employees.
- Ensuring the absence of any suspicious corruption or negative impact on the Bank's reputation due to individual wrongdoing.

### Compliance Policy

This policy is intended to comply with applicable laws, regulations, instructions, codes of conduct, sound banking standards and practices by:

- Promoting the values of integrity and sound professional practices within the bank.
- Reducing the risk of non-compliance and protecting the bank's assets, particularly the value of its reputation.

This policy shall apply to the Bank's Board of Directors, Executive Management and all employees in the various countries in which the Bank operates.

### 1.2.1 Code of Ethics and Professional Conduct

The Code of Ethics and Professional Conduct adopted by the Bank's Board of Directors is the cornerstone of management and execution of the Bank's day-to-day operations with the highest standards of ethics, transparency, honesty and integrity.

#### The following are the most important issues addressed in the Code:

- Employee duties
- Conflicts of interest
- Behavioral prohibitions
- Employee disclosure
- Information security and confidentiality
- Banking privacy
- Hot line
- Compliance with laws and instructions
- Combating money laundering and the financing of terrorism



The Code of Ethics and Professional Conduct has been circulated to all Bank employees at all administrative levels, each of whom can access the code through the internal website of the Bank. All employees must annually submit a personal commitment form to abide by all the terms of the code.



Due to its belief in the importance, promotion, and protection of special needs customers, the Bank has taken significant measures and procedures in line with the provisions of the Law on the Rights of Persons with Disabilities, including:

- No bank branch may withhold banking services to persons with disabilities under any circumstance.
- Keeping the confidentiality and privacy of information and data of customers with special needs and not disclosing them to third parties, unless permitted by law.
- Securing equal rights for customers with special needs in terms of managing their financial affairs, access to banking and financial services, and use of those services in complete independence and privacy, with no additional expenditures or charges.

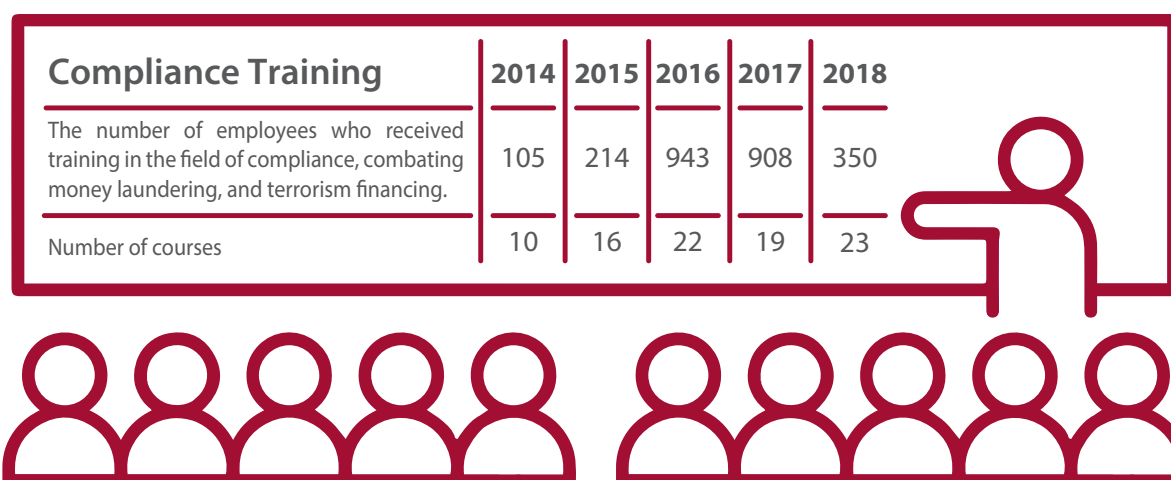
### 1.2.2 Compliance

Housing Bank follows responsible banking practices based on compliance with applicable laws and regulations in all of its business areas, adopts high ethical conduct in all activities and businesses, and takes measures to ensure the preservation of the rights and loyalty of customers and employees.

As an emphasis on the Bank's commitment to the application of the highest standards, an organizational structure for the Bank's Compliance Department was approved in such a manner as to reflect professionalism in performance and best banking practices. The Bank formed a Compliance Committee emanating from the Board of Directors which consists of 3 members of the Board; the majority of whom are independent members. This committee conducts the tasks of supervision with respect to efficiency, effectiveness, and independence of the compliance monitoring department, and takes the necessary measures to strengthen the values of integrity and sound professional practices. They also monitor and administer follow-up tasks to ensure compliance with the instructions of the various regulatory bodies.

To achieve a high level of customer satisfaction and provide customers with the best services and products, the Bank pays great attention to customers' complaints through the Customers Complaints Unit, which includes qualified and trained staff to study, analyze, process and respond to all complaints. During 2018, the Unit resolved 274 complaints related to different aspects (such as e-services, interest rates, commissions, charges, professional conduct, credit cards, transfer, contracts, and the terms of transaction) according to the policies and procedures adopted by the Bank in this regard.

To emphasize the importance of compliance with legal and organizational requirements, the bank disseminates the compliance culture at all levels and provides both old and new staff with training sessions in the field of compliance and combating money laundering, including, for example: KYC, SAR, the list of non-cooperative countries or the countries which do not sufficiently apply the FATF recommendations, the requirements of the FATCA, or the use of electronic training systems for employees. It is worth mentioning that during 2017 and 2018, the bank provided intensive training sessions in these areas. During 2018, 23 compliance sessions were conducted. The number of employees trained on compliance and combating money laundering and terrorism financing reached 350 male and female employees.



### 1.3 Risk Management

Owing to the complex and ever-changing operational environment, the bank manages all risks of its daily business activities in a prudent and proactive manner consistent with the board's guidelines and in line with international best practices and local and international legislations and laws. It does this by identifying, measuring, and managing all risks effectively, whilst also striking a balance between those risks and revenues.

The Risk Department in the bank determines, measures, evaluates, and handles any substantive risks that the Bank may be exposed to regularly, using various approaches and measurement tools, including a mixture of quantitative and qualitative techniques. Their aim is to maintain any identified risks at acceptable levels and in such a manner that allows the Bank to face challenges efficiently and in consistency with the strategic objectives of the Bank as well as with the requirements of regulatory bodies and international standards.

The risk management framework at Housing Bank adopts a model of three lines of defense for risk management, which are:

- The First Defense Line represents all the business, process, and support departments responsible for managing risks related to their responsibilities.
- The Second Defense Line represents all independent control departments (compliance, risk management, financial and legal) which help the First Defense Line manage the risks of activities and comply with the local and international laws and regulations.
- The Third Defense Line represents the Internal Audit Department, which is responsible for ensuring that the risk management framework is implemented and shared with the Audit Committee of the Board of Directors in order to ensure the effectiveness of the Bank's controls.

This model is applied at all levels of the Bank, and all lines of defense are independent of each other.



The Bank has an effective, robust, and independent risk management structure and framework that ensures efficiency. This structure is directly linked to the Board of the Risk Management Committee. The framework consists of a comprehensive set of policies, procedures, processes, methodologies and systems aimed at defining, identifying, measuring, monitoring and mitigating risks, with regular presentation of regulatory reports to the Board of Directors and Senior Management.



The Bank depends on its foundational pillars based on international standards and guidelines in the assessment of risk relating to corruption. This occurs through the existence of cornerstone policies and strategies that drive our commitment to the Code of Ethics and Professional Conduct. Other factors that minimize risk include the presence of clear working procedures, adequate and appropriate controls regarding the size and complexity of the Bank's activities, and operations for an efficient regulatory environment. The bank also implements measures such as periodic risk assessment, appropriate analysis of control activities, and regular exchange of information and liaison with stakeholders.

The risk assessment process for corruption involves the following actions:

- Clearly define objectives to identify and assess risks related to their achievement.
- Identify the risks facing the Bank in its pursuit of achieving and analyzing objectives as a basis for determining how they are managed.
- Take into account the probability of the presence of fraud when assessing the risks associated with achieving objectives. This should be done through the identification of fraud indicators, and monitoring and controlling these indicators and their opportunities of occurring and ensuring the necessary follow-up and corrective actions are taken.
- Identify and evaluate the variables that can impact the internal monitoring system, including changes in the external environment and/or in the work pattern and/or in leadership.

In 2018, in compliance with the International Financial Reporting Standard (IFRS), the Bank completed the implementation of this standard, including the development of policies to comply with the IFRS, the identification of principles and criteria used in customer classification, the verification of the work and reliability of the Bank's customer risk rating systems, and the development of the expected credit loss accounting system.

In the context of enhancing the level of knowledge and spreading a culture of risk awareness among employees, the Bank introduced a series of training programs on risk management during 2018. These programs detail the various actions that should be taken in emergency situations or crises, and are supplemented by educational materials about risk, which are published on the Bank's internal website.

The following table presents the major risks identified in 2018 and the Bank's response to managing these risks proactively:

Risks identified in 2018	The Bank's response
Strategic risks	The bank assesses and identifies key risks in accordance to its key risk matrix and identifies the response mechanisms on minimizing these risks. Our robust risk management, governance and internal control systems help us understand the risks we are exposed to and put controls in place to counter threats.
Reputation risks	
Risks related to changes to the institution organization	
Risks related to the Bank's conduct and decisions	
Information security risks and cyber security	
Risks related to system crash or failure and the occurrence of crisis and natural disasters	
Legal risks and risks related to non-compliance with regulatory and legislation entities	This is made possible through the Bank's integrated system designed to control, supervise, and manage risks and institutional governance. This aims to assist the Bank in achieving its strategic objectives by ensuring that the interests of all parties are met. This system includes the organizational structure of the Bank, the Board of Directors' role of the Bank and its monitoring committees, such as the Risk Committee, Audit Committee, Executive Management role, the Monitoring Departments role (risks, audit, compliance, and finance, legal). It also incorporates the policies of monitoring and internal control, the policies of risk management, the self-evaluation of controls and risk systems, along with the manuals of the policies, procedures, and regulations of employees' affairs.
Risks of money laundering, penalties and terrorism financing	
Risks of external attribution	
Fraud risk	
Material violations of assets	
Individuals risk	
Geopolitical risk	
Credit risk	
Liquidity risk	
Market risk	
Interest rate risk in the Bank's portfolio	

It is worth mentioning that the Bank's 2018 annual report includes further information on the Bank's risk management in Note 45 of the financial statements.



### 1.3.1 Information Security

The Information Security Department is a key pillar of the database and financial information security of the Bank's customers and clients. The Risk Department, through the Cybersecurity and Information Security Risk Center, implements security policies and procedures that ensure the availability, confidentiality and integrity of information, data, hardware and software in the Bank, in addition to reporting on compliance with information security policies. To ensure the security and confidentiality of information, the Bank regularly reviews policies and procedures to reflect internal and external variables and ensure compliance by all concerned parties. The Bank also provides appropriate training and workshops for employees in order to raise awareness of information security, teach methods for evaluating fraud risks, and instill sound security practices for avoiding any potential threats.

The Bank has always been committed to the best international practices with respect to information security, such as COBIT & ISO27001 and seeks to raise the level of cyber security, in order to face cyber-attacks and comply with the international standard PCI DSS on the protection of cardholder data through the provision of special security controls.

To develop and improve information security and integrity in line with the Bank's technological development strategy of providing a secure environment and responding to cyber-attacks, several actions were undertaken in 2018, most notably:

- Analyzing IT risks and developing appropriate security controls to minimize potential risks.
- Managing the classification program of information assets at the level of the Bank's departments, establishing necessary controls, and providing a mechanism for dealing with data according to their classification.
- Adopting a strategy and action plan to manage information security in line with global standards.
- Conducting periodic security checks on the Bank's internal and external networks to ensure that vulnerabilities are closed and follow up their closure.

In this framework, the Bank has adopted a Governance, Information, and Technology Management Manual (COBIT 5) in accordance with international standards in order to achieve the Bank's strategic objectives and to ensure that IT resources are utilized to their full potential.

in addition to all the above, the Bank continuously updates and enhances its information security operations based on AP013 and its IT risk operations based on the AP012.

Further, the Bank is working to create, update, and develop risk scenarios and update the IT risk register, thus linking them to compliance testing that monitors the risk level in accordance with these controls.

## 1.4 Audit and Monitoring Processes

The internal audit processes at the Bank aims to enhance and protect the institution's values, activate the consultative and contribution role, raise the audit efficiency level, and enhance the concept of risk-based audit and commitment to laws, instructions, and best practices.

The audit department adopts a risk-based approach, as all processes and activities at the Bank are subject to the internal audit scope in accordance with their degree of risk to the process. This measure ensures full conformity with the requirements of the regulators and the international audit standards governing the internal audit department, since the security and safety procedures are reviewed in accordance with the Banks's internal standards and processes.

In the event that the Bank adopts international frameworks or standards of social responsibility, or creates new policies and procedures supporting sustainability, these additions shall be included and governed by the audit community and their risks shall be evaluated and added within the audit tasks scope.

The internal audit role is an independent entity distinguished by subjectivity in providing consultative and confirmatory services to the Bank to assist it in achieving its objectives and offering added value to development. As one of the defense lines in the Bank, it also supports institutional control processes, risk management, and the internal monitoring system. In 2018, the second phase of the internal audit development project was implemented, which aimed to enhance the concept of risk and operation-based audit concept. The project concentrated on three main axes (People, Methodology, Tools), and the following aspects were executed through the project:

- Maturity level of internal audit department based on the Internal Audit Capability Model issued by the Institute of Internal Audit (IIA) advanced from the first level (Initial) to the second level (Infrastructure) to the third level (Integrated) to the fourth level (Managed), out of a total of five levels.
- Switch from the traditional method based on an evaluation of the extent of conformity of the work centers with the procedures and instructions (Policing & Compliance Approach) to the methods of audit based on risks (Risk-Based Approach) and on activities and processes (Process Based Approach), in line with leading practices in internal auditing.
- Amendment of the internal audit role in order to provide (Advisory & insights) services beside the confirmatory services.
- Determination of the internal audit Competency Framework, noting that the majority of vocational staff in the Audit Department are holders of professional certificates.
- Uses (Data Analytic) in all stages of the audit process, from the preparation of the annual audit plan to the planning and execution process of audit tasks and follow-up of the corrective procedures as well as the submission of the reports to the Audit Committee of the Board of Directors.

# Responsible Banking Services





## 2. Responsible Banking Services

In light of the Bank's continuous successes and achievements since the inception of its banking business, Housing Bank is committed to providing and developing responsible banking products and services that achieve strong financial performance based on responsible lending principles. The Bank aims to support economic growth in Jordan and to contribute to the environmental and social sustainability, through the financing of national projects in general and of eco-friendly projects in particular, in addition to projects and programs that protect water and energy resources.

### 2.1 Responsible Finance

In 2018, as part of its commitment to support sustainable economic, environmental, and social development in the Hashemite Kingdom of Jordan, Housing Bank demonstrated its positive role by supporting responsible growth through safe, sustainable financing, and supporting companies, especially small and medium-sized enterprises.

Responsible financing at Housing Bank is based on a risk assessment of potential lenders and potential financed projects, taking into consideration factors such as: application of the rule of "Know your Customer," good corporate governance, strong financial performance, and understanding of economic projects and sectors with promising futures.

Housing Bank looks for suitable financing opportunities, such as renewable energy technologies and industrial development projects that foster not only employment and trade opportunities, but also support small and medium-sized enterprises and encourage local entrepreneurs to start new businesses.

The Bank is committed to not financing any activities prohibited under the provisions of the law and international conventions, as well as projects, which may have negative social or economic impacts on society or the environment.

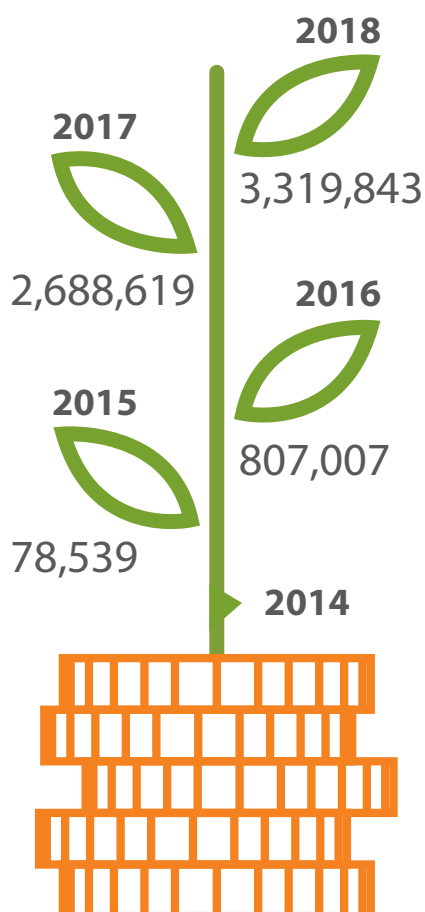
#### 2.1.1 Supporting our Clients in Addressing Environment Risks

Housing Bank has always sought to help its clients achieve their environmental goals by providing products and services that support investment in renewable energy and environmentally friendly projects.

##### Green Loans:

The offering of Green Loans for private projects that provide environmental benefits for sustainable development have witnessed significant growth over the years 2015-2018, bringing total loans to about JD 3.3 million at the end of 2018, with a growth rate of about 24%. This confirms the Bank's commitment to implementing measures related to environmental improvement and sustainable development through loans to its customers. Total value of the "green" assets: Renewable energy, energy efficiency, green buildings, sustainable waste management, clean transport, sustainable water management, adaptation to climate change and carbon sequestration techniques.

Total "green lending" (JD)





## **Supporting Infrastructure Projects**

Housing Bank contributed to the establishment of the Saudi Investment Fund, which aims to invest in infrastructure projects in cooperation with the government to achieve sustainable development. The sustainable objectives of the fund are twofold: stimulating the economy and creating jobs would contribute socially, while the possibility of investing in alternative energy projects would promote environmental responsibility.

## **Renewable Energy Projects Finance Program**

The initiatives based on the strategy of cooperation in the field of financing renewable energy projects resulted in the signing of an agreement by Housing Bank with the Renewable Energy and Energy Efficiency Fund (JAREEF), whereby the Bank will be able to grant customers (individuals and small companies) soft loans for renewable energy systems. The Fund will pay the interests arising out of these loans on behalf of the beneficiaries of such financing programs, which will positively affect the environment and reduce the consumption bill of the Kingdom.

### **2.1.2 Supporting Small and Medium-Sized Enterprises (SME)**

In line with its role as a responsible financial institution, Housing Bank aims to expand employment opportunities and contribute to the advancement of economic development by providing loans to establish micro-enterprises, therefore increasing the efficiency of national production.

#### **Small and medium enterprises finance programs**

In 2018, the bank continued its participation in programs financing small and medium-sized enterprises. Such programs and projects include the following:

- **Tourism Loan Product**, a program dedicated to providing appropriate financing to small enterprises and individual entrepreneurs within the tourism sector (tourist restaurants, hotel apartments and suites, motels and any other tourist activities) in cooperation with USAID.
- **Fixed Asset Finance Product**, a program dedicated to providing appropriate financing for small business customers, individual entrepreneurs, professionals and craftsmen to purchase and own all types of fixed assets related to their projects such as: plant and office buildings, machinery, equipment, furniture and decorations. (This excludes the tourism sector).
- **Business Loans Program**, a program dedicated to financing a wide range of business sectors from small enterprises and corporations, professionals, craftsmen and individual entrepreneurs within different economic sectors to meet their needs and expectations, in cooperation with the JLG.
- **Business Vehicles Program**, a program dedicated to financing small and medium enterprises and companies, professionals, craftsmen, individual entrepreneurs and private schools to purchase and renew vehicles of all types, which are used for project completion and contribution to the increase of production capacity, in cooperation with JLG.
- **Medium-Term Industrial Financing Program**, a program designated to providing suitable financing to the industrial sector, renewable energy sector, tourism sector, agricultural sector, information technology sector, health sector, education sector and transportation sector, through the Central Bank of Jordan directly, financing up to 100%, as the program gives preferential lowered interest rates of about 0.75% for loans granted to projects outside the capital compared to those within the capital.
- **The Central Bank's programs** are designed to support small and medium enterprises in various economic sectors to enable them to obtain the necessary financing to conduct their business at competitive interest rates and in cooperation with the Central Bank. The Bank is committed to not financing any activities prohibited under the provisions of law and international conventions, as well as projects that may have social or negative economic impacts on society or the environment (e.g. logging and forestry, tobacco manufacturing financing and trading, etc.).

- **The Emerging Small Enterprise Loans Program** is a specialized agreement guaranteeing the safeguarding of risk of emerging small enterprise loans signed with the Jordan Loan Guarantee Company, under which the Company provides the required coverage to the Bank on the risks of loans granted by Housing Bank and financial institutions to emerging small enterprises.



### The cash value of small and medium enterprises is (JOD)

	2014	2015	2016	2017	2018
Central Bank Programs	3,367,908	6,548,474	7,594,108	9,468,115	8,198,923
Med-term Industrial Loans	0	1,529,415	3,562,209	4,598,526	10,015,379
The Loans Agreement of Emerging Small Businesses	0	0	16,116	248,273	333,525

#### Use of Tamweely Website

In 2018, the Bank signed a business agreement with the Middle East Investment Initiative (MEII) to use Tamweely Website, which has recently been launched in Jordan to help SME finance applicants gain access to financial institutions and benefit from quick and easy access to technical support provided by EITI staff. This serves to improve the quality of information provided and how to submit it, and the Housing Bank is one of the leading banks in supporting entrepreneurs to reach the largest possible base of beneficiaries.

#### 2.1.3 Allowing Low-Income Persons to Access Key Financial Products

Housing Bank provides a number of products to support low-income persons; notably the Subsidized Housing Loan Program (Good Houses for Good Living) and the Installment Program.

##### Good Houses for Good Living

The Subsidized Housing Loan Program is based on the provision of financing to low-income clients at government-subsidized interest rates, meaning that the government will pay a percentage of the interest charged.

## Installment Program

This program offers the possibility of installments through personal advances or interest-free credit cards to customers with income transferred to the Bank who do not have the ability to purchase their personal and household needs. This helps to diversify options for customers to choose goods and services that meet their needs and requirements on concessional terms. The year 2018 witnessed an increase in the number of companies that cooperate with the Bank in the procurement installment program.

### The monetary value of the products and services designated to achieve a particular social benefit (JD)\*



*Good House		**Program of Installment "Advances"
40,384,348	----- 2014	----- 813,244
41,493,287	----- 2015	----- 566,401
41,305,912	----- 2016	----- 403,727
40,563,467	----- 2017	----- 473,071
39,707,220	----- 2018	----- 414,227

(\*) The figures included above represent the balance of loans granted within each product  
(\*\*) The decrease in the size of the purchase installment program is due to the direct installment offers from the companies, in addition to its relevance with customer commitments compared to their incomes.

## 2.2 Financial Inclusion

There is increasing global and local interest in financial inclusion and its rapid growth with the use of digital financial technology, especially with the spread of smartphones and the Internet. With this in mind, Housing Bank has sought to deliver its services and financial and banking products that meet the needs of its customers, including disadvantaged and low-income segments of society wherever they may be, in a responsible and sustainable manner, with favorable terms and competitive interest rates and commissions.

Housing Bank firmly believes in its responsibility to help its customers grow independently, and as such, focuses on Bank capacity building to enhance customers' financial stability, thus supporting them towards participation in the economy and local community. The efforts of Housing Bank in financial inclusion are:

- Establishing specialized credit centers, which are geographically spread to cover all the less fortunate governorates, to finance small and medium enterprises in the banking sector.
- The strategic partnership with USAID to hold cultural seminars to target customers in the tourism sector. This relationship relates to the preparation mechanisms and analysis of financial data, and preparation of the necessary documents for submitting an application for financing of their business needs.
- Holding educational courses for customers about e-channels and the mechanisms of their use in order to obtain financial services.
- Assigning a specialized team at the Bank branches to receive customers and educate them on the mechanisms of electronic channels.

In this context, the Bank has initiated two mobile bus branches and five mobile ATMs to provide banking services to customers in remote areas of the Kingdom with no banking services.

## Financial Inclusion

Percentage of New Accounts of Persons holding Banking Accounts for the First Time\*



Percentage of New Accounts holding Credit Cards for the First Time\*\*



Percentage of Total Local Accounts for Underprivileged or Less Fortunate Business Sectors\*\*\*



	Percentage of New Accounts of Persons holding Banking Accounts for the First Time*	Percentage of New Accounts holding Credit Cards for the First Time**	Percentage of Total Local Accounts for Underprivileged or Less Fortunate Business Sectors***
2014	14.4	38.6	28.5
2015	9.6	46.2	28.6
2016	8.8	35.6	28.5
2017	8.8	34.2	29.3
2018	8.0	42.8	29.5

\* The number of customers dropped in 2014 as a result of the application of the new banking system.

\*\* The increase in cards in 2015 is due to the launch of the pre-approved cards campaign.

\*\*\* The above ratios represent the loans granted within the North and South regions of the small and individual corporate portfolios.

### Children's Branch: A unique experience

Housing Bank's establishment of a branch for children dates back to 1993 as the first children's branch in the Kingdom, the Arab World, and the third one worldwide. The establishment of the Children's Branch, which is located at the Haya Cultural Center, aims to instill the meaning of saving and develop the awareness and positive culture of banking in children. This is done by training them to carry out some banking operations in a simplified manner (such as opening "future savings accounts"), which contributes to raising children's banking awareness and expanding their horizons.



### 2.3 Combating Financial Crimes

Housing Bank is committed to high ethical standards. Its anti-money laundering, Terrorism Finance, international sanctions, bribery and anti-corruption policies aim to ensure that risks identified by the Bank are appropriately mitigated. The Bank has the regulatory systems necessary to monitor and control suspicious transactions and to take the necessary measures, in addition to training of the various staff in this respect.

The Bank's application of the policies of KYC, AML, Terrorism Finance, international sanctions, anti-bribery and corruption helps to protect the financing system from the risks in these respects and helps ensure compliance with regulatory requirements, including customer identification, matching of names and parties of operations with lists of persons prohibited from dealing with them, and monitoring suspicious movements.

The transactions, processes and activities of Housing Bank for Trade and Finance are governed by the provisions of the Combating Money Laundering and Terrorism Financing Law (No. 46 /2007) and the instructions of the Central Bank of Jordan for Combating Money Laundering and Terrorism Financing processes (No. 14/2018). These are in addition to the laws and regulations relating to the combating of money laundering and the financing of terrorism issued by other countries in which the Bank is located, in the event that their laws or instructions are more stringent than those of the home country (Jordan).

It is worth mentioning that the Bank applies the best regulatory systems and control procedures to combat financial crimes, in addition to specialized systems for notification of suspicious movements, using a standardized format that is approved and submitted to the concerned authorities to take the necessary action.

## 2.4 Reducing Environmental Impacts

Housing Bank is aware of its responsibilities to protect the environment, considering climate change an urgent matter that must be acted upon by reducing impacts. The Bank seeks to be a friend to the environment in all its businesses and activities and in all its branches and headquarters. For this purpose, the Bank has adopted practical and efficient procedures to decrease expenses, as a part of its commitment to exercise sustainable business practices to address the environmental risks and to unleash its capabilities to achieve more growth opportunities and progress.


The impact of Housing Bank on the environment is limited, as they are represented in the consumption of paper, water, energy, and the production of greenhouse gas emissions.

Housing Bank is committed to promoting a sustainable environment, confirmed by the fact that it is a Platinum member of the Jordan Green Building Council, which aims to expand the green building environment in Jordan and encourage the adoption of green solutions and practices in the planning, design, and development of buildings and cities, in this way enabling individuals to live in healthy and sustainable surroundings.

### 2.4.1 Energy Consumption

The Bank's energy consumption during 2018 witnessed a reduction of about 5%, to reach about 55 thousand Giga joules.


**Total Energy Consumption (Giga joules)**



	2014	2015	2016	2017	2018
Total energy consumption (Giga joules)	68,759	53,452	62,243	57,503	54,894
Total direct energy consumption (Giga joules)	1,885	1,263	3,153	3,726	3,488
Total indirect energy consumption (Giga joules)	66,874	52,189	59,090	53,777	51,406

In terms of direct energy (which results from the consumption of heating and staff mobility fuel), the Bank's energy consumption during 2018 witnessed a reduction of 5.6% to reach 94 thousand liters. Such reduction was due to the Bank's efforts to enhance the efficiency of energy usage.

**Direct Energy Consumption**



	2014	2015	2016	2017	2018
Total Consumption of Gasoline (Liter)	10,465	7,513	14,018	16,401	21,370
Total Consumption of Diesel (Liter) (Vehicles + Generators)	40,055	26,397	70,054	82,928	72,362
Total Consumption of fuel (Liter)	50,520	33,910	84,072	99,329	93,732

In terms of indirect energy (resulting from electricity consumption), the Bank's consumption during 2018 was reduced by 4.3 %, which was attributed to the replacement of traditional light bulbs with LED bulbs at all branches, in addition to the merger of a number of the bank's branches.

### Indirect Energy Consumption

	2014	2015	2016	2017	2018
Total Consumption of Electricity (KW/H)	18,576,000	14,497,000	16,414,000	14,938,000	14,294,496
Consumption of Electric Energy (giga-joule)	66,874	52,189	59,090	53,777	51,460
Energy Intensity (GJ/Employee)	29.6	22.1	24.7	22.2	20.9

The Bank's procedures for the reduction of energy consumption:

- Using air-conditioning that is equipped with an Inverter technique to reduce electric energy consumption.
- Replacing light bulbs at the branches and buildings of the Bank with (LED) bulbs.
- Setting an automatic turn off computer screens at times when computers are not used.
- Instructing all employees of the Bank to keep the thermostat temperature of air conditioners at 24°C in order to save energy.

#### 2.4.2 Greenhouse Gas Emissions

The greenhouse gas emissions include all emissions of scope 1 (direct emissions resulting from the use of generators and transportation vehicles fueled with diesel and gasoline), and emissions of scope 2 (indirect emissions from energy consumption, data received from the Jordan Electricity Company).

Total greenhouse gas emissions witnessed a decrease of 4.4% during 2018, reaching 11,366 tons, and the intensity of greenhouse gas emissions of every employee reflected a 6.1% decrease.

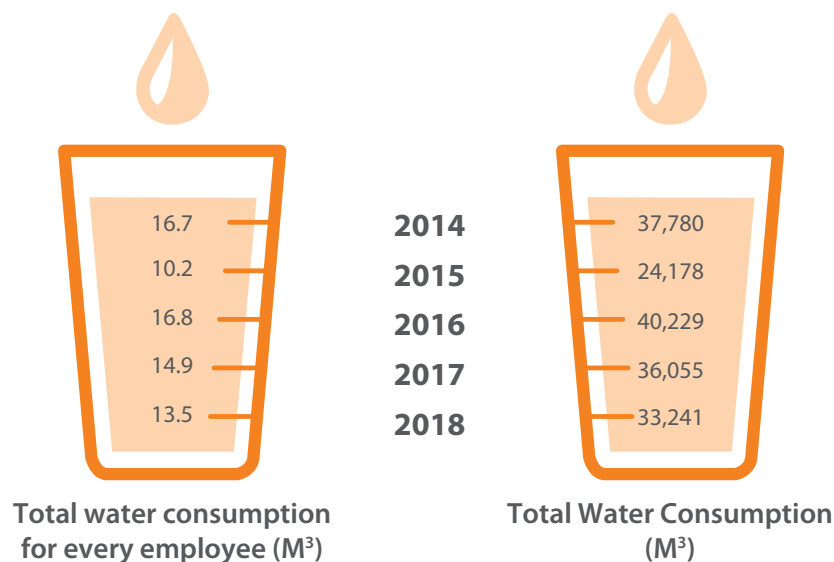
### Greenhouse Gas Emissions (CO2 eq.)

	2014	2015	2016	2017	2018
Direct greenhouse gas (GHG) emissions (Scope 1) (t CO2 eq.)	132.2	88.6	221.1	261.3	244.6
Indirect greenhouse gas emissions (Scope 2) (t CO2 eq.)	14,452.8	11,279.2	12,770.7	11,622.3	11,121.1
The total greenhouse gas emissions (t CO2 eq.) intensity of greenhouse gas emissions for every employee (t)	14,585.0	11,367.8	12,991.8	11,883.6	11,365.7
Greenhouse gas emissions intensity for every employee (t)	6.5	4.8	5.4	4.9	4.6



### 2.4.3 Water consumption

Effective water management has always been a critical issue in Jordan, which suffers from a scarcity of water resources. As a responsible national institution, Housing Bank is making great efforts to conserve water. The 7.8% decrease in 2018 was a result of the Bank's implementation of water-saving initiatives, including focusing on rationalization of consumption, increasing awareness, installation of water flow pumps, maintenance of leak holes in the plumbing systems, among other actions.



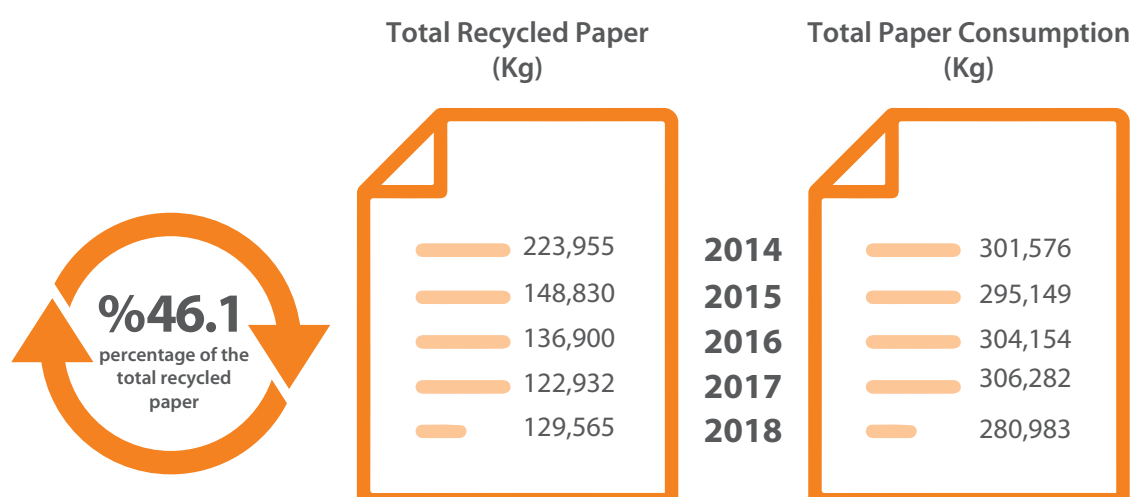
### 2.4.4 Material Consumption

Paper is the main medium for the completion of office tasks at the Bank and all its branches. Therefore, it is the Bank's most widely used natural product and as such, can be considered one of the Bank's largest environmental impacts and waste of resources.

In light of the Bank's increasing digitization, and its reduction of paper usage to decrease expenses on such a resource, the bank has enhanced its paperless electronic environment by transforming its operations into digital form and accelerating the transfer of internal information between all work centers via email.

It is worth noting that the bank purchases recycled A4 paper from suppliers that have received environmental certification.

Paper Consumption Reduction Initiatives	
Paper Consumption Reduction Initiatives	At the level of services and products
<ul style="list-style-type: none"> <li>Automating policies and procedures systems reduced the processing of paper-based transactions and resolutions.</li> <li>Automating certain banking transactions through electronic programs and systems.</li> <li>Transforming paper forms used at the Bank into electronic forms.</li> <li>Adopting the electronic signature to reduce the use of paper approvals.</li> <li>Application of the Share Point system to automate transmission of paper-based correspondences whether inside or between branches and departments through the system rather than on paper.</li> <li>Studying amendment of the Loan Origination System (LOS) to permit the addition of documents and open sales opportunities after closure, thus allowing copies of necessary files for loans (active file) to be made on the system instead of maintaining paper copies.</li> <li>Selling/Donating damaged paper to institutions or companies specialized in recycling paper.</li> <li>Practicing more effective printing procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging the Bank's customers to make cash withdrawals through ATMs, which reduces the use of paper and cost. The cash withdrawals through these devices have reached about 75% of total withdrawals.</li> <li>Enhancing e-notification services for Bank customers, including financial and non-financial transactions on their accounts.</li> <li>Encouraging the Bank's customers to use various electronic channels, particularly the Bank's mobile application (Iskan Mobile).</li> </ul>



It is worth mentioning that during 2018, the Bank joined and participated in HRH Princess Alia bint Al Hussein's Paper Recycling Initiative, entitled "Green Fingerprints for Paper Recycling". The initiative aims to support public schools by recycling the Bank's paper waste into A4 photocopying paper, which is then distributed to needy public schools in the Kingdom, free of charge, through the relevant education directorates.

In addition, as part of its hardware management strategy, the Bank has undertaken a number of measures to promote the sustainable environment, including:

- Recycling or donating hardware.

- Reducing the number of fax machines in various business centers at the Bank.
- Donating old and unused equipment that is still operating properly to charitable institutions and associations.
- Replacing old liquid batteries of all kinds, using providers who are contracted to dispose of old batteries responsibly.

#### 2.4.5 New Sustainable Housing Bank Headquarters

Housing Bank is currently building a new headquarters in the Shmeisani neighborhood of Amman, whose construction respects international guidelines for sustainable design. The new headquarters, which is expected to open by the middle of 2019, will provide a modern and advanced working environment to ensure maximum operational efficiency and flexibility.

The new building's area is approximately 78 thousand square meters, and is intended to accommodate 1,200 employees. The seven-story complex will house state-of-the-art offices and the newest technology in order to facilitate excellent customer service. Adding to employee comfort and satisfaction, four underground floors have been planned to provide service facilities and parking areas.


The Headquarters' design features smart facades with flexible interior systems that allow the bank to absorb industrial and technological developments without undergoing extensive renovations. The building will also include sustainable elements such as green landscape design and custom construction innovations to conserve water and provide shade from the sun.

#### 2.5 Sustainable Local Procurements

The nature of the bank's business as a financial institution requires most of its procurement expenditure to focus on office devices, computers, software and stationery tools. However, the Bank realizes the impact of procurement expenditures in supporting the development and growth of local businesses within the supply chain. Housing Bank is making extensive efforts to support local suppliers for their positive impact on the growth of the local economy and job creation.

In 2018, total procurement expenditures on local suppliers amounted to 82%, as the Bank supports 257 local suppliers through its network.

### Local Procurement



	2014	2015	2016	2017	2018
Total number of enrolled suppliers	198	203	205	219	262
Total number of enrolled local suppliers	193	198	200	214	257
Total procurement expenditure in JOD	7,760,251	10,713,673	8,555,811	11,386,762	20,666,320
Total procurement expenditure on local suppliers in JOD	7,587,519	8,860,746	8,226,783	11,250,061	17,016,048
Percentage of expenditure on suppliers	%98	%83	%96	%99	%82

# Human Capital







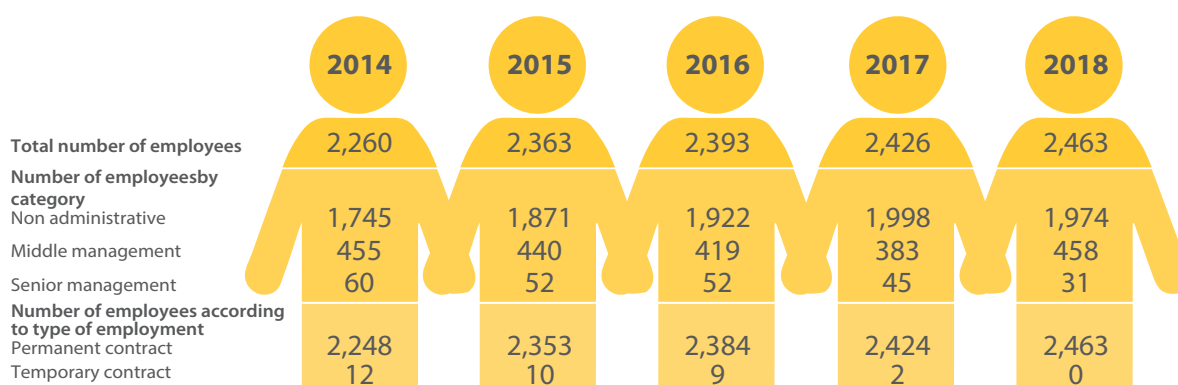
### 3. Human Capital

Investment in human capital is one of the priorities of Housing Bank, especially as the human element is the main and decisive factor for the Bank's progress and distinguished position in the Jordanian Banking Sector. Thus, the Bank seeks to provide a satisfactory, safe, and healthy working environment that protects the rights of employees and provides them with fair and competitive wages. Housing Bank encourages its employees to exert their best effort, develop their professional and personal skills, communicate and cooperate with each other, and contribute to the achievement of the Bank's strategic objectives.

The Bank consistently focuses on implementing a number of strategies to provide an excellent work environment that is based on learning and development, diversity, talent management, and functional succession needed to succeed and be most effective. Further, the Bank works on providing the right position for the right person, as well as increasing job opportunities for both male and female Jordanian citizens, as this would positively affect the image of the Hashemite Kingdom of Jordan and the Bank.

#### 3.1 Our Employees

The number of employees of Housing Bank in Jordan amounted to 2463 by the end of 2018, representing about 12% of the total number of employees in the Jordanian banking sector. Over the past five years, the Bank has significantly increased its staff to meet the increasing demands of transactions owing to the Bank's outstanding performance.



#### 3.2 Training and Development

The Bank believes that investment in training is a requisite for the development of its employees' capabilities and skills, in order to enable them to perform their work with a high level of technological expertise and professionalism. Such training would manifest itself in the improved quality of services provided to customers, consequently enhancing the Bank's competitive position in the Banking Sector. Accordingly, the Bank has concentrated on developing the capabilities of its workforce at all administrative levels and in all departments and branches, adding a new strategic depth to the Bank's resources and human capital. The Bank conducts regular annual reviews for the performance and career development for all employees, whose purpose is to identify training needs for each employee.

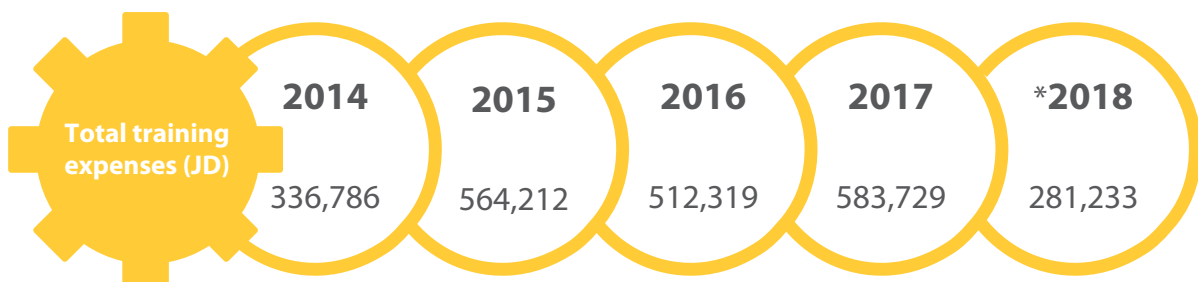
The Bank provides theoretical and practical training opportunities to prepare employees and raise professional performance levels to qualify them to carry out various banking activities both inside and outside the Kingdom. Training is offered in various fields of banking, financial, investment and administrative work, in addition to conferences, seminars, and specialized forums. The training programs and courses have resulted in approximately 24 training hours per employee on average during 2018, with a focus on the actual needs of the Bank and its employees.

Furthermore, in 2017 and 2018, the Bank provided training courses to raise awareness of the environment and social issues, such as the annual Social Responsibility Conference, the design and installation of solar energy systems and renewable energy alternatives, as well as dispatching a number of employees to attend the Fifth Renewable Energy Investment Forum. In 2018, the Bank also enhanced the culture of learning by continuing to annually send a number of employees to obtain academic and professional certificates from leading national and international institutes, universities, and training centers.



In the exercise of its social responsibility, the Bank trained more than 160 public and private university students during the year in a number of the bank's departments and branches, to help them gain practical experience in banking activities through on-the-job training. This initiative proved to be an efficient tool in bridging the gap between the banking sector and educational institutions.

## Training expenses



\* The reduced training expenses are due to the Bank's adoption of the "Tamkeen" Platform for electronic training and qualification of employees.

### Training (hours)

	2014	2015	2016	2017	2018
Average training hours per employee	33.7	174.7	101.3	78.4	24.1
Males	33.2	193.1	113.6	81.1	25.0
Females	34.6	143.5	81.2	74.2	17.7
Employees aged between 18 and 30 years	102.0	227.4	153.0	109.1	15.8
Employees aged between 31 and 50 years	54.7	201.0	95.7	57.0	8.1
Employees above 51 years	22.1	38.3	14.0	34.0	1.3



### Enrollment programs for academic and professional degrees (Number of participants)

Enrollment for the study  
of academic certificates

Enrollment to professional certifications  
in all working areas of the Bank



### Training programs (number of participants)

	2014	2015	2016	2017	2018
Training programs held in the Bank training center	2,738	1,013	1,012	2,270	999
Training programs held in cooperation with specialized national training institutes	461	513	298	165	265
External training courses held in Arab and foreign countries	52	48	29	37	17
Number of participants in internal seminars	1,719	574	802	1,128	650

### **Training and development center: a success story**

Initially, when the Bank was first founded, employee training used to be outsourced to external training centers inside and outside of Jordan.

However, as the number of employees, branches, and business operations grew, a specialized training department was established in 1980 (seven years after the Bank's incorporation) to serve as a centralized internal training center for the Bank.

The Bank's training center supervised the management and organization of several training courses and seminars inside and outside of the Kingdom, which addressed various aspects of banking, administrative, and financial work. As a result of the Bank's success in the field of training, some local and Arab institutions have dispatched their employees to join the training courses held by the Bank's training center, thus developing remarkable relationships between training centers in the Arab World.

Over the course of the Bank's interactions and cooperations with Jordanian scientific institutions, the Bank has hosted a large number of university and college students in order to familiarize them with its activities and train them on its various on-site workings.

### **"Tamkeen" Platform for electronic training and qualification of employees**

In a move to enhance performance efficiency and achieve high levels of productivity, the Bank recently launched the "Tamkeen" platform for electronic training and qualification of its employees, in cooperation with Salalim, a leading company in electronic training and learning.

#### **Idea:**

This innovative idea, launched by the Training and Development Center, enables the bank employees at all functional levels to participate in specialized training courses held by the Tamkeen platform and to electronically obtain certificates after passing the required tests.

#### **Objectives:**

Tamkeen seeks to provide regular and continuous training to the Bank employees, with the aim of refining their basic banking skills and knowledge and enabling them to operate banking mechanisms and specialized concepts, including but not limited to; compliance, anti-money laundering and information security, as well as creating an institutional environment and culture conducive to education and skill acquisition.

#### **Advantages:**

Tamkeen produces remarkable results through well-designed learning programs which can be accessed by employees anytime, anywhere. This allows for increased efficiency in the learning process and causes minimum disruption to the processes of the Bank in all divisions and departments. Further, the Platform offers bonuses and rewards to employees for outstanding performance throughout, as a positive incentive for further training and development.

### **3.3 Competitive Privileges of Employees**

The Bank is proud to provide a notable set of privileges and bonuses to its employees, without discrimination between males and females, as the Bank's salaries are lucrative and competitive compared to others in the Jordanian banking sector. Further, the level of basic pay by the Bank to newcomers is higher than the minimum wage in Jordan. The Bank reviews employee salaries annually out of its belief in the importance of maintenance of a strong pay scale.

The Bank has an incentive-based compensation policy that focuses on motivating outstanding performance by allotting around 5% of the profit after tax deduction to be distributed using a special system, which calculates incentives based on productivity and competencies.

Moreover, the Bank provides its employees with several privileges, including the provision of affordable housing loans at preferential interest rates along with life insurance and specific health insurance programs for its employees and their families with high financial footing. The Bank has a wide network of doctors, pharmacies, hospitals, and accredited health centers, well-known and distributed throughout the Kingdom.

### **3.4 Employee Engagement**

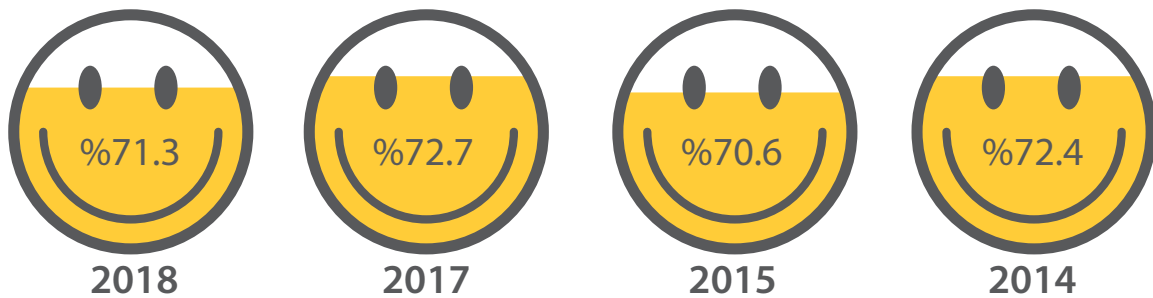
Housing Bank recognizes the importance of engaging employees to boost communication and active participation, in order to increase work satisfaction, productivity, and performance, and reduce employee turnover. The Bank seeks to maintain an open dialog and transparent communication channels with all its employees in order to understand and respond to issues of importance to its staff.

The Bank investigates employee satisfaction through an annual survey to understand their opinions on various aspects of the business, aiming to strengthen the positive aspects and to identify any obstacles and negative aspects, with the intention to address them to improve on productivity and customer service. The Bank urges staff to provide their views with honesty and transparency, as the results will be integrated into the HR Department's work plans to address the challenges posed by the survey.

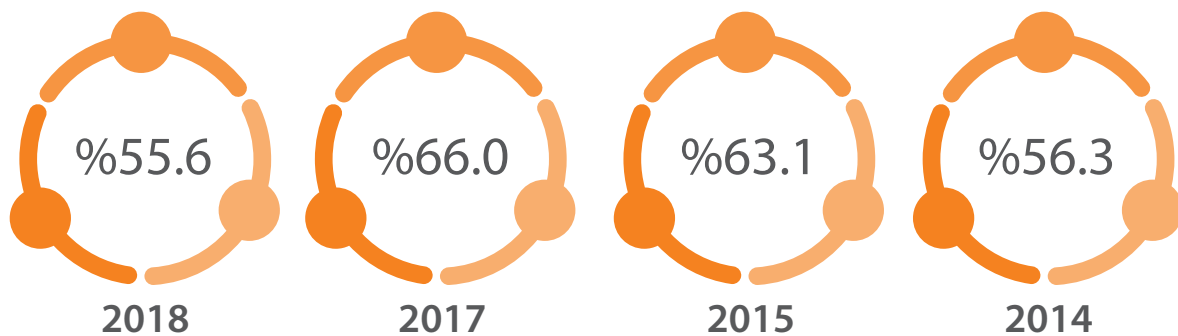
During 2018, the Bank conducted a study on employees' satisfaction in the branches and departments operating in Jordan, through an independent entity in the Bank represented in the Research Center. The employees' participation drew attention to a number of issues that preoccupied them, prompting the Chief Executive Officer to instruct the Human Resources Department to study the results of the study and to take actions addressing the issues of concern mentioned by the staff.



### Staff Satisfaction\*



### Staff Engagement\*



\* The Bank did not distribute a questionnaire in 2016 due to its focus on restructuring salaries and benefits for employees in order to satisfy employees.

Housing Bank aims to inspire its employees to think creatively and encourage them to make any suggestions to improve and develop the Bank's working environment through the Suggestion Box. The Bank rewards any suggestions that have been successfully implemented to improve operations or reduce costs.

#### The most prominent initiatives on staff engagement:

- Organizing periodic group trips (internal and external) through the Bank Social Activity Committee.
- Hosting lunch parties at the end of the year.
- Hosting Ramadan Iftar during the holy month of Ramadan.
- Conducting tournaments and annual sporting activities.

#### Internal Grievance Mechanisms

Housing Bank provides a number of complaints mechanisms through which employees can submit complaints related to work, and the bank processes these as quickly as possible. Employees can report complaints through the hot line, which secures the confidentiality of data of the person reporting, or directly through HR and/or an Auditing Department employee. The Bank has a policy for managing complaints of professional misconduct. The Bank has, as well, an internal arbitration committee to investigate any discrimination or harassment incidents in the workplace. The necessary actions are taken according to results of the investigation.

### **Model Employee Initiative**

In 2018, out of the Bank management's eagerness to reward outstanding performance, and the continuous strive to find work mechanisms and systems to motivate employees to exert more effort and excellence in performance, the Model Employee Initiative was implemented at all the Bank's departments and branches. 33 employees were selected as model employees and honored with appreciation certificates and honor shields.

### **Objectives of the initiative**

- Motivate and encourage employees to invent and innovate to the benefit and interest of the Bank.
- Encourage employees to develop their performance to achieve continuous development and increase the work's efficiency and efficacy.
- Promote the principle of competition between employees to achieve a high moral spirit.
- Develop pride in the workplace.
- Increase job satisfaction and create a satisfying work community spirit among employees, reinforced through their sense of respect and appreciation from management.
- Enhance communication between management and employees.

### **Basics of Selection of the Model Employee**

- The employee's achievements and initiatives, which contributed to the development of the Bank's businesses and services in a clear and tangible manner.
- The employee's behaviors (functional cooperation and compliance)
- Evaluation by the direct managers to the employee and the opinion of the Human Resources Department.

**Periodicity of Selection of the Model Employee:** The model employee shall be selected on a semi-annual basis.

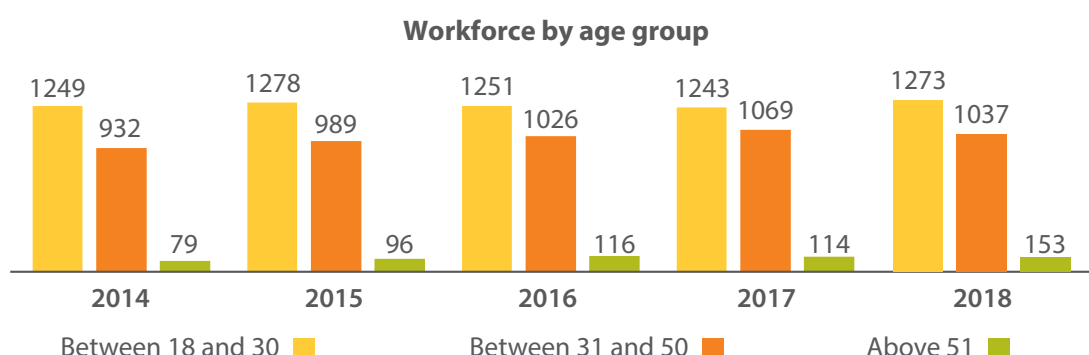


### 3.5 Diversity and Equal Opportunities

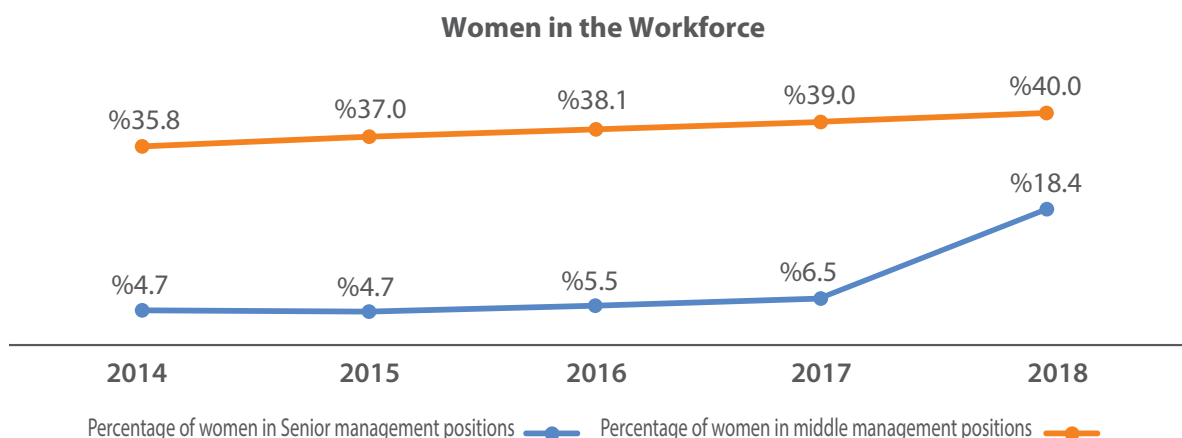
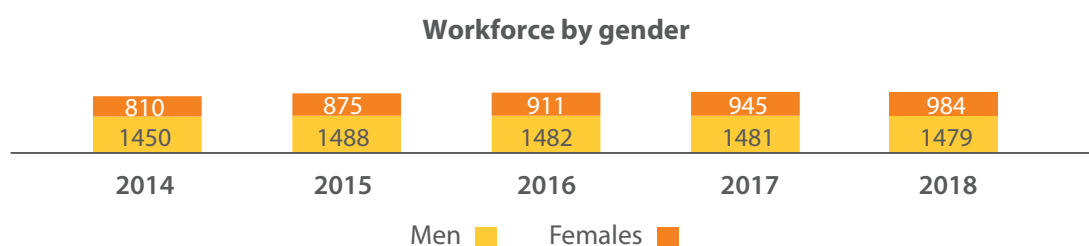
Diversity and equal opportunities are vital matters in the working environment of Housing Bank. The Bank is keen to provide an environment that welcomes, respects, and appreciates difference, as these differences are transformed into diverse experiences and benefits. Housing Bank embraces the principles of diversity, integration and equal opportunities in all of its workplaces (Branches and Departments) from top to bottom of the career ladder; to provide a better working environment for all. The Bank realizes that different points of view help improve work, generate spirit of innovation, and enhance the Bank's reputation as a preferred choice for employees.

The Bank treats all employees equally without consideration of race, religion, gender, disability, social status, age or otherwise. It does not tolerate any kind of discrimination, harassment, teasing or any other offensive behavior for any reason whatsoever.

In 2018, the youth group aged 18-30 accounted for 52% of the total labor force of Housing Bank.



The Bank seeks to employ more women. Female employees represent 40% of the Bank's team, which is a small improvement in this aspect in comparison to 2017.



### 3.6 Safe, Healthy, and Stable Work Environment

The Bank provides a safe, healthy and happy work environment that achieves the highest levels of satisfaction. Maintaining the health and safety of all staff is considered one of the Bank's highest priorities. To ensure this commitment:

- The Bank manages a proper work environment by installing decent lighting and ventilation in the different buildings of the Bank.
- The Evacuation and Safety team manual is adopted to ensure evacuation and safety of people and property in the Bank before and during risks and disasters.
- Circulars are issued containing general awareness messages and advice to maintain the safety of the staff, whenever necessary.
- A GP is recruited to provide medical treatment for staff and their families, through the Bank's clinic during and after working hours.
- Full medical and recovery costs, lab costs and expenses of different examinations to all the Bank's employees and their families are provided, subject to specific terms and conditions.
- Cancer treatment insurance is covered for all the Bank's employees through one of the Al Hussain Cancer Institution's Programs.

In addition, the Bank supports female employees to balance motherhood responsibilities and their jobs by granting 70 days of maternity leave. In 2018, 120 female employees took maternity leave and returned to work afterwards. This means that the retention rate for new mothers is 100%, confirming that the Bank is securing a balanced life for its staff.



In this context, out of the substantial values of the Bank to support its employees, in 2018 the Bank resolved to give male employees a two-day paid paternity leave when their wives give birth, in compliance with the Jordanian Labor Law which guarantees employee rights, including human rights, overtime, and maternity leave.

### 3.7 Recruitment and Retention of Employees

Housing Bank always seeks to be a "Choice of Employer" for those who seek job opportunities within the banking sector. For such a purpose, the bank implemented the following initiatives:

- Participation and sponsorship of Job Fairs held by leading companies in the field of employment or by universities and the Ministry of Labor, to recruit the best candidates.

- Recruitment of distinguished graduates from universities, local, Arab and international institutes, and seeking out the most qualified professionals with expertise in the labor market.
- Provision of a modern and advanced employment window through the Bank's website so that those wishing to work in the Bank would be able to submit their applications with ease.
- Updates and development of the Bank page on LinkedIn, (a social media site, which is predominantly used as a professional communication network and for publishing circulars about required jobs).
- Enhancement of relations with official universities through the Bank's request for periodic reports on their graduates in order to attract outstanding students in specializations related to the Bank's work.

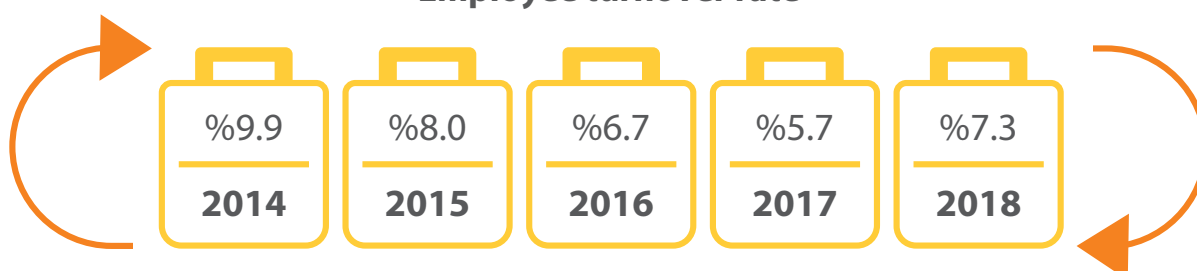
In 2018, the Bank focused on recruitment of women and youth. The percentage of female recruitment is about 39% of the total number of new employees, while the recruitment rate of youths aged between 18-30 sits at about 89% of total new hires.

<b>Recruitment</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total Number of new recruited employees	286	259	220	177	202
<b>Number of new recruited employees:</b>					
Males	176	143	122	99	123
Females	110	116	98	78	79
Employees aged between 18 and 30 years	275	253	202	166	180
Employees aged between 31 and 50 years	11	6	15	10	20
Employees of more than 51 years	0	0	3	1	2

Since 2014, the employee turnover rate has continued its downward trend, dropping from 9.9% in 2014 to 7.3% in 2018, which is a positive measurement of the Bank's success in retaining and satisfying its employees.

<b>Staff job rotation according to age and gender</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Males	%9.5	%8.4	%7.4	%6.1	%8.9
Females	%10.6	%7.4	%5.5	%5.1	%4.5
Employees aged between 18 and 30 years	%11.0	%3.6	%7.2	%5.4	%5.1
Employees aged between 31 and 50 years	%8.0	%1.8	%4.7	%4.0	%6.9
Employees of more than 51 years	%13.9	%1.0	%19.0	%24.6	%31.6

### Employee turnover rate





# Social Responsibility





## 4. Social Responsibility

Since its establishment in 1973, Housing Bank has sought to enhance the culture of social responsibility to bring a positive social effect to the communities where it works and to the Jordanian community in particular. Over the past 45 years, Housing Bank has been an integral part of Jordanian society, which enabled the Bank to serve its society and strengthen its community responsibilities towards individuals and community institutions. This focus included the less fortunate through its support and sponsorship of many social, humanitarian, charitable, educational, health, environmental, and sporting activities and events, as well as support of economic meetings and conferences.

Over the past 5 years (2014-2018), the social contribution of the Bank in Jordan exceeded JD10 million.

In order to materialize the social responsibility values and spread the culture of volunteering among employees of the Bank, the voluntary team "Ataa Housing" was formed in 2018.

### Ataa Housing Voluntary Team

Seeking to adopt a long-term strategy for community responsibility and to change the traditional concepts of its community contributions, the Bank formed the Ataa Housing team in 2018. The initiative gives employees the opportunity to represent the Bank through volunteering in initiatives and events. It enables those willing employees to contribute to the service of society and all sectors, which establishes a positive image of Housing Bank in society and achieves the actual objectives of its community responsibilities.



### Voluntary, charitable and social activities

The Bank has contributed to supporting a number of institutions interested in voluntary, charitable and social activities, including:

- The Jordan River Foundation (JRF).
- Tkiyet Um Ali.
- The Jordanian Hashemite Fund for Human Development.
- Children's Villages Jordan SOS.
- Al-Aman Fund for the Future of Orphans.
- The Society of Inash Al-Usra.

Within this framework, the Bank also contributed to supporting and sponsoring traffic awareness activities and road safety initiatives. These contribute to the success of the national strategy to reduce traffic accidents and promote traffic awareness among the various segments of society.







In addition, Housing Bank has supported the Fund for the families of the mothers of the martyrs as a result of the Bank's commitment to its societal responsibility towards our armed forces and security agencies, and the Bank's firm belief in its role in our homeland security, and expressing its gratitude to the martyrs who sacrificed their lives for the protection of the homeland.

### **The Winter Coat Campaign**

In cooperation with the Ministry of Education, the Bank launched the Winter Coat campaign in 2018 to distribute winter coats to students of primary 1 and primary 2 in state schools in remote areas. The campaign included the distribution of more than 4 thousand coats to students in all governorates of the Kingdom in coordination with the Ministry of Education, which had a leading role in organizing the distribution process to deliver coats to the students concerned.



## Health Initiatives

The Bank has participated in many activities to support and care for the health sector and assist the institutions and bodies concerned with medical and health care, such as:

- Supporting the Ninth Royal Medical Services Conference for the third year in succession.
- Supporting the King Hussein Cancer Foundation and Center.
- Caring for the Air Ambulance Center to provide aid to accident victims in remote areas and on external roads.
- Launching mobile clinics to provide health care in remote areas in cooperation with the National Women's Health Care Center.
- Supporting the Jordan Anti-Cancer Association.
- Supporting Medical Aid for Palestinians.
- Supporting the Ibn Sina Cerebral Palsy Society.

The Bank also continued the organization of periodic campaigns for blood donations in cooperation with the Blood Bank, along with the support of healthcare conferences.







### Environmental Initiatives

In order to maintain its approach to protect nature and the environment, Housing Bank sponsored the Golden Class of the Green Caravan Program launched by the Arab Group for the Protection of Nature. The sponsorship supported the growth of 1000 fruit trees planted in two stages, 500 trees each, in order to contribute to afforestation in impoverished areas.

The first stage was performed by growing 500 fruit trees in Al Aghwar Al Wsta on land belonging to one of the vulnerable families, in order to supply them with an additional income source. The reforestation process was performed by voluntary employees of Housing Bank from the Ataa Housing team.

In 2018, in cooperation with the Greater Amman Municipality, the Bank continued its annual contribution to the financing of cost caring for Housing Bank Garden, Abdoun District, with the annual contribution amounting to JD 120 thousand.



### Educational Initiatives

The Bank took many initiatives in this area, such as the sponsorship of activities and programs organized by schools and universities on different occasions, in collaboration with the following institutions:

- The Queen Rania Foundation for Education and Development.
- The Queen Zain Al-Sharaf for Helping and Educating Poor Students.
- Ministry of Education (Honoring distinguished teachers).
- Grant of the Naql Educational Institution.
- Grant of Princess Sumaya for Technology University.

It is worth mentioning that the Bank annually trains a large number of public and private university students in a number of departments and branches of the Bank to help them acquire experience in the banking business through on the job training. This initiative has proven to be an efficient tool in bridging the gap between the banking sector and educational institutions.





### Culture and Art Initiatives

The Bank has contributed to supporting cultural, intellectual and artistic activities in the Kingdom because it believes that culture is an important criterion for measuring the development of nations and peoples, as well as a vital tool in building minds capable of participating in the development and prosperity of the nation for the future. Currently supported institutions include:

- The Haya Cultural Center.
- The Arab Thought Forum.
- The Tahsin Association for Cultural Awareness.
- The Royal Society of Fine Arts.



### Youth and Sporting Initiatives

Housing Bank demonstrates its interest in the sports sector through its continuous support of sporting teams of all ages and categories, in this way contributing to the development of the sporting sector in Jordanian society. The Bank participates in five-a-side football teams in many local tournaments, in addition to sponsoring many sporting events for school students. It is worth mentioning here that the Bank sponsored and supported the Olympic Committee in being the umbrella of sporting activities in the Kingdom.





## Initiatives to Support Economic Forums and Conferences

Housing Bank supports public economic conferences and conferences that are held by universities. The Bank participates in the works of such conferences through offering specialized work papers and preparing an integral promotion suite for the different services of the Bank, including:

- The Entrepreneur of the Year Award Forum for 2018,
- The 10th Session of Jordan Economic Forum,
- Sponsoring the Seminar of the Most Important Future Projects of the Greater Amman Municipality.

The Bank contributes to public economic conferences and meetings, which are held to discuss economic, investment and financial matters and issues for the purpose of enhancing the national capacities in such fields.

The Bank's contribution to supporting these activities is not limited to providing financial and logistical support, but the Bank often participates with working papers presented at these conferences by experts and specialists from the Bank's employees, besides its active participation in the committees emanating from these conferences.



## Initiatives for the Empowerment of Persons with Disabilities

To support the Bank's conviction in the importance of integrating persons with disabilities in society and the provision of all life requirements for them, the Bank has contributed to many initiatives and supported the associations of such brackets, including:

- The Local Committee for Community Rehabilitation for Persons with Disabilities.
- The Autism Academy of Jordan.
- The Awj Center for Autism and Mental Disabilities.
- The Prince Ali Bin Al-Hussein Deaf Club.
- The Life Association for Rehabilitation and Caring for Handicapped.



# Customer Service for a Better Financial Future



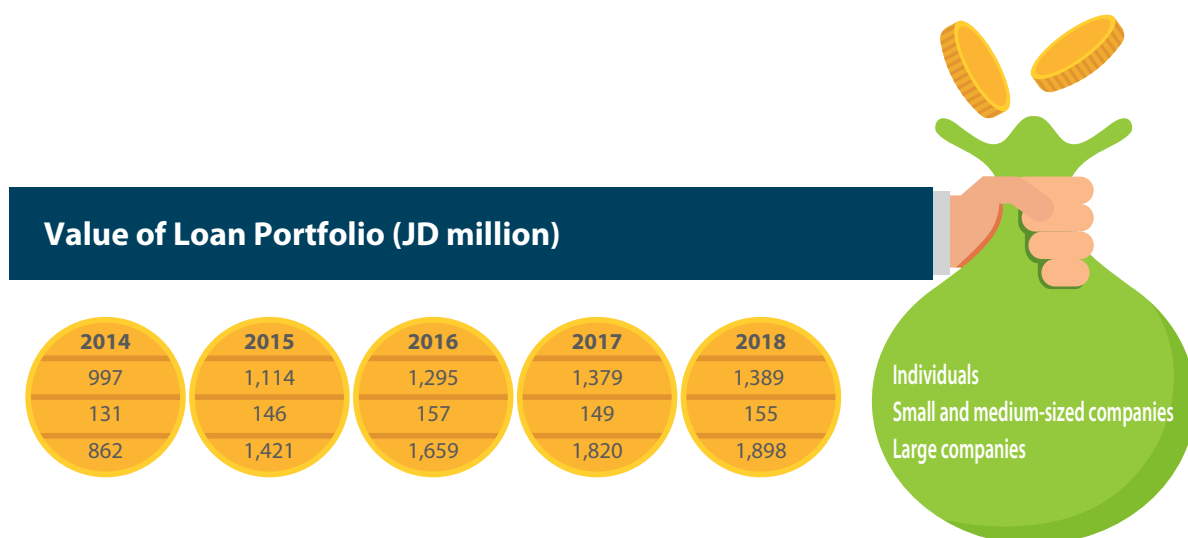
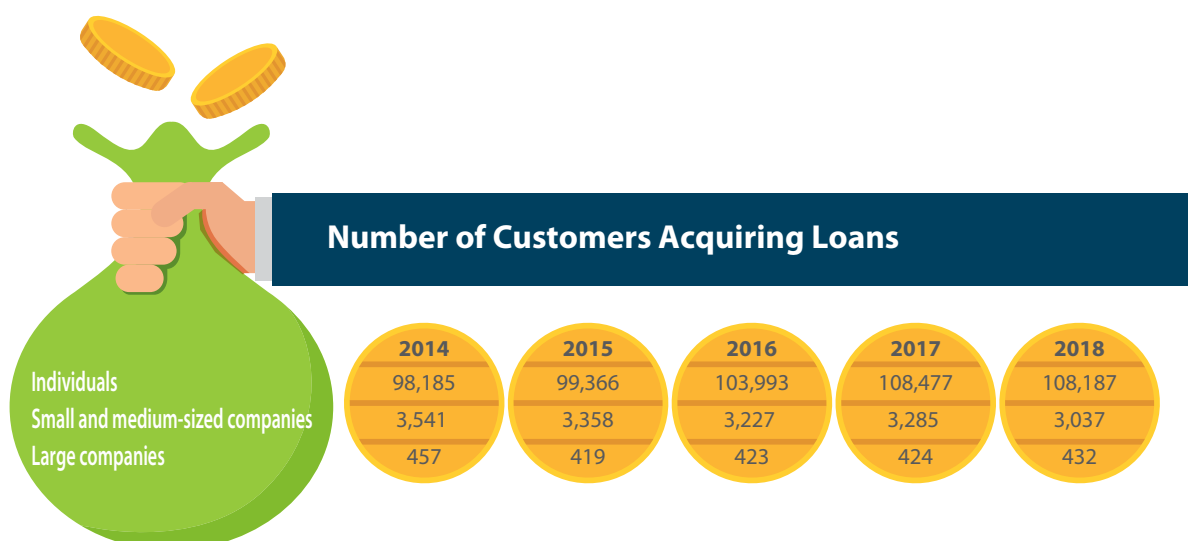


## 5. Customer Service for a Better Financial Future

Housing Bank has the largest customer base in the Jordanian banking sector, where the number of customers (both depositors and borrowers) from individuals and companies totaled approximately 657 thousand customers in 2018. With this broad base of customers, Housing Bank places its top priority on care, helping customers to thrive and grow, meeting their multiple needs and desires, and making their banking services easier, while ensuring their privacy.

### 5.1 Housing Bank Clients Acquiring Loans

Housing Bank is committed to providing help to its customers for the achievement of their objectives, as the success of its clients determines its own success. In spite of the declining number of customers who acquired loans in 2018 (due to reaching loan maturity levels), the Bank witnessed good growth in its loan portfolio, as it reached 0.7% to individual customers of banking services, 4% of SME customers, and 4.3% of large company customers.





## 5.2 Enhancement of the Bank's Local Network

In 2017, within the strategy adopted by Housing Bank to enhance the local branch network in order to reach clients in different places, the Bank opened two new branches in several vital locations inside the Kingdom. This aided the Bank in maintaining its leading position in the Kingdom with 129 branches and a market share of 14%. It is worth mentioning that the Bank's branches network includes two mobile branches and a branch for children, which are considered the first branches of their kind in Jordan.



In order to improve the ATM network, the total number of operating ATMs reached 228 by the end of 2018, distributed at strategic sites throughout the Kingdom. Thus, the Bank maintained its leading position in the Jordanian banking market with a market share of 13.4%. The Bank has also worked to enhance the user experience of ATMs, by offering machines with direct cash deposit services, while others operate with iris recognition technology, eliminating the need to use cards. Additionally, the Bank has introduced 5 mobile ATMs that provide banking services to customers in remote areas throughout the Kingdom.



### 5.3 Various Attainable Services

The Bank is committed to providing diverse services, giving the best possible banking experience to all its customers and maintaining open channels to meet the needs and growing expectations of clients in accordance with the highest international standards. The Bank has a number of channels that allows customers to access its services and products at any time, which are as follows:

#### • Traditional Distribution Channels

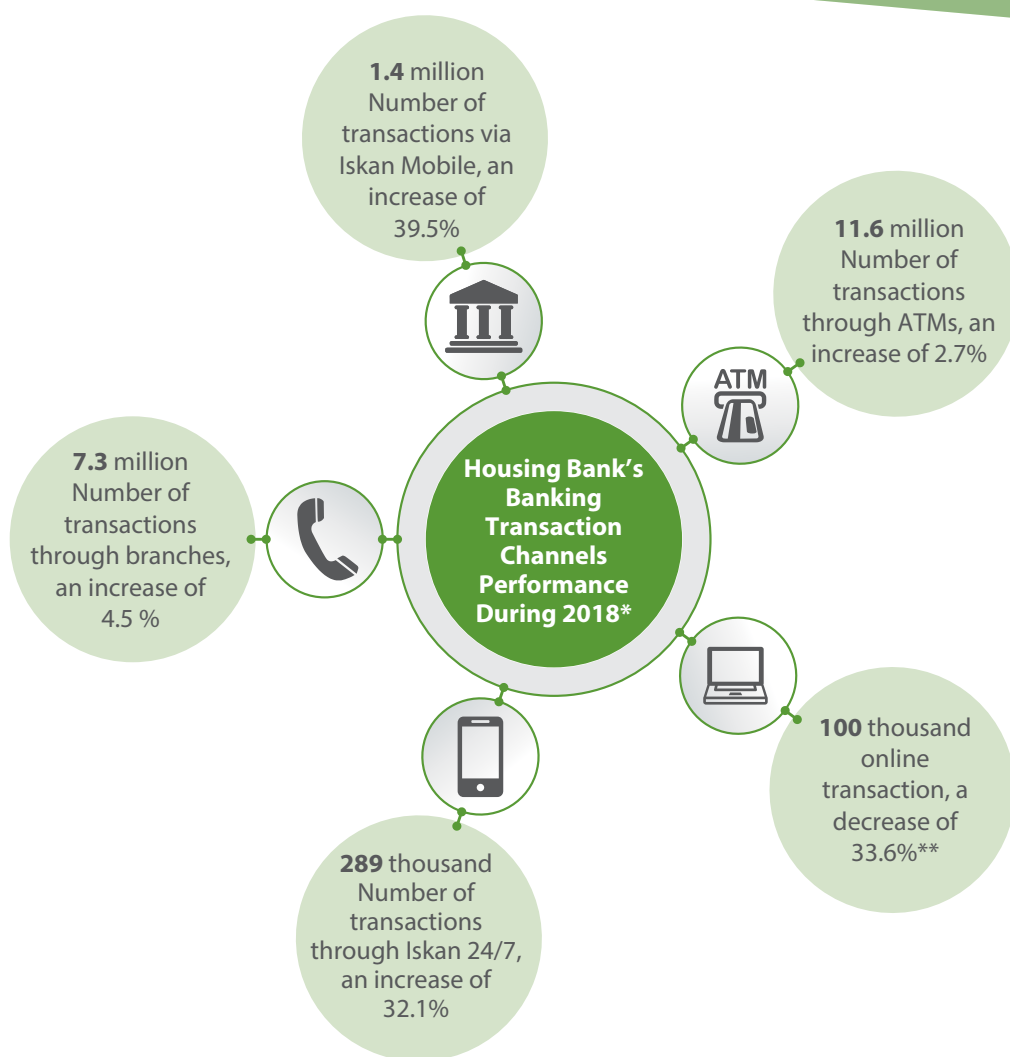
- Branches network: 129 branches, including two mobile branches.
- ATM network: 228 machines, including 5 mobile ones.

#### • Electronic Distribution Channels

- Iskan Online.
- Iskan SMS.
- Iskan Mobile.
- Call Center (Iskan Mobile 24/7).

The Bank provides evening banking services through its seven branches located in the shopping centers or 'Malls' in order to enable shoppers and visitors to complete their various banking transactions. These branches are: City Mall Branch, Abdali Mall Branch, Park Plaza Branch, Taj Mall Branch, Galleria Mall Branch, Shuwaikh Mall / Aqaba Branch, and Irbid Mall Branch.

The working hours in these seven branches are extended to include every day of the week, including Fridays, Saturdays, public holidays and official feasts. The public service period extends from 10:00 a.m. to 10:00 p.m. excluding Fridays, when transactions start at 2:00 p.m.



\* Number of transactions represents the number of financial transactions; excluding Iskan 24/7 transactions, which represents incoming calls.

\*\* The decline of online transactions is due to the growing customer tendency to use the Iskan Mobile Application instead, which increased by approximately 40%.

Number of transactions through different distribution channels	2014	2015	2016	2017	2018
Number of online transaction (E-Commerce)	95,477	107,762	124,590	149,890	99,518
Number of transactions through Mobile Phone (Iskan Mobile)	103,754	153,733	469,373	987,486	1,377,134
Number of transactions through Iskan 24/7	-	-	41,189	218,577	288,686
Number of transactions through ATMs	10,037,222	10,782,065	10,950,800	11,273,955	11,578,748
Number of transactions through branches	6,843,910	7,564,750	7,475,261	7,671,210	7,322,580

#### **5.4 Establishing Permanent and Balanced Relationships with Our Clients**

Through daily interactions with clients, Housing Bank recognizes its ability to help customers reach their goals. The Bank works to add real value to its customers' lives by providing fair transactions and offering specialized assistance, guidance, and advice.

The Bank seeks to understand customer needs and aspirations fully before providing any service or product to them, and is committed to ensuring customers get the information they need to make decisions about their financial plans.

In 2018, Housing Bank organized a seminar on payment mechanisms applied by the Bank's electronic channels to its corporate customers, operated by "E-Fawateer.com". During the seminar, payment mechanisms are explained and illustrated in detail with the participation of the major Bank customers, including officials and experts of the Central Bank of Jordan, the Income & Sales Tax Department, Jordan Customs, and the Social Security Corporation.

The Bank has further strengthened its relationships with current customers, while building new business relations with target customers, through monthly field visits from its Regional Managers.

#### **5.5 Customer Satisfaction**

Housing Bank seeks to provide the best banking experience possible to its customers. It is keen to maintain open channels of communication to receive feedback, views, and complaints from customers to understand their needs and growing aspirations, in order to develop its products and services. The Bank provides five channels to receive such feedback, which are:

- Electronic Website.
- Social Media Networks.
- Customer Service Center.
- Iskan 24/7
- Complaints Section (Compliance Department).

To show its appreciation to its customers, the Bank takes prompt measures to deal with inquiries and complaints from customers and to provide them with the best service. During 2018, the Bank handled 274 complaints through the Complaints Section. Reports of complaints, along with the actions and procedures taken to fix them, were raised to the High Management, the Board of Directors, and the Central Bank of Jordan. The Bank will continue to examine any non-compliance cases and learn from them in order to reduce the possibility of their recurrence in the future.

In order to ascertain the level of satisfaction of the Bank's customers with its various products and services, the Bank continued to prepare studies in 2018 to assess the level of services offered to customers. For example, studies measuring overall customer satisfaction and mystery shoppers were implemented through the use of specialized consulting firms to conduct opinion surveys. Many questionnaires were made to assess employees' knowledge of the Bank's products and services, in addition to direct communication with the Bank's customers, identifying the main obstacles facing them, studying the reasons, submitting daily and weekly reports on a regular basis, and working to solve them through cooperation between the concerned departments in the Bank. This contributed to the development and improvement of the level of service provided and the enhancement of the relationship between the Bank and its customers.

The study on customer satisfaction for 2018 showed many positive indicators at the level of the provided services, such as:

The Bank customers' satisfaction level overall is 80.9%, with satisfaction with ATMs at 85.2% and satisfaction with credit cards at 80.6%.

According to the study of mystery shoppers, the general performance rate of Housing Bank reached 89.1% compared to 82% for Jordanian banking sector.

Mystery Shopper	2014	2015	2016	2017	2018
Study on the Mystery Shopper of Jordan branches	%78.5	%65.4	72.0	%85.5	%89.1
Number of transactions through Iskan 24/7	%88.2	%68.0	%77.5	%92.7	%96.1

To ensure the quality of service provided to customers, the Bank developed a new indicator to measure the response time taken to answer incoming calls to Iskan 24/7, with a ratio of 85% of the total calls received within the standard time of 90 seconds. At the end of 2018, the Bank recorded an 86% ratio, exceeding the target by one percentage point.

### 5.6 Awards for Customer Loyalty

Housing Bank is committed to rewarding customers for their loyalty and trust of its innovative services and products, and as such, the Bank provides several programs including various awards and prizes; the most important of these are:

- **Saving Account Prizes System** was adopted by the Bank in 1977. In 2018, to celebrate 42 years of the application of this system, the Bank launched the campaign of "Forget the old calendar and follow Housing Bank's", where the total value of prizes awarded by the Bank in 2018 reached approximately JD6 million, and the main prize of the campaign at the end of the year reached JD1.25 million.
- **Fixed Deposit Accounts with Prizes**, the first of its kind in the Jordanian banking sector, allows new fixed deposit account holders to obtain competitive interest rates and a chance to win weekly cash prizes. The higher the deposit balance is, the greater number of chances for depositors to win is.
- **Rewards and Loyalty Program** for credit card holders, which enables customers to gather points by using the card for local or international purchase transactions, and then replace such points with a cash reward which is deposited in the card holders account, or with an in-kind reward from a collection of well-known restaurants and shops.

### 5.7 Social Communication Channels with Customers

In order to communicate with its large customer base and deal with them honestly and transparently, the Bank maintains several large-scale social networking sites. These sites are Facebook, Twitter, Instagram, Linked-in, and YouTube.

Through these sites, the Bank aims to communicate effectively and frequently with customers and the public by responding directly to inquiries and comments and keeping clients informed of all services and products provided by the Bank, to enhance the Bank's public image.

### 5.8 Operational Excellence

The privacy of customers and the security and confidentiality of their information and data are of particular importance to Housing Bank. The Bank is careful to avoid any loss or disclosure of such information and data. Within this framework, the Bank has obtained the following certificates:

- ISO9001 Certificate: the international standard that specifies requirements for a quality management system (QMS).
- ISO22301 Certificate: the international standard that specifies management system requirements for ensuring business continuity.
- ISO27001 Certificate: the international standard that specifies requirements for information security management.
- Certificate of Compliance with the requirements of the Universal Card Board PCI DSS.



# Innovation and Digital Excellence







210.95

149.16

23.26

1.41%

## 6. Innovation and Digital Excellence

Housing Bank believes that the future of banking services is based on its ability to work with sufficient flexibility and skill required in the field of digital technology. In 2017, the Bank took significant steps in this direction, providing integrated and comprehensive solutions that ensure the best and most efficient services to users. In addition, it enables customers to complete their different banking transactions faster and more securely, which is detailed further in this section.

### 6.1 Use of Digital Technology to Improve Customer Experience

The bank is keen to develop electronic banking channels as part of a plan to provide customers with the best banking experience and keep abreast of the latest developments. To this end, the Bank has developed banking channels through Iskan Online Portal and Iskan Mobile Application, in addition to Iskan SMS and Iskan 24/7.



As a result of the improvements made by the Bank on its e-banking channels to increase efficiency of its use, these channels witnessed a remarkable development in 2018, which was reflected in the growth of the banking transactions performed through such channels.

In order to promote and inform the Bank's customers of electronic services, a specialized team focusing on electronic channels was formed in 2017 with 15 employees, which has recently increased to 30.

#### Developing the Iskan Online Platform and Providing New Services

The Bank has recently updated the Iskan Online System by making the system interface more user-friendly and by adding many new services, such as transfers to other local banks, electronic statements of accounts, and display of implemented transactions details. Additionally, the Bank further strengthened security standards by requiring a One Time Password to secure financial transactions.

#### Transfer to Other Local Banks

The Bank launched the service of transferring to other local banks through the Iskan Mobile Application at incentivized rates. The service allows transfers to other local banks through the transfer systems (RTGS/ACH) which are offered under the supervision and control of the Central Bank of Jordan in 4 key currencies (JOD, USD, Euro, and Pound Sterling), taking into account that the service is available for the Bank's customers (individuals and companies alike).

## 6.2 Leadership in Digital Innovation

In 2017, in line with the latest developments in banking technology, Housing Bank continued to enhance its electronic and digital 24/7 self-service options for customers by introducing Iris Recognition technology. This innovation allows customers to perform many banking transactions from certain branches and ATMs without having to provide proof of identity or use an ATM card, thus reducing identity fraud and providing greater security, convenience, and speed during banking transactions. Such developments demonstrate the Bank's eagerness to use the latest information technology available in banking.

### **Mobile Bus Branches and Mobile ATMs**

In the internal branching strategy adopted by Housing Bank to access customers in their various locations, and as the Bank management seeks to provide banking services and products to the largest possible number of current and prospective customers throughout the Kingdom, the Bank has, for the first time in Jordan, opened two "mobile branches," which are custom-fitted buses equipped with the latest furnishings, office supplies, and state-of-the-art systems compatible with advanced banking operations.

The two "mobile branches" operate every day of the week, including holidays and feasts from 8 a.m. to 6 p.m. The operation initiative of these branches is a practical interpretation of the Bank's strategy to reach customers wherever they are, and to provide them with efficient services and banking products to meet their needs and expectations.

The Bank's management hopes that this will enhance its local presence and deepen its role in the economic and social development process throughout the Kingdom, and that the branch network existing throughout the Kingdom remains a permanent attraction for retaining existing clients and attracting additional target customers.

In accordance with this initiative, the Bank also operates 5 mobile vehicles (Mobile ATMs) across the Kingdom, which provide ATM services in areas where there are no existing branches or ATMs; this is to enable the Bank's customers to access ATM services easily and smoothly.

# Appendices







### The Report Scope and Boundaries

The data and disclosures in this report are related to all the basic processes and procedures that fall within the scope of Housing Bank's business in Jordan, unless otherwise stated. It does not contain any data relating to joint ventures and contractors, unless otherwise specified. The report includes ongoing initiatives launched by the Bank over the past years.

### Content Selection Process

In line with the reporting guidelines developed by the Global Reporting Initiative, Housing Bank uses four steps to assess the material issues: 1) Identify relevant issues. 2) Identify priority issues, depending on the impact for the company and stakeholders, and the consequences thereof. 3) Verification of priority issues and identification through review and assessment. 4) Annual review of content. Initial assessments on disclosure issues included disclosure of GRI. The list was then merged into the 17 issues that were put forward under the issues on page 11.

### Reporting Cycle

Performance data mentioned in the report covers the period from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December 2018.

### External Assurance

This report has not been audited or confirmed by a third party.



## Appendix B: Report Scope and Boundaries

(GRI 102- 40)

(GRI 102- 42)

(GRI 102- 43)

(GRI 102- 44)

Stakeholders	Stakeholders' Priorities	Communication Channels	Housing Bank Response
<b>Customers</b> The Bank's customers total about 696,400, comprising of individuals (both depositors and borrowers), in addition to more than 3,000 small and medium-sized enterprises and 424 large corporates that use banking services for companies, treasury and investment needs	<ul style="list-style-type: none"> <li>• Excellent and easy service access</li> <li>• Innovative Services</li> <li>• Keeping in touch with the latest services and new offers</li> <li>• Transparency, clarity and easy access of information, in relation to services and products that match their needs</li> <li>• Information Security and data protection</li> <li>• Using safe and easy electronic banking services</li> <li>• Competitive fees and prices</li> <li>• Experience in financial planning</li> </ul>	<ul style="list-style-type: none"> <li>• Branches</li> <li>• Customer Care Centre</li> <li>• Banking services through the Internet and mobile phone</li> <li>• Website</li> <li>• Social media channels.</li> <li>• Annual customer satisfaction questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>• Direct dialogue with clients in personal meetings, in our branches, through social media and other contact points, such as Facebook and Twitter</li> <li>• Instant card printing machines through main branches</li> </ul>
<b>Stockholders</b> Success and growth of Housing Bank depends on its ability to attract investment at the local and international levels. Housing Bank's stockholders provide necessary funds for sustainable growth and they provide consultation at the strategic level. We are committed to delivering sustainable long-term revenues to investors in a growing range of diversified markets	<ul style="list-style-type: none"> <li>• Strong Financial Performance</li> <li>• Increase of share prices and profits</li> <li>• Investment in growth, innovation, diverse products and new markets</li> <li>• Dynamic Risk Analysis and Management</li> <li>• Transparency and disclosure</li> <li>• Positive Trademark</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors meetings</li> <li>• Annual and quarterly reports</li> <li>• Administrative Summaries</li> <li>• Meetings of the General Assembly</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and quarterly reports</li> <li>• Net income growth</li> </ul>

(GRI 102- 40)

(GRI 102- 42)

(GRI 102- 43)

(GRI 102- 44)

<b>Employees</b> Our labour force includes more than 2,400 employees in Jordan.	<ul style="list-style-type: none"> <li>• Multiple engagement channels with the Bank</li> <li>• Security and job satisfaction</li> <li>• Competitive salaries and privileges for employees</li> <li>• Opportunities for development, growth and skills development</li> <li>• Harmonious and attractive work environment</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple engagement channels with the Bank</li> <li>• Security and job satisfaction</li> <li>• Competitive salaries and privileges for employees</li> <li>• Opportunities for development, growth and skills development</li> <li>• Harmonious and attractive work environment</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Individual Development Programs</li> <li>• Career progression and career choices</li> <li>• Awareness-raising sessions on bank policies and procedures</li> <li>• Health Campaigns, because we care about our employees, encouraging a healthy lifestyle inside and outside the Bank</li> <li>• Employee replacement plans</li> </ul>
<b>Regulatory and Supervisory Bodies</b> (Central Bank of Jordan, Securities Commission, Companies Control Department.)	<ul style="list-style-type: none"> <li>• Compliance with all legal and regulatory requirements</li> <li>• Customer protection</li> <li>• Consistency with the national vision</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with all legal and regulatory requirements</li> <li>• Customer protection</li> <li>• Consistency with the national vision</li> </ul>	<ul style="list-style-type: none"> <li>• Reports of Audit and Compliance Departments with respect to legal requirements</li> <li>• Monthly reports submitted to supervisory bodies</li> </ul>
<b>Society</b> We seek to enable socio-economic development across our network	<ul style="list-style-type: none"> <li>• Creating job opportunities</li> <li>• Enrichment of local human resources</li> <li>• Development of small and medium projects</li> <li>• Financial Education</li> <li>• Financial Inclusion</li> <li>• Environmental Care</li> </ul>	<ul style="list-style-type: none"> <li>• Creating job opportunities</li> <li>• Enrichment of local human resources</li> <li>• Development of small and medium projects</li> <li>• Financial Education</li> <li>• Financial Inclusion</li> <li>• Environmental Care</li> </ul>	<ul style="list-style-type: none"> <li>• Mobile branches</li> <li>• Mobile money portfolio, electronic cash card</li> <li>• Short and long-term training, on-the-job training and professional awareness programs</li> </ul>
<b>Suppliers and Business Partners</b> (We involve more than 200 suppliers and contractors to support our operations)	<ul style="list-style-type: none"> <li>• Invitation to bid with full transparency and fairness</li> <li>• New job opportunity</li> <li>• Open Communication Channels</li> </ul>	<ul style="list-style-type: none"> <li>• Invitation to bid with full transparency and fairness</li> <li>• New job opportunity</li> <li>• Open Communication Channels</li> </ul>	<ul style="list-style-type: none"> <li>• Keeping a fair and competitive choice</li> <li>• Maintaining cooperative relations, with common interests</li> </ul>

## Appendix C: GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core option.  
For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

This service was performed on the Arabic version of the report.

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	<b>Organizational profile</b>	
	102-1 Name of the organization	Housing Bank for Trade and Finance
	102-2 Activities, brands, products, and services	
	102-3 Location of headquarters	
	102-4 Location of operations	
	102-5 Ownership and legal form	
	102-6 Markets served	
	102-7 Scale of the organization	
	102-8 Information on employees and other workers	
	102-9 Supply chain	
	102-10 Significant changes to the organization and its supply chain	There were no significant changes during the reporting period.
	102-11 Precautionary Principle or approach	
	102-12 External initiatives	
	102-13 Membership of associations	
	<b>Strategy</b>	
	102-14 Statement from senior decision-maker	
	<b>Ethics and integrity</b>	
	102-16 Values, principles, standards, and norms of behavior	<a href="https://www.hbtf.com/en/VisionandMission">https://www.hbtf.com/en/VisionandMission</a>

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	<b>Governance</b>	
	102-18 Governance structure	
	<b>Stakeholder engagement</b>	
	102-40 List of stakeholder groups	
	102-41 Collective bargaining agreements	Currently, there is no data on the percentage of total employees covered by collective bargaining agreements. However, such information will be included in subsequent reports.
	102-42 Identifying and selecting stakeholders	
	102-43 Approach to stakeholder engagement	
	102-44 Key topics and concerns raised	
	<b>Reporting practice</b>	
	102-45 Entities included in the consolidated financial statements	Financial statements include the activities of Housing Bank. No other entity is included.
	102-46 Defining report content and topic Boundaries	
	102-47 List of material topics	
	102-48 Restatements of information	None
	102-49 Changes in reporting	None
	102-50 Reporting period	
	102-51 Date of most recent report	2017 Sustainability Report
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Mohammad Melhim, mmelhim@hbtbf.com.jo
	102-54 Claims of reporting in accordance with the GRI Standards	
	102-55 GRI content index	
	102-56 External assurance	This report has not been audited or confirmed by a third party.

GRI Standard	Disclosure	Page number(s) and/ or URL(s)
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Economic Performance</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	
	201-2 Financial implications and other risks and opportunities due to climate change	
	201-4 Financial assistance received from government	No financial assistance is given by the government.
<b>Indirect Economic Impacts</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	
<b>Procurement Practices</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	



GRI Standard	Disclosure	Page number(s) and/ or URL(s)
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Anti-corruption</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption with employees and business partners. There were no public legal cases regarding corruption brought against the organisation or its employees during the reporting period.
<b>Energy</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	
	302-2 Energy consumption outside of the organization	
	302-3 Energy intensity	

GRI Standard	Disclosure	Page number(s) and/ or URL(s)
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Water</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 303: Water 2016	303-1 Water withdrawal by source	
<b>Emissions</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
<b>Employment</b>		
GRI 103: Management Approach 2016	GRI 401: Employment 2016	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	

GRI Standard	Disclosure	Page number(s) and/ or URL(s)
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Training and Education</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	
<b>Diversity and Equal Opportunity</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	
<b>Non-discrimination</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during 2018.

GRI Standard	Disclosure	Page number(s) and/ or URL(s)
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Local Communities</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	
<b>Customer Privacy</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2018, there were no complaints concerning breaches of customer privacy or loss of data.

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