

Sustainability Report

THIRD EDITION
النسخة الثالثة



تقرير الاستدامة 2019
WE ARE COMMITTED
TO SUSTAINABILITY

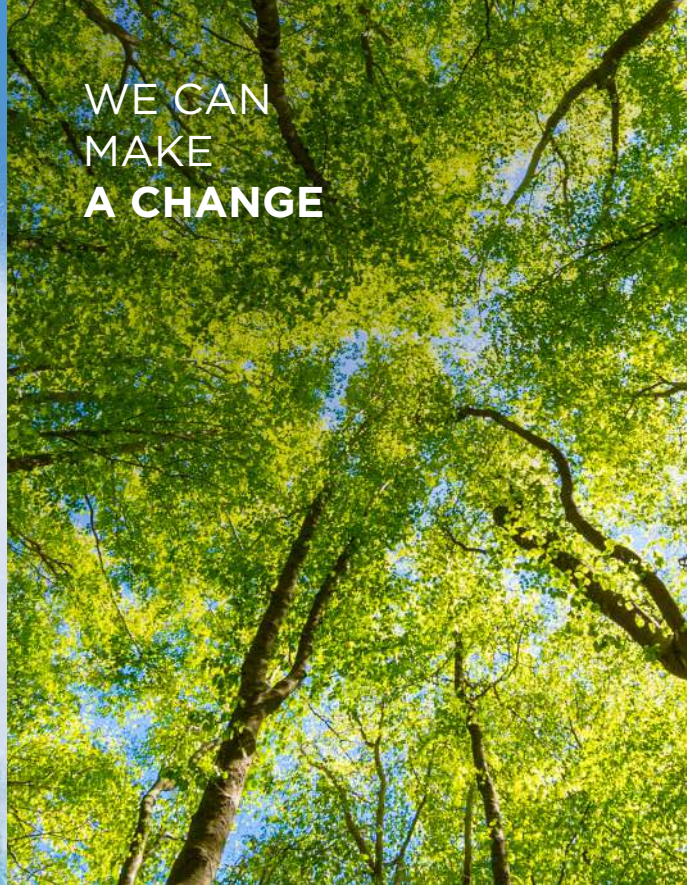


بنك الإسكان
Housing Bank

WE CAN
MAKE
A DIFFERENCE



WE CAN
MAKE
A CHANGE



WE CAN
MAKE
AN IMPACT



WE CAN
MAKE
A FUTURE





3rd Sustainability Report 2019

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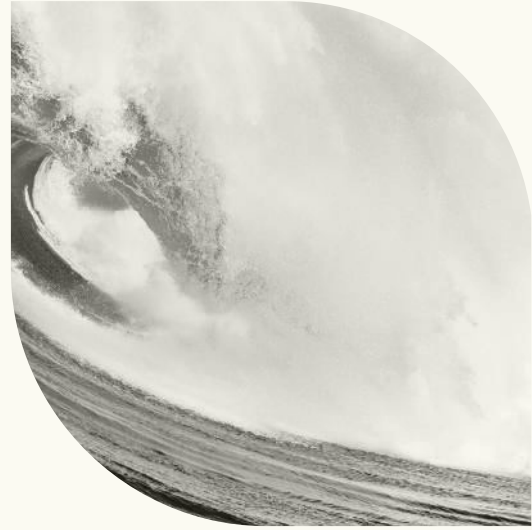
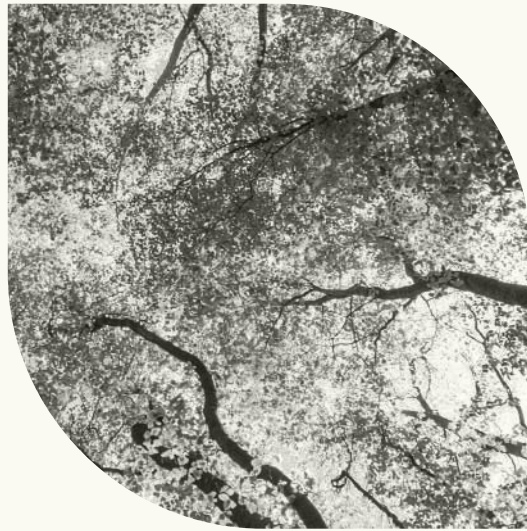
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This creative approach focuses on the main four sources of renewable energy, which are:

Solar Energy, Wind Energy, Hydro Energy, Tidal Energy and Biomass Energy. Each of which are shown creatively in curved-shaped icons that look like water drops, to indicate life and hope. The design is using a recycled paper soft cover as we aim to stress on the importance of recycling to obtain sustainability. And the tonality combines between warm and bright colors to obtain a balanced design.

About this Report

In line with our commitment at Housing Bank to sustainability and its elements (i.e. environmental, social, and economic), we continue for the third consecutive year to issue a sustainability report. This report has been prepared in accordance with the GRI Standards: Core option. The GRI content index and the GRI Materiality Disclosures Service Mark indicating the correctness of the locations of the materiality disclosures from (GRI 102-40- 102-49) are included in **Appendix C** of this report.

This Sustainability Report provides an overview of the Bank's achievements across Jordan, as well as its achievements of commitments in the areas of social, environmental, economic and governance, from January 1st 2019 to December 31st 2019.

This report is accessible to key stakeholders of the Bank: customers, shareholders, employees, government entities, suppliers and society.

For more information and details, kindly contact us through our social media pages:



Housing Bank
for Trade and Finance



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Chief Executive Officer's Statement

Dear Stakeholders,

I am pleased to present to you the HBTF Sustainability Report for the third consecutive year. This report reflects the Bank's sustainability culture, as well as our determination, commitment, and progress regarding sustainability and social responsibility. In addition, the report confirms our long-term commitment to ensuring that future generations have a better life.




We continue to strive for steady progress by implementing long-term sustainable plans, while increasing awareness of the importance of work ethics and corporate social responsibility, and fully complying with a culture of good governance.

We are keen to keep our sustainability strategy on track by setting clear and achievable goals. Furthermore, we are committed to supporting the sustainability of the communities in which we operate by adopting the United Nations sustainable development goals.

This report is compatible with the Global Reporting Initiative (GRI) standards. It also incorporates our six main sustainability focus areas: Effective Governance and Risk Management, Responsible Banking, Our Human Capital, Social Responsibility, Customer Service for a Better Financial Future and Digital Innovation and Excellence.

Our many achievements described in this report are a source of pride for the Housing Bank and for all our employees. We aim to continue these activities of cooperation and joint efforts with our stakeholders to achieve further successes in the future.



In 2019, we have been reviewing and improving the foundations of governance and ensuring that they are consistent with best practices in this area, while also committing to the highest standards of transparency and integrity in all our practices and actions.

Despite the difficult economic conditions in the Kingdom and the region, we have renewed our commitment to supporting the local communities in which we operate by providing sponsorships and donations and supporting various community activities, which exceeded one million JD in 2019.

In 2019, we also moved to the new Head Office in Shmeisani. It is characterized by its unique modern design that considers guidelines for sustainable design and smart interfaces which are equipped with flexible internal systems that allow the Bank to absorb industrial and technological developments without undergoing extensive renovations. In addition, the building features the latest technology standards in several areas such as, most importantly, LEED Principles, making the building environmentally friendly. It also has a modern and sophisticated work environment to provide the best customer service.

In conclusion, I would like to express my gratitude to all stakeholders who have been consistently involved in supporting and empowering the Bank's sustainable practices. I hope this report outlines a strong sustainability footprint, and I look forward to progressing in sustainability through all aspects of our work to ensure stakeholders' rights, and to benefit society.

Respectfully,

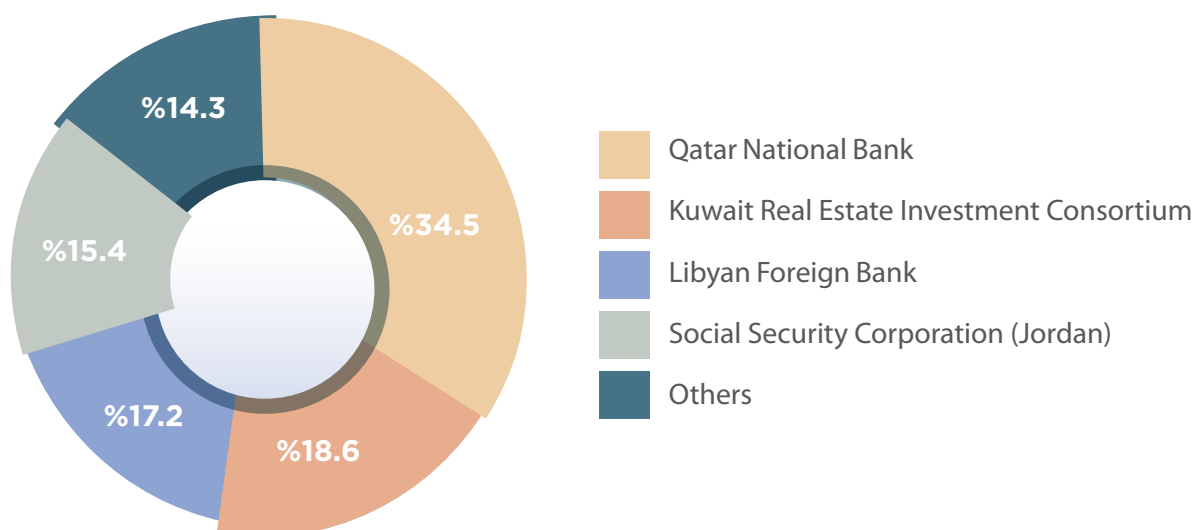
Ammar Al-Safadi
Chief Executive Officer

About Housing Bank

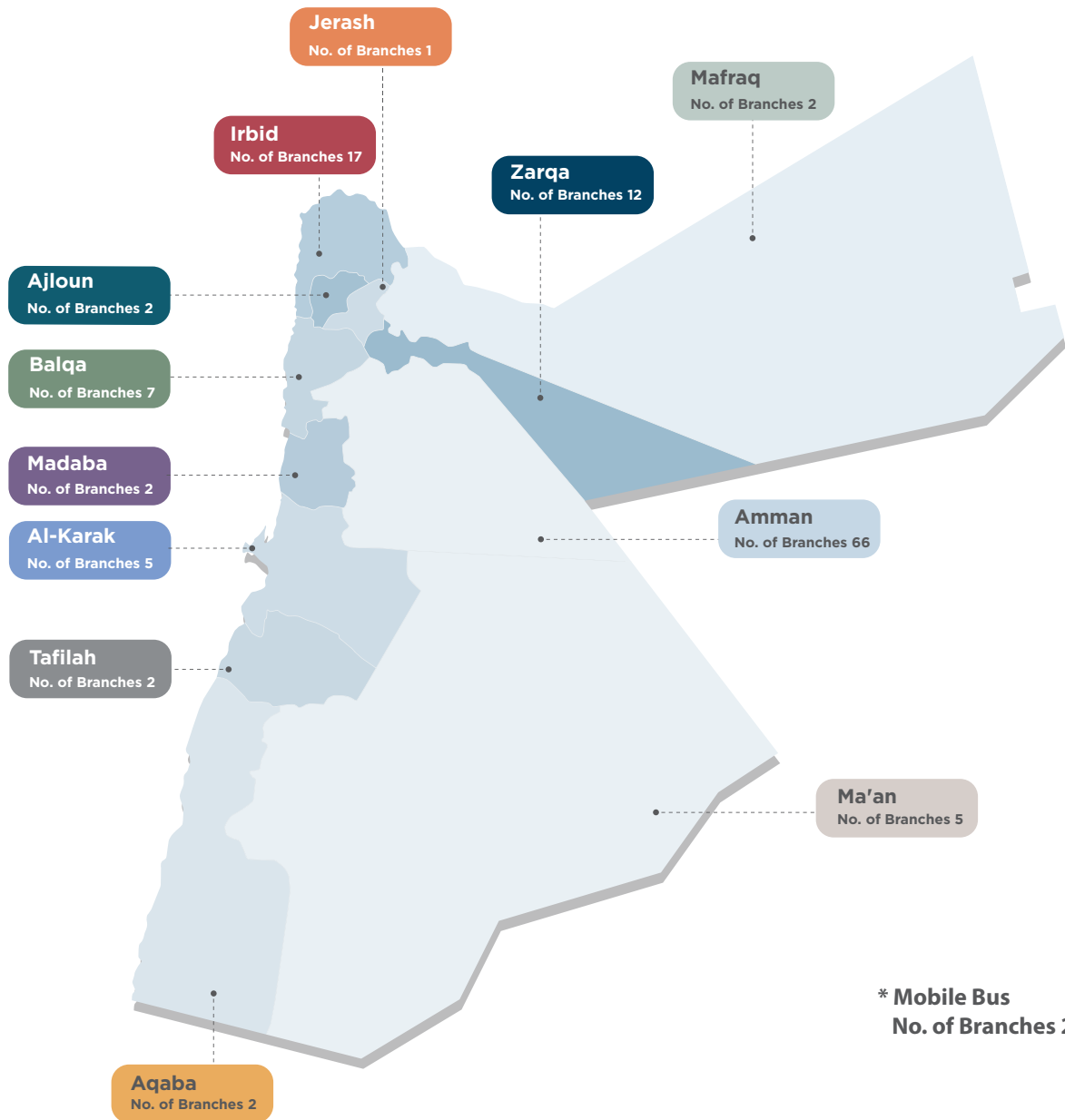
During the sixties and seventies of the twentieth century, the Kingdom suffered from a housing crisis, accompanied by a shortage of financial resources to resolve the crisis. For this reason, the three-year plan for 1973-1975 included an invitation to establish a housing finance bank in the Kingdom to stand by the relevant government institutions with the objective of providing housing finance to help reduce the housing crisis. In response to this invitation, the Housing Bank was established under Special Act No. 41 of 1973.

Since its inception, the Bank has been considered a Jordanian-Arab banking institution par excellence, which has embodied another story of the success of a joint-Arab economic and investment cooperation. The Bank currently maintains the lead in the Jordanian banking sector in many areas, the most important of which are: size of equities, savings account balances, number of branches, number of ATMs, and number of customers

Housing Bank Shareholder Structure for 2019

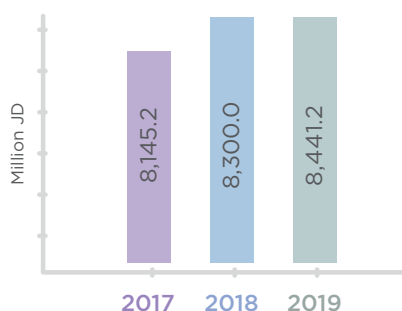


Our Branches

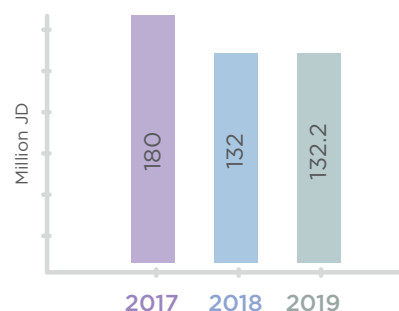


Financial Performance of the Group

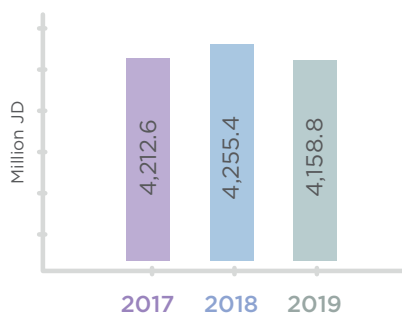
Assets



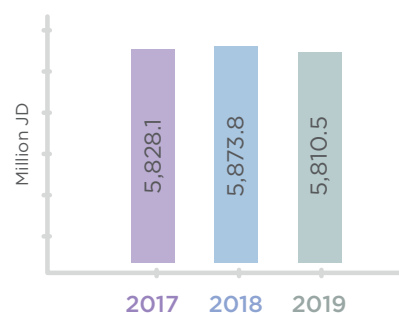
Profit before Tax



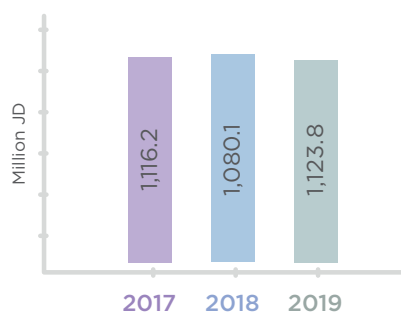
Direct Credit Facilities (Net)



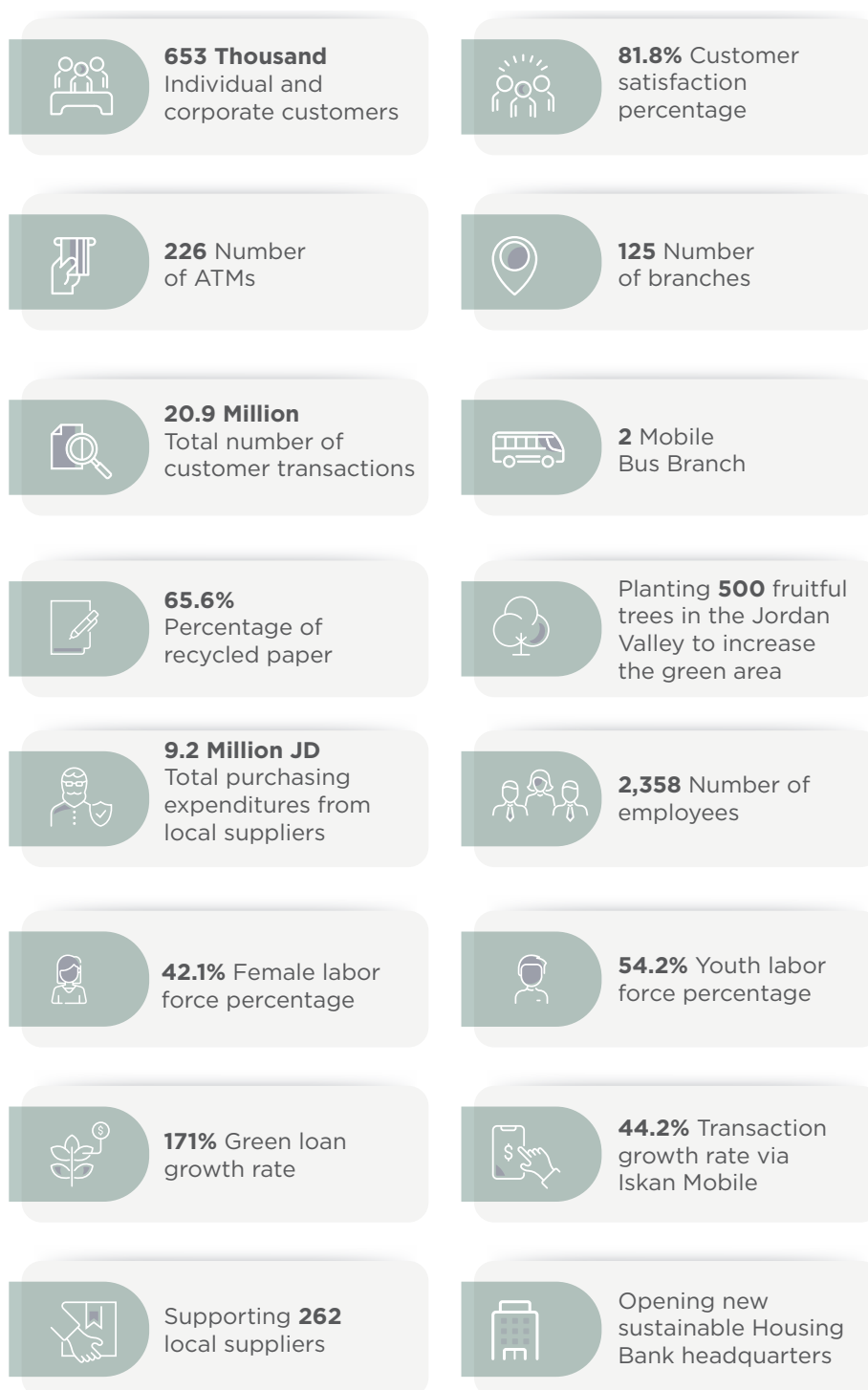
Customers' Deposits



Shareholders' Equity



Major Milestones of Performance and Achievement



Our Commitment to Sustainability

At Housing Bank, we realize the importance of moving forward in sustainability, an approach which reduces many of the risks to which we are exposed. We further seek to integrate sustainability considerations within the scope of our disclosures and our main work to enhance the growth of our business. Moreover, we endeavor to remain a sustainable institution that inspires our customers and lives up to their expectations. We also seek to achieve the highest returns for shareholders, and work closely with other stakeholders to be aware of their needs and expectations and serve their interests by encouraging innovation, stimulating creativity, and reducing direct and indirect environmental impacts.

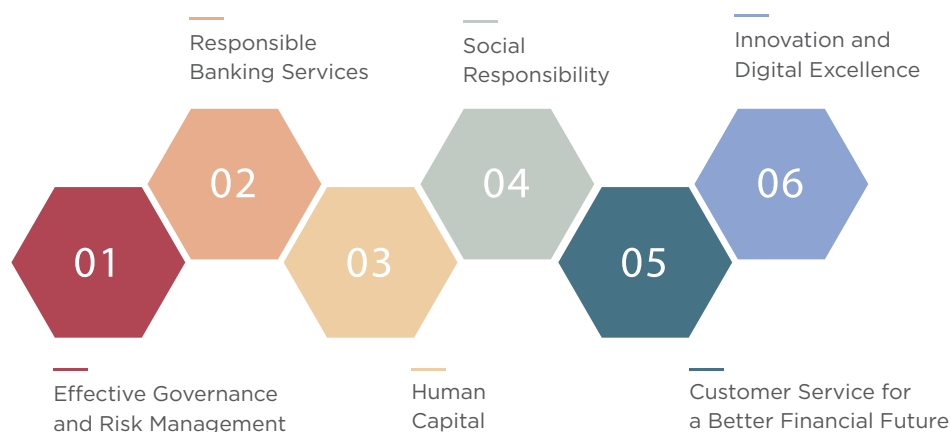
Development Stages of Housing Bank Sustainability Reports

Ever since the Bank was founded in 1973 - as part of our approach to sustainability - we have covered governance and financial performance practices in our annual reports. In 2014, we began publishing separate annual social responsibility reports primarily focusing on community initiatives implemented in Jordan. In 2017, we published our first sustainability report. This reflects our long-term commitment to sustainability by integrating social, economic and environmental business practices to inform stakeholders about our performance and practices in relation to sustainability.

Housing Bank's Approach to Sustainability

Our sustainability framework is centered on six pillars representing the Bank's focus areas as to supporting our commitment to sustainable development. In this report, we will review in detail our activity and performance as well as Housing Bank's initiatives in each of these areas.

Sustainability Framework at Housing Bank



Material Issues

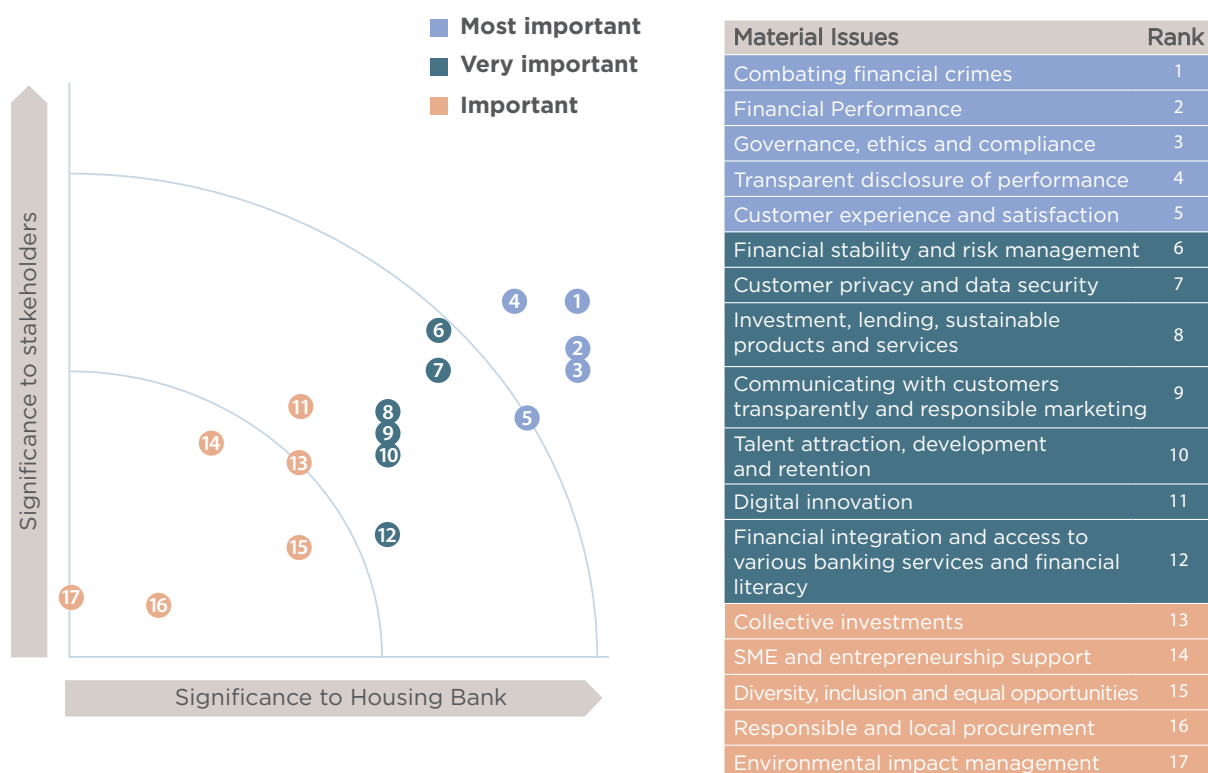
[GRI 102- 47]

At Housing Bank, we are keen to review and study sustainable development issues at the national and international levels. We align ourselves with the guidelines for preparing sustainability reports issued by the Global Reporting Initiative (GRI) and financial services sector disclosure standards included in the fourth package of the Global Reporting Initiative (GRI), and disclosure provisions of the Sustainability Accounting Standards Board (SASB) in relation to the financial sector, sector benchmarks, internal documents and the United Nations Sustainable Development Goals (UN SDGs).

With the participation of internal and external stakeholders, the Bank's Sustainability Report team reviewed and prioritized issues which are material and which meet stakeholder expectations by identifying the most material issues for the Bank. There are seventeen issues and they are arranged in the matrix shown below. The horizontal axis represents the level of materiality for the Bank's business operations and the vertical axis represents the level of materiality for stakeholders.

The Bank's sustainability report team reviews issues of materiality on an annual basis to ensure that material issues remain relevant to the sustainability framework approved by the Bank and in accordance with the expectations of our stakeholders.

2019 Materiality Matrix - Housing Bank

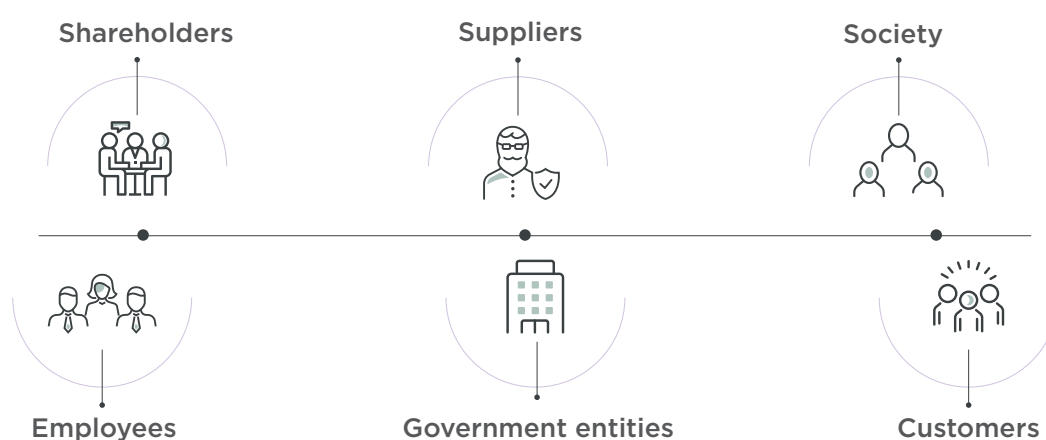


Stakeholder Engagement

[GRI 102- 40]

Constructive engagement with stakeholders inside and outside the Bank is the basis of our sustainability approach, as this enables us to identify the priorities of stakeholders and understand our impact on their assessments and decisions more broadly and comprehensively. The figure below shows our main stakeholder categories. For more information about stakeholders and how to engage and communicate with them, please see **Appendix B**.

The Bank's key stakeholders include: customers, shareholder employees, investors, communities, partners, suppliers, and government agencies:



| Stakeholders | Method of Communication |
|----------------------------|---|
| Customers | <ul style="list-style-type: none"> • Various communication channels • Regular questionnaires and surveys • Receiving, analyzing and addressing customer complaints |
| Shareholders | <ul style="list-style-type: none"> • Annual reports and sustainability reports • Bank website • Annual general assembly meeting • Bank rating by international rating agencies |
| Employees | <ul style="list-style-type: none"> • Community service and volunteering (Ataa Al Iskan team) • Annual employee satisfaction survey • Periodic interaction via phone calls, e-mails and meetings • Receiving and following up employee complaints • Annual performance evaluation • Training and development |
| Government entities | <ul style="list-style-type: none"> • Periodic reports submitted to government agencies • Laws and regulations • Supporting initiatives of interest at the national level |
| Suppliers | <ul style="list-style-type: none"> • Meetings • Contracts |
| Society | <ul style="list-style-type: none"> • Various media (audio, visual and written media) • Social Media • Annual reports and sustainability reports • Community initiatives • Supporting environmental and social activities |

Sustainable Development Goals

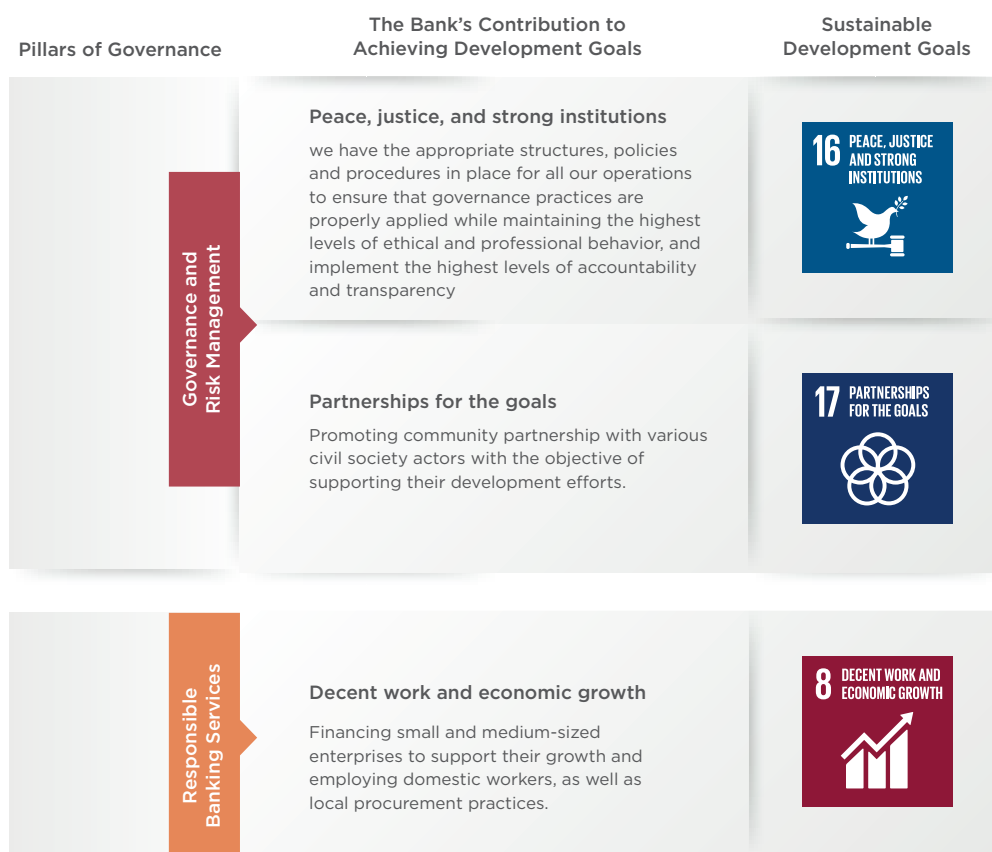
The SGDs are a set of UN goals, which are also known as the 2030 Global Agenda. It is an invitation to all poor, rich and middle-income countries to achieve and promote prosperity while considering protection of the planet.

The goals address a range of social needs, including poverty eradication, education, health, social protection and employment opportunities, while addressing climate change and environmental protection. There are 17 global goals.

As a Jordanian financial institution, we are fully aware of the importance of this opportunity to support the governmental trends in achieving the sustainable development goals. In addition, we believe that our portfolio, over the past years, is in line with the goals of sustainable development. We also expect that our operations will continue to be aligned with these goals in the future. While the sustainable development goals are not binding, we affirm our commitment to these goals because we believe in the importance of our role to improve the lives of the societies in which we engage in. Besides, these goals are consistent with our sustainability values and our vision for the future.

In 2019, we began to define how our activities and actions contribute to achieving the sustainable development goals at the Kingdom's level. The table below highlights the goals that were actioned in the Kingdom.

Participation in Achieving Sustainable Development Goals



Pillars of Governance

The Bank's Contribution to Achieving Development Goals

Sustainable Development Goals

Human Capital

Good health and well-being

Providing financial and in-kind support to many medical bodies and contributing to raising community awareness in the Kingdom.



Good education

Coordinating with a number of non-profit educational institutions in order to provide grants to students to achieve the greatest impact on educational outcomes and to benefit the society as a whole.



Gender equality

We are building an institutional culture that aims to support and promote female employment and that does not condone any discrimination on the basis of sex.



Reduced inequalities

We treat all our employees and customers equally and without discrimination for any reason, and we do not accept any form of harassment, or any other degrading acts for any reason.



Pillars of Governance

The Bank's Contribution to Achieving Development Goals

Sustainable Development Goals

Social Responsibility

No poverty

Strengthening our permanent community activity, and our partnership with various civil society institutions



Climate action

Supporting climate action by moving to the new Head Office which features the latest technology standards in several areas, making the building environmentally friendly.



Good health and well-being

Providing financial and in-kind support to many medical bodies and contributing to raising community awareness in the Kingdom.



Customer Service for a Better Financial Future

Affordable and clean energy

Our understanding of environmental risks is increasing every day, and we seek to provide many environmental solutions by offering environmentally friendly products and services that our customers can benefit from.



Reduced inequalities

We treat all our employees and customers equally and without discrimination for any reason, and we do not accept any form of harassment, or any other degrading acts for any reason.



Digital Innovation and Excellence

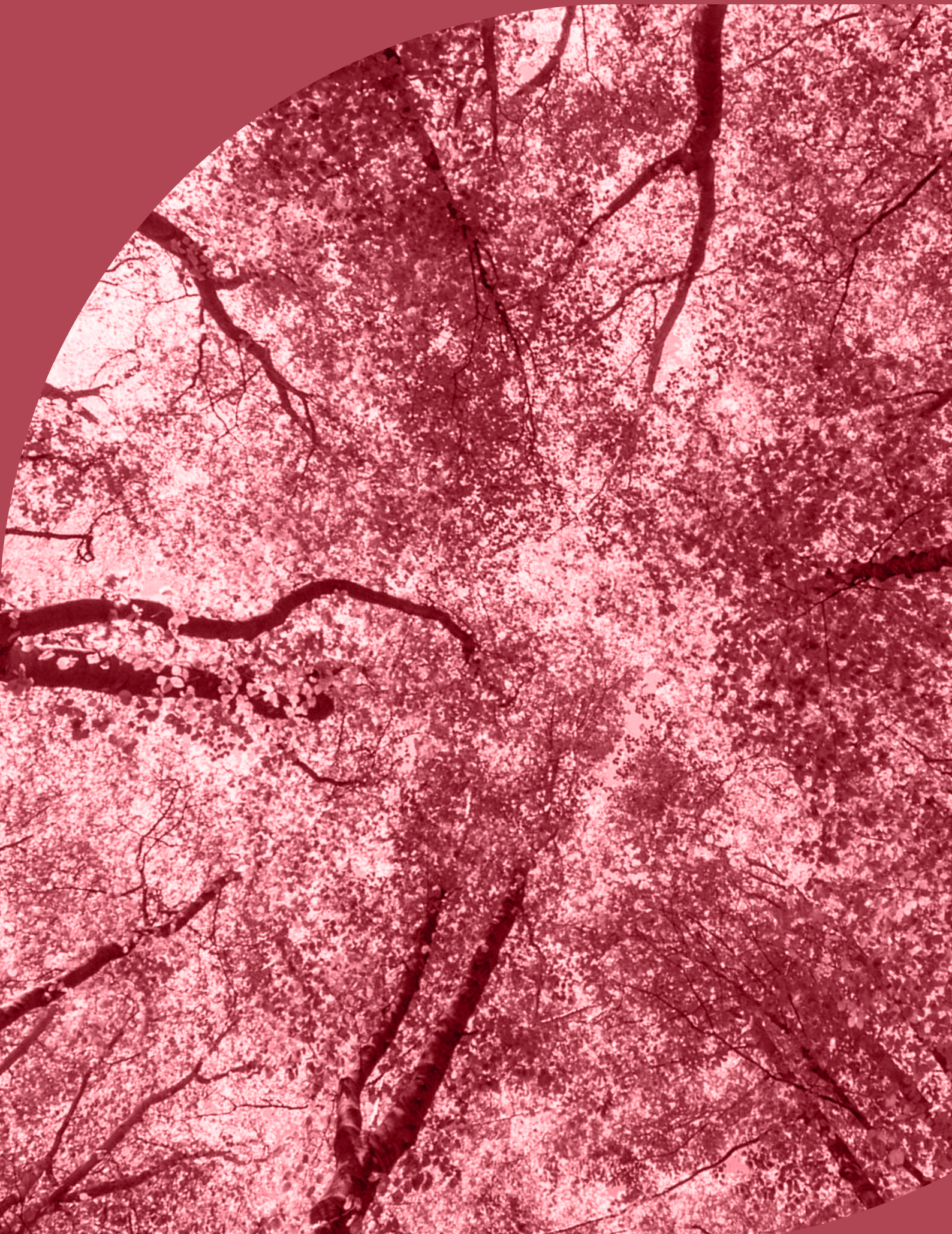
Industry, innovation and infrastructure


We are utilizing the best innovative technologies in the financial and banking industry in order to improve our customer services and their banking experience so they can easily accomplish their transactions and support their growth.



01

Effective Governance and Risk Management





At Housing Bank, we are eager to have the appropriate structures, policies and procedures in place for all our operations, to ensure that governance practices are properly applied while maintaining the highest levels of ethical and professional behavior. In addition, we always seek to implement the highest levels of accountability and transparency at all our administrative levels to ensure trust and effective engagement between us and our stakeholders.

1.1 Governance

At Housing Bank, we are committed to the highest standards of governance. We further recognize that good corporate governance is essential for business continuity and prosperity. To this end, we adopt recognized best practices in the governance field. Moreover, we regularly review this practice and compare it with best practices applied around the world. Our governance framework completely complies with the Jordanian Companies Law, the Corporate Governance Instructions issued by the Jordan Securities Commission, banking governance instructions issued by the Central Bank of Jordan, and other relevant regulations and instructions locally and in the countries in which the Bank operates.

Our corporate governance scope includes all processes that contribute to long-term value for our shareholders, while considering other stakeholders. It should be noted that our Board of Directors seeks to improve our governance practices and processes to meet the challenges posed by the ever-changing operating environment, and to ensure and enhance our competitive capabilities in the markets in which we operate.

In addition, we have an organizational structure that ensures our total commitment to sustainable best practices that consider the broader impact we have on all our stakeholder groups.

Through this section, we will be introduced to the overall framework for governance efforts to achieve sustainability, ethics, professional behavior and risk management.

1.1.1 Board of Directors and Emanating Committees

We always pursue good governance practices, and our Board is the entity in charge before stakeholders. It also monitors the governance practices of the Bank and it is responsible for determining the Bank's path and assessing its governance performance.

Our Board consists of 13 non-executive members, including four independent members, three women, and the Board members are elected by the Shareholders' General Assembly by secret ballot.

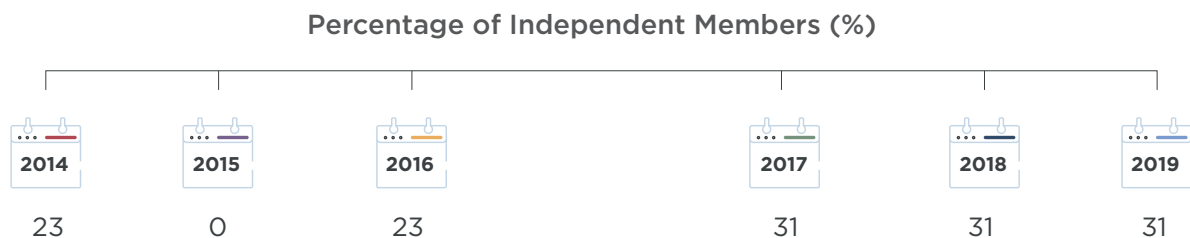
Decisions shall be taken by the Board and its committees by a majority of votes with no individual powers for members. It should be noted that there is a clear separation between the position of the Chairman and Chief Executive Officer, and between duties of the Board of Directors and the tasks of the Executive Management.

Our board members have a diverse range of expertise and qualifications, as well as a great knowledge of the various financial, banking and business processes.

To find out more details about the management approach and policy in relation to responsible governance and a summary of the duties and responsibilities of the Bank's board of directors and its emerging committees, please refer to the institutional governance manual, published at the following link:

<https://www.hbtf.com/ar/InvestorRelations/Lists/HBTFDocumentsInstance/%202018المؤسسية%20الحاكمية%20دليل.pdf>

Seven sub-committees emerged from our Board of Directors, each with specific and written roles, responsibilities and powers. These committees were formed to take decisions that serve the Bank's interest in various fields. Moreover, these committees seek to monitor the economic, environmental and social aspects of our operations. In addition, these committees contribute to increasing the effectiveness of the performance of the Board of Directors and enable it to carry out its tasks and duties in an efficient and transparent manner.

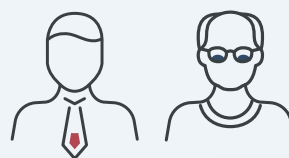


Breakdown by gender



| | Males | Females |
|------|-------|---------|
| 2014 | 13 | 0 |
| 2015 | 13 | 0 |
| 2016 | 12 | 1 |
| 2017 | 12 | 1 |
| 2018 | 12 | 1 |
| 2019 | 10 | 3 |

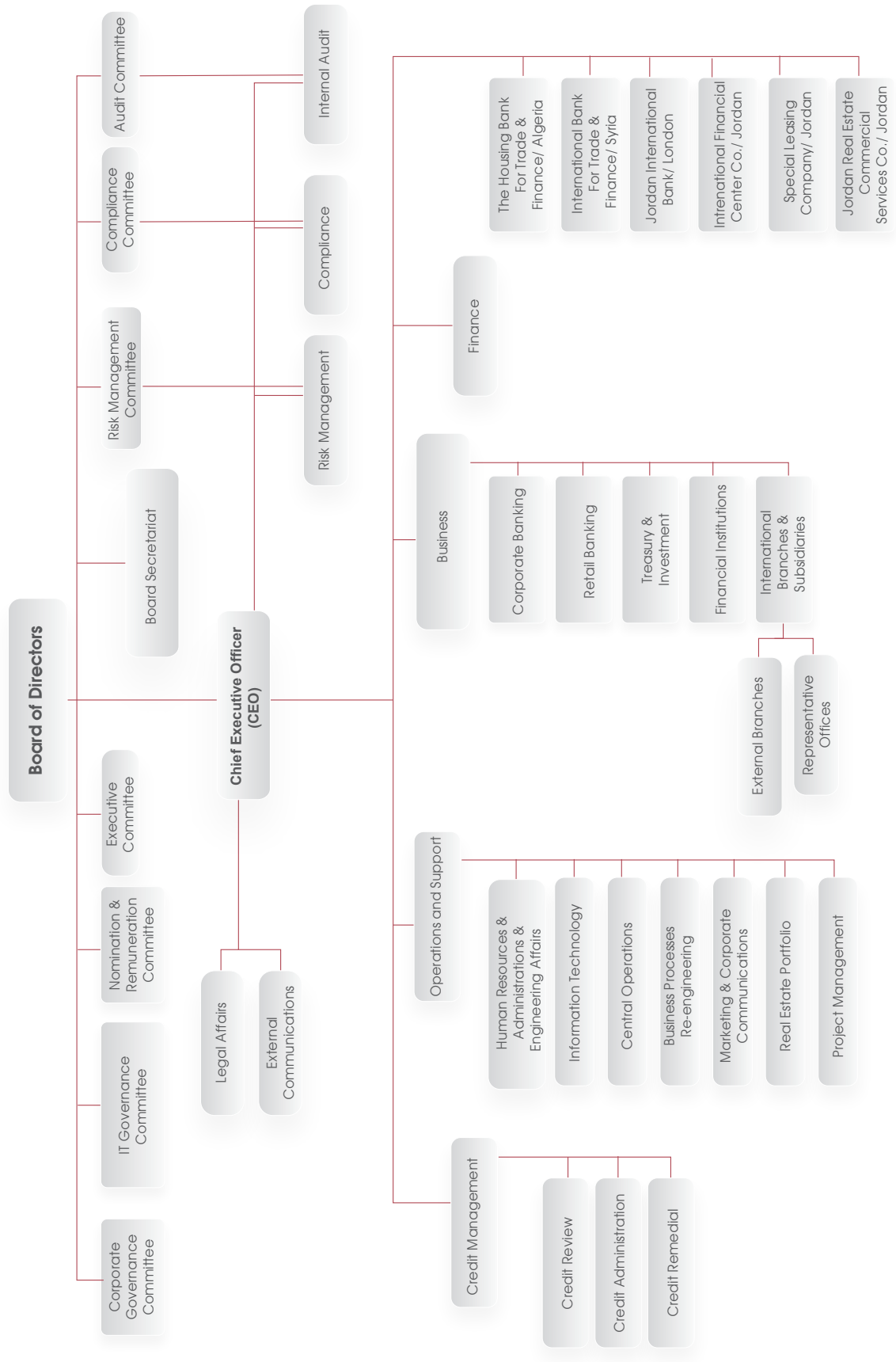
Breakdown by age



| | Below 30 years | 30-50 years | Above 50 years |
|------|----------------|-------------|----------------|
| 2014 | 0 | 5 | 8 |
| 2015 | 0 | 5 | 8 |
| 2016 | 0 | 5 | 8 |
| 2017 | 0 | 5 | 8 |
| 2018 | 0 | 4 | 9 |
| 2019 | 0 | 6 | 7 |

1.1.2 Organizational Structure

Housing Bank for Trade & Finance





1.2 Ethics and Compliance

At Housing Bank, we all work with a strong sense of responsibility to maintain the highest levels of ethical and legal behavior. Profits nor any other motive takes priority over compliance as per our business policy. For over 45 years, we have adhered to our established values: integrity, respect, inclusiveness, and diversity. These values are permanent and an important part of our character and heritage. They also represent the moral compass that guides everything we do.

At Housing Bank, we comply with all applicable laws and regulations relevant to our work environment and with all laws related to combating money laundering and terrorist financing. In addition, we are committed to providing a work environment free from inappropriate behavior, discrimination or harassment based on race, color, religion, gender, or any other factors.


At Housing Bank, we focus on promoting and sustaining our culture of integrity within our framework based on the permanent presence of risks, by empowering all employees with the resources and tools necessary to work with integrity. Moreover, we realize that our commitment to ethical behavior in business provides us with a competitive advantage over the rest of our competitors. Our executive management is committed to strengthening our ethical culture in all branches and departments and setting an example for the rest of the employees.

We have several policies regarding ethics and compliance practices, the most important of which are:

- Fraud Policy
- Compliance Policy
- Customer Complaint Handling Policy
- Employee Public Disclosure Policy
- Fair and Transparent Customer Service Policy

1.2.1 Code of Ethics and Professional Conduct

At Housing Bank, our Code of Ethics and Professional Conduct establishes standards of ethical and responsible business conduct, ethical values, and policies. Moreover, we are committed to conducting business in an ethical and honest manner. All our employees must deal fairly and impartially with all our stakeholders, at all times. In accordance with the charter, employees have a responsibility to learn and understand the laws and regulations that are applicable to the banking sector in general and to their department activity in particular.



The charter is a basic document that defines work ethics, values, controls and directives that must be fully adhered to by all our employees in exercising their responsibilities and duties while adhering to legal and ethical requirements.

The most important topics addressed by the Code of Ethics and Professional Conduct:

- Employee's Duties
- Conflict of Interest
- Behavioral Prohibitions
- Employee Disclosures
- Information Security and Confidentiality
- Bank Secrecy
- Hotline
- Compliance with Laws and Instructions
- Anti-Money Laundering and Counter-Terrorist Financing

The code of ethics is reviewed annually, and all employees can access the code through our internal website. All employees must annually submit a personal commitment form to abide by all the terms of the code

Response rate for signing a personal undertaking form in compliance with the Code of Ethics

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------|------|------|------|------|------|
| 100% | 100% | 100% | 100% | 100% | 100% |

In order to protect the rights of customers with special needs, we have taken many measures according to the provisions of the Financial Consumer Protection Instructions for Customers with Disabilities issued by the Central Bank of Jordan. These measures include:

- Equipping several of our branches with the necessary and appropriate measures, considering ease of access and providing banking services to customers with disabilities.
- Prohibiting failures to provide banking services to customers with disabilities under any pretext in any of our branches.
- Maintaining the banking confidentiality of disabled customers and keeping their data protected from others.
- Ensuring integrity and equality among all customers, including customers with disabilities, in terms of obtaining various banking services and using the same with complete independence and without charging them any additional expenses or fees.



1.2.2 Compliance

We are committed to conducting our banking activities in accordance with all laws and regulations in force in the Kingdom concerning the banking sector. We expect all our employees to abide by these laws and regulations, and they have a responsibility to learn and understand these laws and regulations.

Through the Compliance Control Department, we, at the Housing Bank, have adopted an effective system for identifying and managing compliance requirements for the various regulatory requirements, and we have formed a compliance committee affiliated with the Board of Directors, consisting of three members of the Board of Directors, most of whom are independent members. The committee undertakes the supervisory tasks in relation to the efficiency, effectiveness and independence of the Compliance Control Department, taking the necessary measures to enhance the values of integrity and sound professional practice, and supervising the follow-up of compliance with the instructions of the various regulatory authorities.

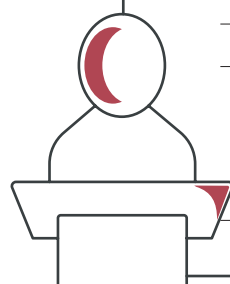
In view of the importance of dealing with customer complaints and maintaining the highest levels of customer satisfaction, we have established a special unit to manage customer complaints. During 2019, the unit received a total of 1,057 complaints in areas such as: contracts and conditions of transactions, work environment, interest rates, commissions and fees, professional dealing behavior, electronic services, bank cards, remittances, and marketing of services and products. The unit has investigated and analyzed all these complaints and informed customers of the results thereof and classified them in the records as a valid or invalid complaint, as well as the procedures adopted in respect thereof. It is worth noting that the number of justified complaints that required corrective measures to be taken to remedy them amounted to 324 complaints.

The unit submits a quarterly statistical report to the Compliance Committee which reports to the Board of Directors with all complaints received, the procedures that have been taken, and the unit's recommendations to make any amendments or improvement in the process related to handling customer complaints, with a view to reducing the overall number of complaints. The Board of Directors discusses these reports, assesses the complaints and their rationale, assesses the extent of their impact on the Bank's reputation, and evaluates the measures taken to address recurring complaints and their adequacy to ensure that they do not recur in the future.

During the year, we continued to provide training programs for best practices related to anti-money laundering, counter-terrorism financing and compliance with sanctions out of our belief of the need to enhance the awareness of

our employees in this regard. The programs targeted all employees of all administrative levels, and it should be noted that during 2019, a total of 21 classes were conducted in the areas of compliance, money laundering and terrorist financing reaching 610 male and female employees. Furthermore, 2,015 employees received training in the same field through e-learning across 2 sessions.

Compliance Training



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------|------|------|------|------|-------|
| The number of employees who have received training in compliance and combating money laundering and terrorist financing operations (Classroom) | 105 | 214 | 943 | 908 | 350 | 610 |
| Number of Sessions | 10 | 16 | 22 | 19 | 23 | 21 |
| The number of employees who have received training in compliance and combating money laundering and terrorist financing operations (E-learning) | - | - | - | - | - | 2,015 |
| Number of Sessions | - | - | - | - | - | 2 |

1.3 Risk Management

We realize that working in the banking and financial industry is risky. Accordingly, our risk management practices focus on managing our exposure to risks and protecting our assets by assessing potential future risks and mitigating them as they arise. Our risk department oversees the management of various risks at the Bank's level through the establishment and development of risk strategies and policies, with the development of independent assessment and monitoring processes.

The Risk Department has an integrated control and risk management system that contributes to achieving our strategic goals and ensuring the interests of all our stakeholders are met.

This system includes the organizational structure, the role played by the Board of Directors and its control committees such as the Risk Committee and the Audit Committee, the role of executive management, the role of control departments (risks, auditing, compliance, financial, legal), internal control and control policies, risk management policies and risk self-assessment systems, in addition to manuals of policies, procedures and personnel regulations.

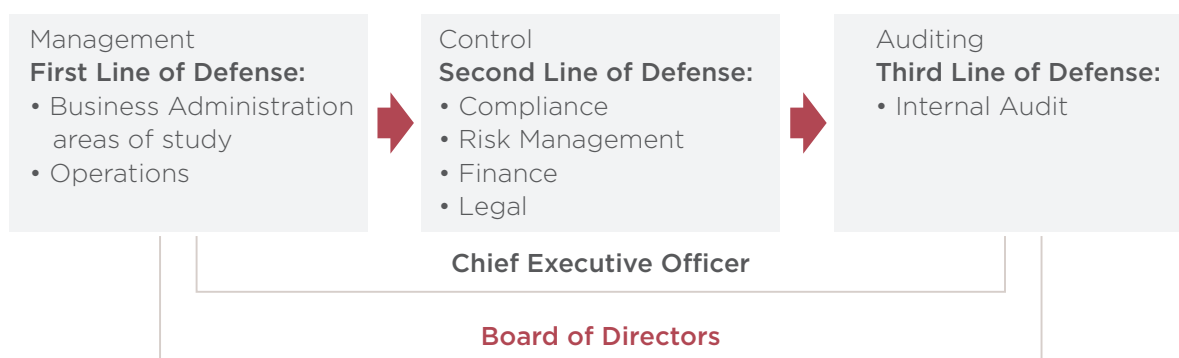
The risk department has an institutional risk matrix, which defines the main risks that we may be exposed to, and the mechanism by which we respond to these risks and reduce their magnitude. The department regularly works under the direct supervision of the Risk Management Committee to review the main internal and external environmental factors to determine the most important risks after identifying and analyzing risks, and then a method or plan of action is defined to address these potential risks, including financial and non-financial risks. In 2019, the matrix identified the following corporate risks:



Our risk management framework is based on the Three Lines of Defense model for managing risk, namely:

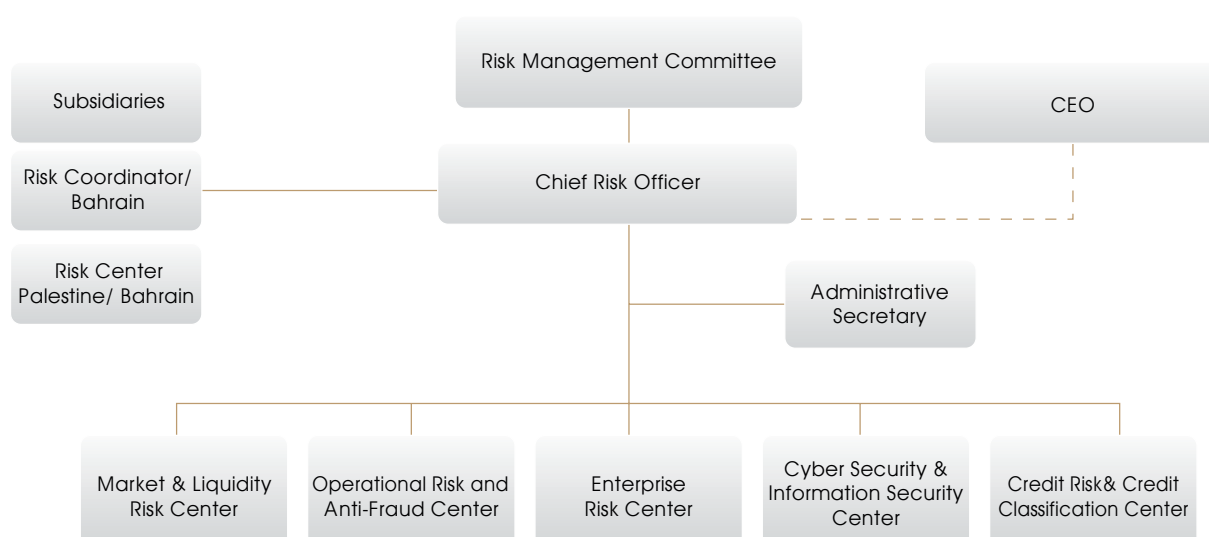
- **First line of defense** represents all business, operations and support departments responsible for managing risks related to their business.
- **Second line of defense** represents all independent oversight departments (compliance, risk management, financial, and legal) that assist the first line of defense in managing risks related to its activities and complying with local and international laws and instructions.
- **Third line of defense** represents the internal audit department responsible for ensuring the implementation of the risk management framework and sharing it with the audit committee of the board of directors, with the aim of ensuring the effectiveness of the Bank's controls.

This model applies to all levels of the Bank, and all lines of defense are independent of one another.



At Housing Bank, we have a strategy and a policy approved by the Board of Directors for risk management, as the overall responsibility for risk

management in the Bank rests with the head of the Risk Management Group (CRO). The Risk Management Committee emanating from the Board of Directors oversees the implementation process. Our Risk Department is completely independent and administratively reports to the CEO and functionally to the Risk Management Committee. The following figure shows the organizational structure of the Risk Management Department:




We, at the Housing Bank, are committed to preventing the Bank from being used in any illegal activity. Therefore, we have developed policies for financial crimes and combating money laundering and terrorist financing to achieve the highest standards of compliance. We provide a unified set of principles for managing the risks of financial crimes, and we follow in our work a policy of "Know Your Customer". Through this policy, we work to meet all legal requirements related to conducting professional due diligence on an ongoing basis to determine the identity of the Bank's customers, and to verify the names of customers against lists of people with whom it is prohibited to conduct transactions, in addition to reporting unusual and/or suspicious activities.

As part of enhancing the levels of knowledge and spreading the culture of risk among employees during the year 2019, we provided a set of training programs in the area of risk management, through which the various measures to be taken in emergency situations or crises were highlighted, in addition to publishing educational materials related to risks to which the Bank's internal site is exposed.

1.3.1 Information Security

We aspire to be the digital bank of choice for customers, by developing deep digital relationships with all our customers. To achieve this goal, we face many challenges, a large part of which is related to cybersecurity. We have integrated cybersecurity into our organizational structure, and we have given cyber risk management the highest priority by working on identifying this type of risk, uncovering cyber threats and enhancing the responsiveness and resilience of our systems to Internet-related events. We organize many



cybersecurity awareness campaigns internally and externally throughout the year. We regularly upgrade our infrastructure to allow updates without affecting the availability of our services. We are always working to adhere to the best international practices and standards for information security, to improve cybersecurity and to respond to cyber-attacks.

The most important activities that we have undertaken in the field of information security and safety, include:

- Analyzing IT risks and developing appropriate security controls in place to minimize potential risks.
- Adopting a strategy and action plan to manage information security in line with global standards.
- Building awareness about cybersecurity to combat attacks, including phishing and malware.
- Undertaking continuous upgrades to the information security infrastructure.
- Continuous review and evaluation of IT processes to ensure full compliance with regulatory requirements.

1.4 Audit Processes

In 2019, our internal audit department worked to strengthen its advisory role, so that the audit is a trusted advisor, by providing the necessary recommendations for the development of institutional control processes, risk management and control systems, and to ensure compliance with the laws, instructions and legislation that govern the various activities of the Bank, as well as to ensure the improvement of institutional controls, risk management and strengthening controls.

The department adopted the concept of Continuous Audit, based on two main axes: continuous risk assessment, and continuous evaluation of supervisory controls. The adoption of this concept will contribute to raising the level of assurance on the adequacy and effectiveness of our controls, and continuously contribute to the risk assessment process at the Bank's level.


The Internal Audit Department adopts a risk-based approach, as all our processes and activities are subject to the internal audit scope, according to their degree of risks. This measure ensures full conformity with the requirements of the regulator and the international audit standards governing the internal audit department, as the internal audit inputs are reviewed periodically to consider and reflect on developments within the audit strategy.

The Internal Audit Department reports periodically to the audit committee of the Board of Directors. The most important audit observations raised during a specific period are presented, and the developments of plans implemented are monitored periodically and submitted to the audit committee.

02

**Responsible
Banking
Services**





In 2019, the principles of responsible banking were approved by the United Nations, in line with the Sustainable Development Goals, the Paris Agreement on Climate Change, and regional and national laws and frameworks.

The principles aim to enable banks to play an important role in achieving the goals of society, by working responsibly with customers, encouraging sustainable practices and enabling economic activities that offer prosperity to current and future generations.

We, as a financial institution, want to provide a better life for the largest possible number of people, and to financially empower the communities in which we operate, by providing services and products designed for our customers, so everyone can access fairly and transparently.

2.1 Responsible Finance

At Housing Bank, we follow responsible finance practices in all our major activities, and we seek to address environmental, social and governance (ESG) challenges in society by providing credit, facilitating trade and maintaining investment flows. We continuously identify the main objectives to improve the access of all customers, including the poor, to our financial services and products. We also strive to provide the right products to the right customers through the appropriate channels.

We understand that responsible finance involves lending in a way that balances credit risk mitigation, ensuring that customers are able to repay their loans and obligations, and to ensure responsible financing is provided. We work diligently to manage risks across our assets, customers and financial portfolios.

We undertake not to finance any activities prohibited under the provisions of the law and international conventions, nor projects that may have negative social or economic impacts on society or the environment.

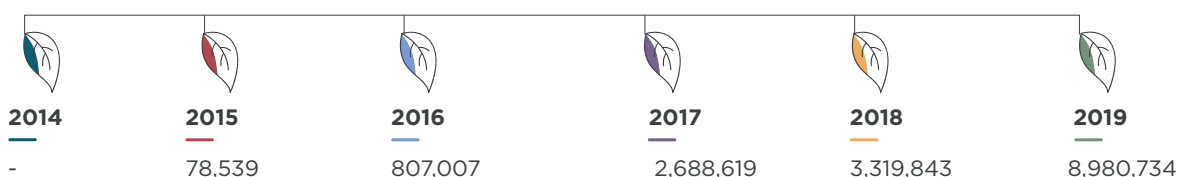
2.1.1 Supporting Our Customers In Addressing Environmental Risks

As a financial institution, we realize that the companies that we lend to and invest in may have an impact on the environment. In return, our understanding of environmental risks increases day by day, and we are working to provide environmental solutions by offering environmentally friendly products and services that our customers can benefit from and support their investment trends in environmentally friendly or renewable energy fields, thus reducing environmental impacts in society as a whole.

Green Loans

Green loans - for private projects that provide environmental benefits for sustainable development - witnessed significant growth during 2015-2019. The year 2019 recorded a growth rate of 171% over 2018, which confirms the Bank's intention to implement measures related to improving the environment and sustainable development through the loans it grants to its customers.

Total "green" Loans* (JD)



*Total value of "green" assets: Renewable energy, energy efficiency, green real estate, efficient buildings, sustainable waste management, clean transportation, sustainable water management, adaptation to climate change, and carbon sequestration techniques.

2.1.2 Supporting Small and Medium-Sized Enterprises (SME)

In line with its role as a responsible financial institution, Housing Bank aims to contribute to boosting the economy and development and to help create new job opportunities by supporting entrepreneurs and providing loans to establish small startups, expand them and raise their productive efficiency. In 2019, we continued to participate in financing programs for small and medium enterprises to contribute to revitalizing various businesses. These programs and products include:

- Business Loan Program
- Business Vehicle Program
- Industrial Loan Program
- Productive Loan Program
- Economic Sectors Support Program
- Tourism Loan Program
- Central Bank Programs to support MSMEs
- Emerging Small Enterprise Loan Program

Monetary Value of Small and Medium Enterprises Financing Programs (JD)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------|-----------|-----------|-----------|------------|------------|
| Central Bank Programs | 3,367,908 | 6,548,474 | 7,594,108 | 9,468,115 | 8,198,923 | 8,120,067 |
| Medium-term Industrial Advances | 0 | 1,529,415 | 3,562,209 | 4,598,526 | 10,015,379 | 12,250,691 |
| The Loans Agreement of Emerging Small Enterprise | 0 | 0 | 16,116 | 248,273 | 333,525 | 837,701 |

Use of Tamweely Website

The Bank signed a business agreement with the Middle East Investment Initiative (MEII) to use "Tamweely" website, which was launched to help SME finance applicants gain access to financial institutions and benefit from quick and easy access to technical support provided by the MEII's staff to improve the quality of information provided and how to submit it. The website links finance applicants to the financial institutions that provide financing while maintaining the confidentiality of the data of all those registered on the website. The Housing Bank is one of the leading banks in supporting entrepreneurs to reach the largest possible base of beneficiaries.

Self-Employment Program "Inhad"

"Inhad" is a program dedicated to financing entrepreneurs' projects by promoting self-employment rather than relying on the employment market. The program enables young entrepreneurs to establish development projects that provide them with a permanent source of income and provide them with job opportunities, according to special criteria and procedures to join the program. The program targets males and females between 18 - 45 years of age. The value of financing ranges between JD 5,000 to JD 250,000, and provides the entrepreneurs with technical support and training to refine and develop their skills. The program enables people with bright ideas to benefit from the soft loans offered by the Islamic and commercial banks, according to the terms and conditions of the Bank, with a low bank interest rate and a grace period of up to one year.

2.1.3 Allowing Low-Income Persons to Access Key Financial Products

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

Basic Bank Account

The Basic Bank Account is a current account in JD currency for Jordanian resident customers. It offers special conditions and advantages, targeting individuals who are legally qualified to open an account but do not have any type of bank account with banks operating in the Hashemite Kingdom of Jordan. The Basic Bank Account offers the opportunity for customers to access banking within the limits and costs commensurate with their income and circumstances.

Good Houses for Good Living

The Subsidized Housing Loan Program is based on providing finance to low-income customers at government-subsidized interest rates, meaning that the government will pay part of the interest.

Installment Program

The Installment Program offers the possibility of installments through personal advances or interest-free credit cards to customers with incomes 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 Monetary Value of the Products and Services
Designed to Achieve a Specific Social Benefit (JD) ***

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------|------------|------------|------------|------------|------------|
| Good House | 40,384,348 | 41,493,287 | 41,305,912 | 40,563,467 | 39,707,220 | 38,203,616 |
| Program of Installment "Advances" ** | 813,244 | 566,401 | 403,727 | 473,071 | 414,227 | 363,428 |
| Basic Bank Account*** | - | - | - | - | - | 897,965 |


(*) The above figures represent the balances 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 customers' commitments compared to their incomes.

(***) the bank started to implement basic account in 2019.

2.2 Financial Inclusion

There are many barriers that prevent many individuals from obtaining a bank account, from the lack of funds to open an account or the high cost of the account itself, to the need to travel long distances to reach places where financial services are provided, in addition to the lack of financial education.



We are fully aware that access to financial services facilitates daily life needs, and providing services within everyone's reach helps individuals to plan for short and long-term goals. An individual's use of financial services and products is likely to evolve to include other products and services, such as credit cards, loans and electronic services, to start and expand businesses, and to invest in education, which can improve an individual's life and brings prosperity and growth to society as a whole.

The Housing Bank in Jordan and other markets in which we operate are working hard to encourage financial inclusion in a manner that meets the needs of the market. Our approach is based on empowering individuals who do not have a bank account or are accessing our services and products in remote areas where financial services are not available. We work to provide our services and products at fair and acceptable prices.

Promoting financial inclusion and empowerment is a strategic priority for us. We are working hard to ensure that our financial services reach the farthest extent possible into the markets in which we operate, especially remote or deprived areas. In 2019, we continued our endeavor to deliver services and provide products to our customers wherever they are, in a responsible and sustainable manner, with accessible terms, with competitive interest rates and commissions.

In 2019, we strengthened our efforts towards financial empowerment and inclusion by:

- Ensuring a network of branches and ATMs spread across the various regions of the Kingdom, covering all governorates and remote regions where financial services are not available.
- Holding many 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.
- Operating two mobile branches and five mobile ATMs that provide banking services to customers in non-bank-served areas in some regions of the Kingdom.

Financial Inclusion (%)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|
| Percentage of new accounts of persons holding bank accounts for the first time* | 14.4 | 9.6 | 8.8 | 8.8 | 8.0 | 8.2 |
| Percentage of new accounts holding credit cards for the first time** | 38.6 | 46.2 | 35.6 | 34.2 | 42.8 | 55.6 |
| Percentage of total local accounts for underprivileged or less fortunate business sectors*** | 28.5 | 28.6 | 28.5 | 29.3 | 29.5 | 29.9 |

* 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 campaigns.

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

2.3 Combating Financial Crimes

The Housing Bank follows clear business principles and precautionary measures to protect against expected risks, including verifying the identity of customers through Know Your Customer (KYC) and assessing the source of wealth and funds, in addition to our use of advanced systems for combating suspected behavior of money laundering. All our transactions and processes are subject to 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). We are obligated to report any suspected activities as required under its compliance program and the laws governing the banking sector in Jordan and other countries in which we do business. We are committed to training our employees on prevention procedures and policies, including how to detect and report suspected activity.

2.4 Reducing Environmental Impacts

As a financial institution, our activities and business require the use of natural resources and dealing with waste and emissions, whether directly through our processes or indirectly through our value chain. We strive hard to manage our environmental impacts and the resulting risks to reduce the cost of doing business, enhance long-term returns for shareholders, and protection and sustainability of the environment in which we operate. We recognize the important role we play in influencing the environmental behaviors and practices of our stakeholders.



We are proud of our compliance and commitment to the environmental requirements in force in the Hashemite Kingdom of Jordan and in the markets in which we operate, and our commitment to managing the direct environmental impacts of our processes by monitoring, limiting, reporting and taking the necessary measures to reduce energy use and emissions, paper consumption, water consumption and waste production, and waste management resulting from our processes in accordance with the principles of reducing, re-using, recycling, preventing pollution and investing in energy efficiency technologies, with attention to environmental issues and energy performance in the purchase, design and renewal of used buildings.

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 and increase the green built environment in Jordan and encourage the adoption of green solutions and practices in planning, designing and developing buildings and cities, in this way enabling individuals to live their lives in healthy sustainable surroundings.

2.4.1 Energy Consumption

The Bank's energy consumption during 2019 witnessed an increase of about 41% to reach about 73,000 gigajoule.

In 2019, terms of direct energy - resulting from the consumption of heating and staff mobility fuel - the Bank's energy consumption increased by 97% to 185,000 liters. This increase was attributed to the Bank's operation of the Head Office in Shmeisani and its staffing in 2019.

In terms of indirect energy - resulting from electricity consumption - the Bank's consumption in 2019 increased by 26.8%. This increase was attributed to the Bank's operation of the Head Office in Shmeisani and its staffing while the Bank continued to follow its previous approach regarding:

- 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 computer screens turn-off 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.

Total Energy Consumption (gigajoule)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------|--------|--------|--------|--------|--------|
| Total consumption of electric energy (GJ) | 68,759 | 53,452 | 62,243 | 57,503 | 54,894 | 72,677 |
| Total direct consumption of electric energy (GJ) | 1,885 | 1,263 | 3,153 | 3,726 | 3,488 | 7,422 |
| Indirect consumption of electric energy (GJ) | 66,874 | 52,189 | 59,090 | 53,777 | 51,406 | 65,255 |

Direct Energy Consumption

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------|--------|--------|--------|--------|---------|
| Total gasoline consumption (liters) | 10,465 | 7,513 | 14,018 | 16,401 | 21,370 | 20,563 |
| Total diesel consumption (liters) (vehicles + generators) | 40,055 | 26,397 | 70,054 | 82,928 | 72,362 | 164,076 |
| Total fuel consumption (liters) | 50,520 | 33,910 | 84,072 | 99,329 | 93,732 | 184,639 |

Indirect Energy Consumption

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|
| Total electricity consumption (kWh) | 18,576,000 | 14,497,000 | 16,414,000 | 14,938,000 | 14,294,496 | 18,126,327 |
| consumption of electric energy (GJ) | 66,874 | 52,189 | 59,090 | 53,777 | 51,460 | 65,255 |
| Energy intensity (GJ/ employee) | 29.6 | 22.1 | 24.7 | 22.2 | 21 | 28 |

2.4.2 Greenhouse Gas Emissions

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

Total greenhouse gas emissions increased by 28% in 2019 to reach 14,591 tons, and the intensity of greenhouse gas emissions per employee increased to 6.2 tons/ employee.

Greenhouse Gas Emissions (CO₂ eq.)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------|----------|----------|----------|----------|----------|
| Direct greenhouse gas (GHG) emissions (Scope 1) (t CO ₂ eq.) | 132.2 | 88.6 | 221.1 | 261.3 | 244.6 | 488.8 |
| Indirect greenhouse gas (GHG) emissions (Scope 2) (t CO ₂ eq.) | 14,452.8 | 11,279.2 | 12,770.7 | 11,622.3 | 11,121.1 | 14,102.3 |
| Total greenhouse gas emissions (t CO ₂ eq.) | 14,585.0 | 11,367.8 | 12,991.8 | 11,883.6 | 11,365.7 | 14,591.1 |
| Greenhouse gas emissions intensity (t CO ₂ equivalent / employee) | 6.5 | 4.8 | 5.4 | 4.9 | 4.6 | 6.2 |

2.4.3 Water Consumption

Effective water management has always been a critical issue in Jordan, as it is one of the 5 countries around the world most at risk of a severe water crisis. As a responsible national institution, the Housing Bank seeks to make great efforts to conserve water. In 2019, the total water consumption in the Bank recorded an increase of about 6000 m³ or 18%. This increase was attributed to the Bank's operation of the Head Office in Shmeisani and its staffing. The Bank uses the most up-to-date technologies for providing water in all its sites and continuously raising awareness of the need to preserve water in all its operating branches in Jordan, including installation of water flow pumps, continuous maintenance of plumbing systems, and other actions.

Total Water Consumption (m³)

| | |
|------|--------|
| 2014 | 37,780 |
| 2015 | 24,178 |
| 2016 | 40,229 |
| 2017 | 36,055 |
| 2018 | 33,241 |
| 2019 | 39,239 |

Water Consumption Intensity (m³/ Employee)

| | |
|------|-------|
| 2014 | 16.7 |
| 2015 | 10.2 |
| 2016 | 16.8 |
| 2017 | 14.9 |
| 2018 | 13.5 |
| 2019 | 16.64 |

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 one of the key environmental influences for us as its use affects public health and constitutes a waste of resources. Waste is a natural result for any company that works and produces products, but the difference is that our employees are aware of the environment and are taking steps that enable us to

increase the recycling volume of used paper and to be more environmentally friendly.

On their part, our employees work hard to reduce the amount of used paper to print work, and print double-sided use as much as possible. These practices have resulted in greatly reducing paper consumption. Furthermore, the Bank purchases recycled A4 paper.



Paper Consumption

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------|---------|---------|---------|---------|---------|
| Total paper consumption (kg) | 301,576 | 295,149 | 304,154 | 306,282 | 280,983 | 213,876 |
| Total recycled paper (kg) | 223,955 | 148,830 | 136,900 | 122,932 | 129,565 | 140,402 |
| Ratio of recycled paper to total paper consumption | 74.3% | 50.4% | 45.5% | 40.1% | 46.1% | 65.6% |

During 2019, the Bank continued to participate in the RH Princess Alia bint Al Hussein's Paper Recycling Initiative, titled Green Fingerprints for Paper Recycling, by donating 2,726 ream of A4 photocopy paper. This initiative aims to support government schools, by recycling the Bank's paper waste into A4 photocopying paper, and delivered them to the initiative, which in turn distributes them to needy government schools in the Kingdom, free of charge, through the relevant educational directorates.

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

- Recycling or donating hardware.
- 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

The new headquarters of the Housing Bank in the Shmeisani area - commissioned in the third quarter of 2019 - is an architectural monument and a distinctive landmark for the city of Amman in general, and the banking sector in particular, due to its engineering, architectural and technological advantages and features in line with the latest developments of the era. This can be summarized as follows:



Urban:

The new Head Office was built on a land plot of approximately 12,500 square meters, and the design considered creating urban spaces for the public, which added urban areas to the neighborhood residents as no fences were placed in front of the building, so that there was integration between the project land and the external sidewalks. The areas were classified from public to semiprivate to private. The public areas have urban furniture (stone benches) that anyone can use.

Architectural and Engineering:

The building area is 78,000 square meters and is designed as an administrative building for most of the departments of the Housing Bank, in addition to a main branch that provides full Banking services. The building is a steel structure, which is the largest administrative building in the Kingdom fully constructed of steel. Structurally, the building contains one of the largest cantilevers in the Middle East, with an area of approximately 2,700 square meters, consisting of three floors without support from columns. The design of the glass facades of the building is a simulation of the mosaic panels that Jordan is famous for, and it was developed with special glass from Viracon International. The cantilever encompasses a distinctive artificial roof designed and executed specifically for the building under the name of Wind sculpture, as this element creates a distinctive atmosphere for the site that combines an aesthetic scenery and the sound of the wind movement.

The building is fully equipped with all preparations to meet the needs of people with special needs, including the necessary slopes to facilitate entry and exit from the building, in addition to allocating private parking spaces and providing service areas in the building in accordance with the international codes and standards in this field.

The architectural spaces for the employees are designed according to best practices in terms of the specific styles for standardized offices, and providing these spaces with the necessary services including various facilities such as smoking rooms on the floors in compliance with the instructions to prevent smoking in public places, and providing employees with a cafeteria equipped with the highest specifications and areas designated for prayer and ablutions, etc...

Technological:

The building has been designed using the latest technology standards in several areas, most notably the application of LEED Principles, which contributes to the building being environmentally friendly, as the building was provided with the following:

- A Solar Track system that electronically controls all curtains in the building through special solar cells that raise and lower the curtains according to the movement of the sun and light.
- Providing spaces with a special sensor aligned with the sun light and linked to the lighting system, as this sensor increases and reduces the lighting capacity according to the amount of sun entering the building. For example, if the curtains rise, a signal is sent from the sensor to the lighting system to reduce the level of lighting, as there is enough natural light, and vice versa.
- Spaces are equipped with Occupation Sensors that turn lights on or off depending on whether people are in the space.
- Apply the Zero Scape principle to the areas planted in the project to add green areas that consume the minimum amount of water.
- The building is equipped with the latest technology in the field of surveillance and control camera systems that oversee theft and fire. These systems are monitored centrally through the Control Room. The systems in the project are controlled by the Building Management System (BMS).

2.5 Sustainable Local Procurement

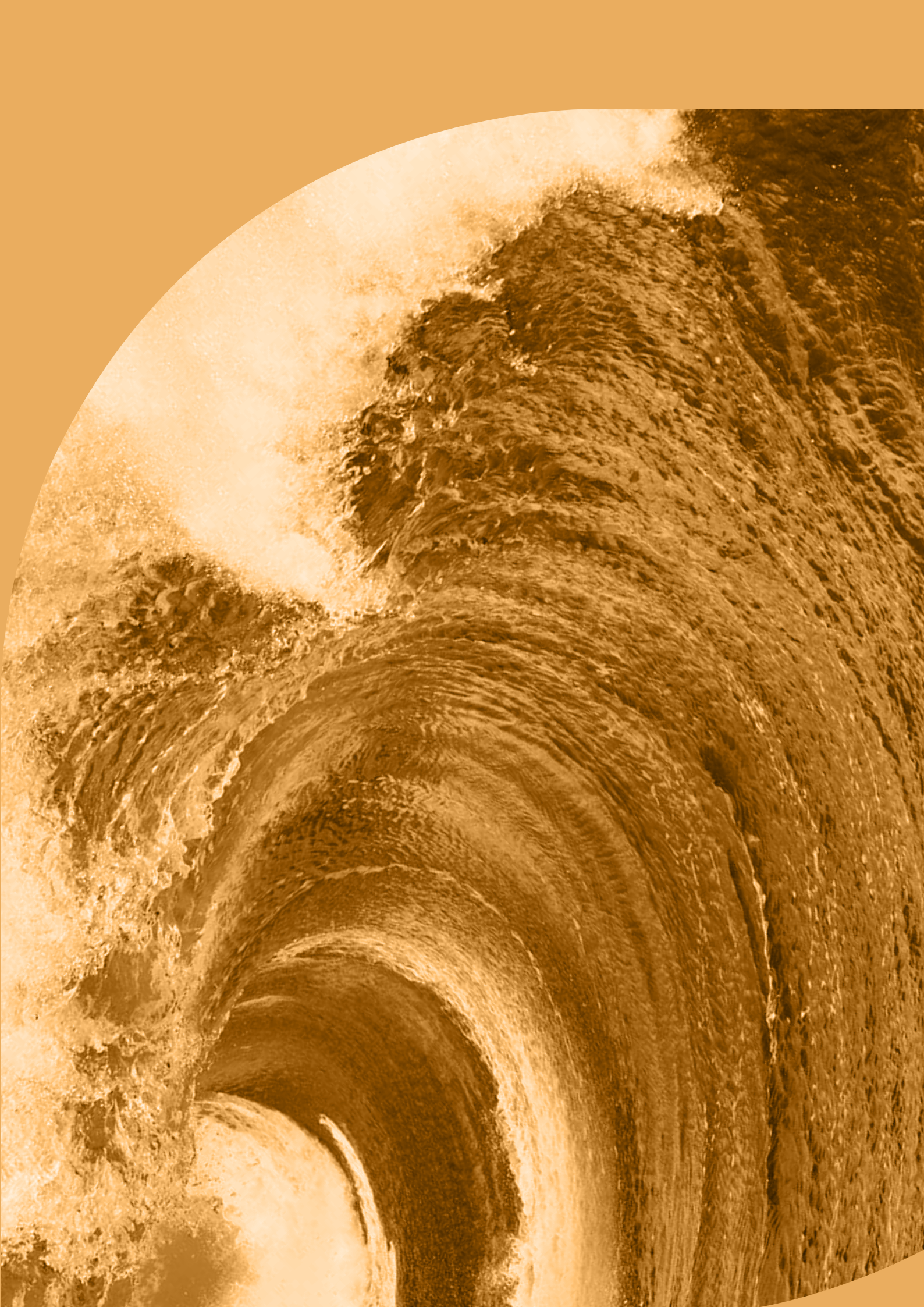
In 2019, we continued to work with local suppliers in the Kingdom by giving the utmost priority to supporting them, realizing their important role in achieving economic growth in the Kingdom, creating job opportunities and enhancing capabilities, which contributes to creating a sustainable climate for local job opportunities and investment security.

In 2019, the total - expenses from local suppliers amounted to JOD 9.2 million of the Bank's total procurement expenses, and the Bank supported 262 local suppliers through its network.

| Local Procurement | | | | | | |
|--|-----------|------------|-----------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Total number of participating suppliers | 198 | 203 | 205 | 219 | 262 | 285 |
| Total number of participating local suppliers | 193 | 198 | 200 | 214 | 257 | 262 |
| Total procurement spending (JD) | 7,760,251 | 10,713,673 | 8,555,811 | 11,386,762 | 20,666,320 | 13,376,576 |
| Total procurement spending on local suppliers (JD) | 7,587,519 | 8,860,746 | 8,226,783 | 11,250,061 | 17,016,048 | 9,166,805 |
| Proportion of spending on local suppliers | 98% | 83% | 96% | 99% | 82% | 69% |

03

**Human
Capital**



We, at Housing Bank, are known for developing our human resources competencies through highly competitive policies and compensation packages relative to other employers in the Kingdom. We work hard to ensure our programs are of a high standard and have a great capacity to meet the needs of our employees, and this makes us a preferred choice as an employer across the Kingdom.

3.1 Our Employees

At the end of 2019, the number of our working team in the Hashemite Kingdom of Jordan reached 2,358 employees, or 11.6% of the total number of workers in the Jordanian Banking sector. All of our employees work on a permanent contract, and are supervised by 31 male and female senior management managers, and 367 middle management managers.

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------|-------|-------|-------|-------|-------|
| Total number of employees | 2,260 | 2,363 | 2,393 | 2,426 | 2,463 | 2,358 |
| Number of employees by category | | | | | | |
| Non-administrative | 1,745 | 1,871 | 1,922 | 1,998 | 1,974 | 1,960 |
| Middle management | 455 | 440 | 419 | 383 | 458 | 367 |
| Senior management | 60 | 52 | 52 | 45 | 31 | 31 |
| Number of employees by type of employment | | | | | | |
| Permanent contract | 2,248 | 2,353 | 2,384 | 2,424 | 2,463 | 2,358 |
| Temporary contract | 12 | 10 | 9 | 2 | 0 | 0 |

3.2 Training and Development

Training is an important mean of developing human capital and is relied upon to raise the level of functional efficiency of employees. Training and development in its modern sense is an integrated framework and a strategic choice for developing our human resources to cope with the challenges of the sector.

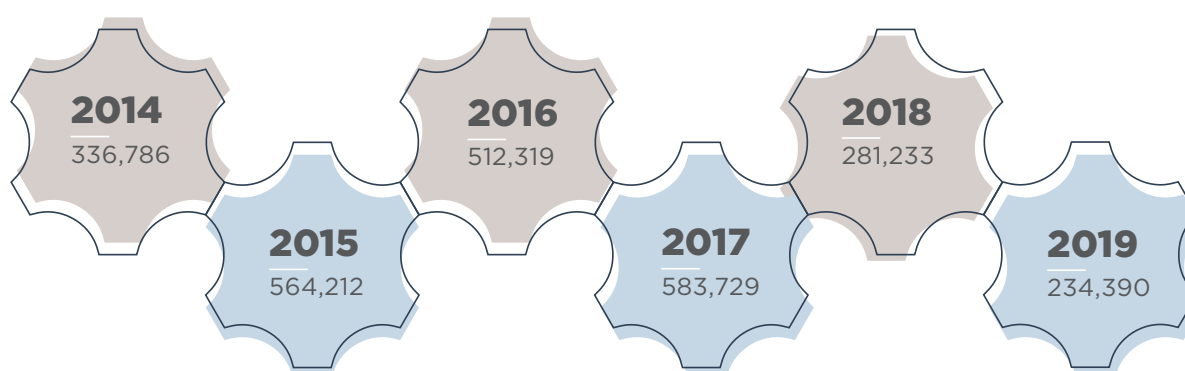
Our employees are a foundational pillar in the success and efficiency of our various operations and the management of various workplaces. We work continuously to build and enhance the knowledge and expertise of our employees by evaluating areas that require improvement through reviewing performance and investing in training and developing staff capabilities, in a way that contributes to enhancing the Bank's competitive position in the banking sector.

We rely on theoretical and practical training to prepare and qualify employees and raise their levels of professional performance, to enable them to carry out various banking activities by providing them with training opportunities inside and outside the Kingdom and in various banking fields - such as financial, investment and administrative work - and by attending conferences, seminars and specialized forums. The training programs and courses resulted in providing an average of 22.6 training hours per employee during 2019.

In 2019, we also provided training courses to enhance the knowledge of environmental and social topics, such as annual conferences on social responsibility, design and installation of solar energy systems, and renewable energy alternatives.

As part of exercising our social responsibility during the year, we trained a large number of students in public and private universities, more than 94 students in a number of departments and branches of the Bank in order to provide them with practical experience in banking through on-the-job training, which proved to be an effective tool in reducing the gap between the banking sector and educational institutions.

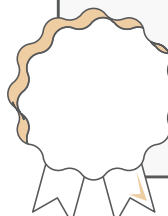
Training Expenses (JD)



Enrollment Programs for Academic and Professional Degrees (Number of participants)


| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|
| Enrollment to the study of academic certificates | 11 | 11 | 7 | 2 | 3 | 2 |
| Enrollment to professional certifications in all working areas of the Bank | 16 | 15 | 15 | 8 | 11 | 48 |

Training (hours)



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------|-------|-------|-------|------|------|
| Average training hours per employee | 33.7 | 174.7 | 101.3 | 78.4 | 24.1 | 22.6 |
| Males | 33.2 | 193.1 | 113.6 | 81.1 | 25.0 | 23.8 |
| Females | 34.6 | 143.5 | 81.2 | 74.2 | 17.7 | 20.5 |
| Employees aged between 18 and 30 years | 102.0 | 227.4 | 153.0 | 109.1 | 15.8 | 18.3 |
| Employees aged between 31 and 50 years | 54.7 | 201.0 | 95.7 | 57.0 | 8.1 | 14.5 |
| Employees above 51 years | 22.1 | 38.3 | 14.0 | 34.0 | 1.3 | 8.7 |

Training Programs (Number of Participants)



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------|-------|-------|-------|------|-------|
| Training programs held in the Bank training center | 2,738 | 1,013 | 1,012 | 2,270 | 999 | 1,433 |
| Training programs held in cooperation with specialized national training institutes | 461 | 513 | 298 | 165 | 265 | 200 |
| External training courses held in Arab and foreign countries | 52 | 48 | 29 | 37 | 17 | 16 |
| Number of participants in internal seminars | 1,719 | 574 | 802 | 1,128 | 650 | 750 |
| Number of participants in E-learning courses | - | - | - | - | - | 2733 |

3.3 Competitive Privileges of Employees

At Housing Bank, we provide salaries and benefits with a highly competitive value to attract, retain and reward the best qualified people in the sector, without discrimination on the basis of gender, race, religion, or any other characteristic. We work to periodically improve our bonus package and benefits compared with other banks operating in Kingdom to ensure our competitive advantages.

On an annual basis, we allocate a percentage of our profits after tax, amounting to 5%, to reward and stimulate outstanding performance, and it is awarded to employees based on a special system linking achievement rates, target achievement and performance levels.

We continue to provide other benefits to our employees, such as housing loans on accessible terms and preferential interest rates, and the provision of a private health insurance program for employees and their families with comfortable interest rate ceilings.

3.4 Employee Engagement

We have always encouraged dialogue and open communication with our employees to hear their insights and suggestions, to enhance openness and responsibility in all workplaces. We work continuously to keep our employees informed of the information related to the Bank's performance in the field of health, safety, environment, social responsibility, operational and financial results, and any other changes and developments.

We seek to inspire our employees to think creatively by encouraging them to make suggestions that would improve and develop the work environment by allocating an electronic corner on the website. We reward any ideas that have been successfully implemented in improving its operations or reducing costs.

Key employee engagement initiatives:

- Organizing group trips (internal and external) on a regular basis through the Bank's Social Activity Committee
- Holding lunch parties at the end of the year
- Holding a Ramadan Iftar during the holy month of Ramadan
- Holding annual tournaments and sporting activities

Internal Complaints Mechanisms

We have an internal formal grievance and complaint process to resolve complaints by employees related to work conditions, disciplinary actions or unfair treatment by management or colleagues. An employee can submit such a complaint either orally or in writing to their line manager. If the complaint is against their direct supervisor, the employee can contact their supervisor's direct manager or the Human Resources Department Manager, or use the Internal Audit Department hotline. Accordingly, the complaint will be raised through the administrative hierarchy until a fair solution is reached. We have a policy to manage complaints related to professional misconduct. We also have an internal arbitration committee that works to investigate incidents of discrimination or harassment in the workplace, and the necessary measures are taken based on the results of the investigation.

3.5 Diversity and Equal Opportunities

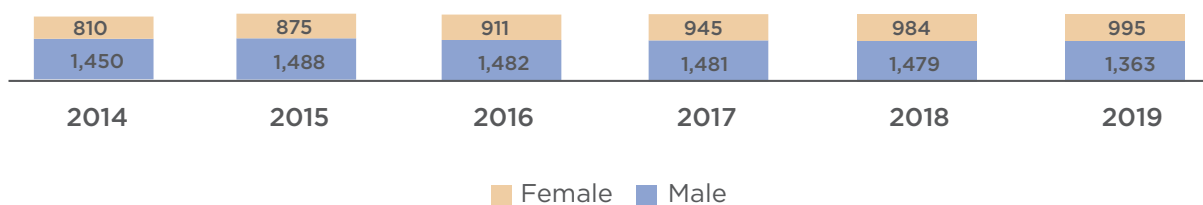
We strive to ensure equality among employees and celebrate diversity within a framework of mutual respect and inclusion in the workplace, in a way that enhances our ability to maintain and enhance our competitive advantage. Female account for 42.1% of our workforce. We work to devote our energies to empowering female and ensuring their access to all available opportunities in

the workforce, and to empower the youth group and increase their percentage in the workforce. Youth between the ages of 18 - 30 account for 54.2% of our total workforce.

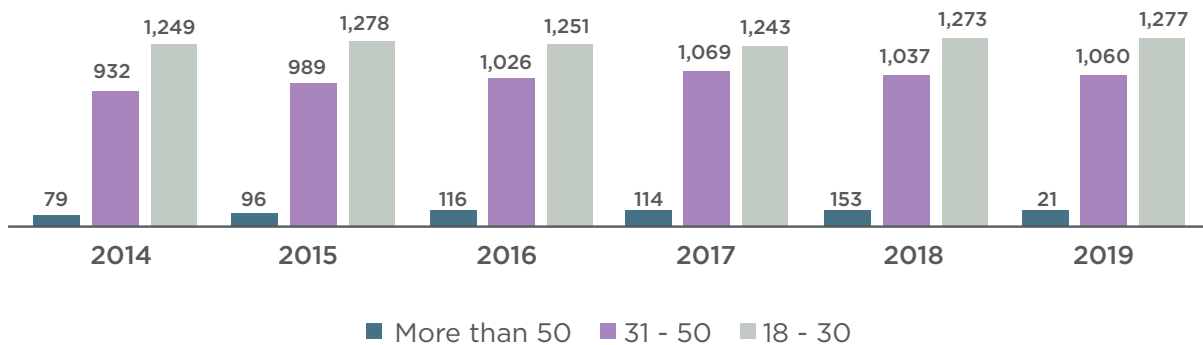
We work to develop our policies and programs related to our employees so that we can employ the best competencies, recognize and stimulate superior functional performance by providing an environment that allows the employee to contribute more effectively and enables us to benefit from their full potential.

We treat all our employees equally and without discrimination without regard to race, religion or sex, disability, marital status, age, or otherwise. We do not accept any form of discrimination, harassment, molestation, or any other offensive act for any reason whatsoever in our work environment.

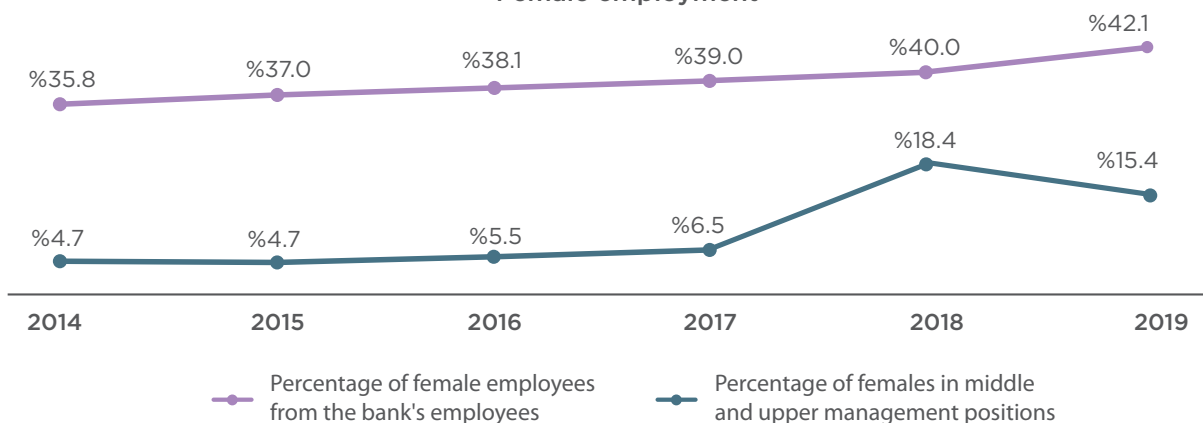
Workforce by gender



Workforce by age



Female employment



3.6 A Safe, Healthy and Stable Work Environment


Our business growth and performance is based on providing full support to our employees, maintaining their safety, and ensuring that their workplaces are comprehensive and worthy of respect. Among the most important measures we have taken to achieve this are:

- Provision of an appropriate environment in terms of lighting and ventilation within the various Bank's buildings.
- Adoption of Evacuation and Safety Team Manual to ensure the evacuation and safety of people and property in the Bank before and during risks and disasters.
- Issuance of circulars that contain awareness messages and general advice to maintain the safety of workers, as needed.
- Hiring of a general practitioner to provide the necessary medical treatment to employees and their families by visiting the Bank's clinic during and outside working hours.
- Provision of all medical treatment expenses, hospitalization expenses, laboratory fees and all kinds of examination fees to all Bank employees and their families, in accordance with specific terms and conditions.
- Cancer treatment insurance coverage for all Bank employees and their families through one of King Hussein Cancer Foundation programs.
- The Bank also participated in the national campaign "Up to the Challenge" launched by King Hussein Cancer Foundation and Center. This campaign, which was launched on the occasion of World Cancer Day, is aimed at urging the wider society to adopt and spread one of the identified health behaviors and practice challenges such as quitting smoking, eating a healthy meal, taking the stairs instead of the elevator and reducing sugar intake to combat and prevent cancer.

With regard to maternity and paternity leave, our policy ensures that all our employees, especially females, have the opportunity to devote their time to enjoying their leave and then re-integrating into the workforce. In 2019, 84 male and 108 female employees took paternity and maternity leaves respectively, and all returned to work after their leave ended.

It is worth noting that during 2018, the Bank approved paid paternity leave for a period of two days in the event of a spouse giving birth, in compliance with the Jordanian labor law.

Parenting Leave

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|
| The total number of female employees who were entitled to maternity leave | 80 | 77 | 89 | 112 | 120 | 108 |
| Percentage of returns to work after maternity leave | 100% | 100% | 100% | 100% | 100% | 100% |
|  The total number of employees who were entitled to paternity leave | - | - | - | - | - | 84 |

3.7 Recruitment and Retention of Employees

Housing Bank works to recruit, motivate, develop and retain our best talent and we aim to become the employer of choice for those seeking work in the Kingdom. To this end, we offer our employees the opportunity to be part of a diverse and effective team, while providing great opportunities for growth and development, in addition to offering rewards and competitive benefits relative to the wider Jordanian banking sector. In addition, we regularly sponsor recruitment fairs and the various bodies that organize them, including employment companies, universities or the Ministry of Labor. Our aim is to recruit the best talent, and appoint local graduates with distinguished academic achievement, as well as graduates from Arab and international universities and institutes, and attract the best qualified people with expertise in the labor market. We strive to strengthen our relationships with official universities through requesting periodic graduates' statements to look at as pool of potential candidates and to attract outstanding students majoring in disciplines related to the Bank's work.

In 2019, we focused in the Housing Bank on the recruiting of cadres of female and youth. The employment rate for women was about 42.9% of the total number of new employees, while the employment rate for young people between the ages of 18-30 was about 77.4%.

Employment

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------|------|------|------|------|------|------|
| Total number of new hires | 286 | 259 | 220 | 177 | 202 | 235 |
| Number of new hires: | | | | | | |
| Males | 176 | 143 | 122 | 99 | 123 | 134 |
| Females | 110 | 116 | 98 | 78 | 79 | 101 |
| Employees between 18-30 years of age | 275 | 253 | 202 | 166 | 180 | 182 |
| Employees between 31-50 years of age | 11 | 6 | 15 | 10 | 20 | 50 |
| Employees over the 51 years of age | 0 | 0 | 3 | 1 | 2 | 3 |

Employee turnover rate reached 14.25% at the end of 2019 compared to 9.9% at the end of 2014, which is a positive indicator to measure both the Bank's success in retaining its employees and employee satisfaction.

Job Turnover by Age Group and Gender

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|-------|------|-------|-------|-------|--------|
| Overall job turnover rate | 9.9% | 8.0% | 6.7% | 5.7% | 7.3% | 14.25% |
| Males | 9.5% | 8.4% | 7.4% | 6.1% | 8.9% | 18.5% |
| Females | 10.6% | 7.4% | 5.5% | 5.1% | 4.5% | 8.9% |
| Employees aged between 18-30 years | 11.0% | 3.6% | 7.2% | 5.4% | 5.1% | 4.9% |
| Employees aged between 31-50 years | 8.0% | 1.8% | 4.7% | 4.0% | 6.9% | 12% |
| Employees above 51 years | 13.9% | 1.0% | 19.0% | 24.6% | 31.6% | 87.9% |

04

**Social
Responsibility**



Since its establishment in 1973, the Housing Bank has sought to promote a culture of social responsibility in a way that contributes to a positive impact on the societies in which we operate in general, and the Jordanian society in particular.

For 45 years, the Housing Bank has remained an integral part of the Jordanian society, devoting its capabilities to serving the causes of our society and enhancing societal responsibility towards community members and institutions in a way that serves all groups. This has been achieved through supporting and sponsoring several activities, events, social initiatives and strategic partnerships with major institutions of all fields, in a way that embodies the Bank's strategy for social responsibility.

During the period 2014-2019, the Bank's community contribution in Jordan increased to more than 11 million JD.

In order to consolidate the Bank's role played in social responsibility in the environment in which we operate, the "Ataa Al Iskan" team - which was formed in 2018 - began its duty towards the community. The total volunteering hours provided by our employees during the year 2019 amounted to 3,232 volunteering hours. The most prominent volunteering activities in 2019, include:

Environment

The Ataa Housing team participated in the second phase of the Bank's golden sponsorship of the Green Caravan Program through planting 500 fruitful trees in the central Jordan Valley. The aim of the project is to increase green space and support families in need, alongside the program is organized by the Arab Group for the Protection of Nature.



The Bank's role is not limited to Ataa Housing team's participation in activities and events related to community service as it has provided support to several NGOs, including:

- Arab Group for the Protection of Nature
- Traffic Department "World Traffic Day and Arab Traffic Week"
- Alazraq Association for Development and Improvement of Eco-Tourism
- Abdoun Garden

Health

In order to promote our leading role in health education and awareness, the Ataa Housing team participated in drawing a mural in Al-Salt City that extends over 50 square meters with the aim of raising awareness of breast cancer, in cooperation with King Hussein Cancer Foundation.

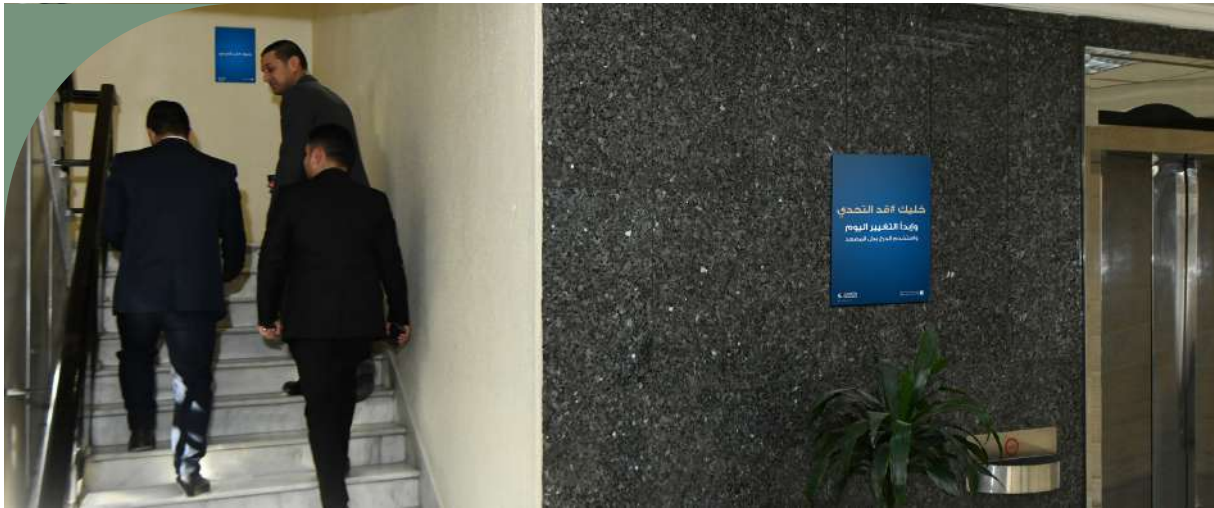


The Bank also provided our support to Queen Rania Al-Abdullah Hospital for Children at Al-Hussein Medical City. The Bank's donation is represented in providing the hospital with a new device for breaking up kidney stones. This device is considered one of its kind in the region, and it operates using ultrasound waves and air pressure.



The Bank also participated in the national campaign “Up to the Challenge” launched by King Hussein Cancer Foundation and Center. This campaign, which was launched on the occasion of World Cancer Day, is aimed at urging the wider society to adopt and spread awareness of one of the identified health behaviors and practice challenges such as quitting smoking, eating healthy meals, using stairs instead of the elevator and reducing sugar intake to combat and prevent cancer.

The Housing Bank participated in the challenge of using the stairs, and the Bank’s employees and customers decided to stop using elevators for a full month, in a move that expresses their dedication and responsibility in spreading awareness against cancer and combating it for a cancer-free future.



The most prominent entities in the health sector that the Bank has supported, include:

- The Air Ambulance Center
- The National Society of Blood Donation
- Queen Rania Al-Abdullah Hospital for Children (Donating a lithotripsy)
- Jordan Health Insurance Association
- Palestine International Institute
- Medical Aid for Palestinians (MAP)
- National Women’s Health Care Center
- King Hussein Cancer Center
- Himmetna Charity Organization

Community Service

The Ataa Al Iskan team participated in the national clean-up campaign "Your Country Is Your Home" in its eleventh round, which is one of the Urdon Al Nakhwa initiatives. The Bank supported the participation of 1,000 volunteers in the campaign, which was held in Jerash and Ajloun governorates, in addition to the participation of the Ataa Al Iskan team in the campaign, which includes volunteer staff from the Bank.



At the Bank, we have continued to provide support to NGOs that aim to develop the local community by renewing the support provided to Tkiyet Um Ali in 2019. The NGO distributes charity parcels to needy and poor families. 602 parcels were distributed to 239 families, and the Ataa Housing team participated in the meal-offering initiative at the Mawaed Al Rahman tent organized by Tkiyet Um Ali. Every year, 1,800 Iftar meals are distributed during the blessed month of Ramadan in Amman, Zarqa, and Balqa governorates.



We continued to provide our support to other institutions concerned with community development, namely:

- Al Gharimat Support Fund
- Martyrs' Families Support Fund
- Jordanian Hashemite Fund for Human Development (JOHUD)
- Jordan River Foundation (JRF)
- Children's Villages Jordan SOS
- LOYAC Organization
- Jordan Hashemite Charity Organization-Charity Clothing Bank
- National Women's Health Care Center
- King Hussein Cancer Center



Education

The education sector is one of the priorities of the Bank's social responsibility charter, as we have adopted a number of non-profit educational institutions with the aim of providing scholarships to students, whether at university or school level. For the second year in a row, the Housing Bank renewed its strategic partnership with the Elia Nuqul Foundation and provided support to Minhati University Education Scholarship Fund, according to which scholarships were granted to university students.



People with Special Needs

As people with disabilities are an integral part of the Jordanian society, the Bank has provided support to a number of institutions and associations that are concerned with taking care of this bracket, including:

- The Prince Ali Bin Al-Hussein Deaf Club
- National Society for Persons with Disabilities
- Deaf & Muteness Charity Society
- Jordanian Woman Development Charitable Society for Deaf
- Ahl Al Azm Al Keram Association for People with Disabilities
- Ibn Sina Cerebral Palsy Society
- Jordanian Iraqi Amity Assembly
- Young Muslim Women's Association

05

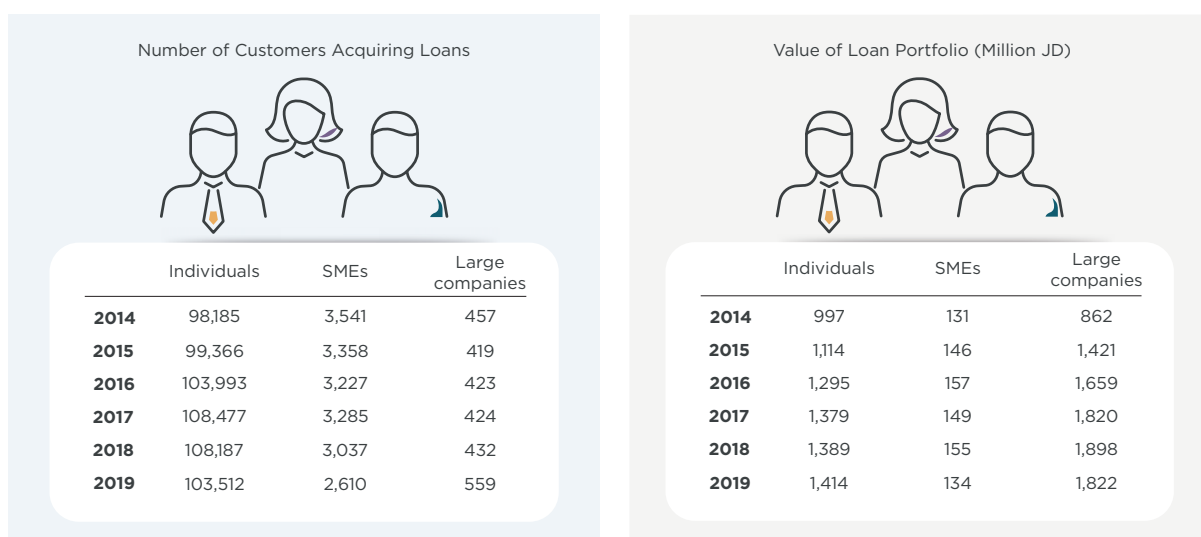
**Customer Service
for a Better
Financial Future**



We take pride in having the largest customer base in the Jordanian banking sector, where the number of our customers - both depositors and borrowers - from individuals and companies totaled approximately 653,000 customers in 2019. 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 and safer, while ensuring their privacy

5.1 Housing Bank Customers Acquiring Loans

During 2019, the Bank's retail loans portfolio witnessed 2% growth in terms of value, whereas the loan portfolio of SMEs and large companies recorded a decrease of 14% and 4%, respectively.



5.2 Enhancement of the Bank's Local Network

At Housing Bank we take pride in being the largest and most widespread Bank in the Kingdom in terms of the network of banking branches and ATMs distributed in strategic locations in various parts of the Kingdom. In 2019, we succeeded in maintaining our leading position in the index of the size of the banking branch network of 125 branches - including two mobile branches and a specialized branch for children - with a market share of 13.3%. We also maintained our leading position in the index of the size of the ATM network with 226 machines - including 5 mobile ATMs that provide banking services to our customers in underbanked areas in some regions of the Kingdom - with a market share of about 12.2%.

5.3 Various Accessible Services

We, at Housing Bank, are committed to providing diverse services, giving the best possible banking experience to all our 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 allow customers to access its services and products at any time and from any place, which are as follows:

Traditional Distribution Channels

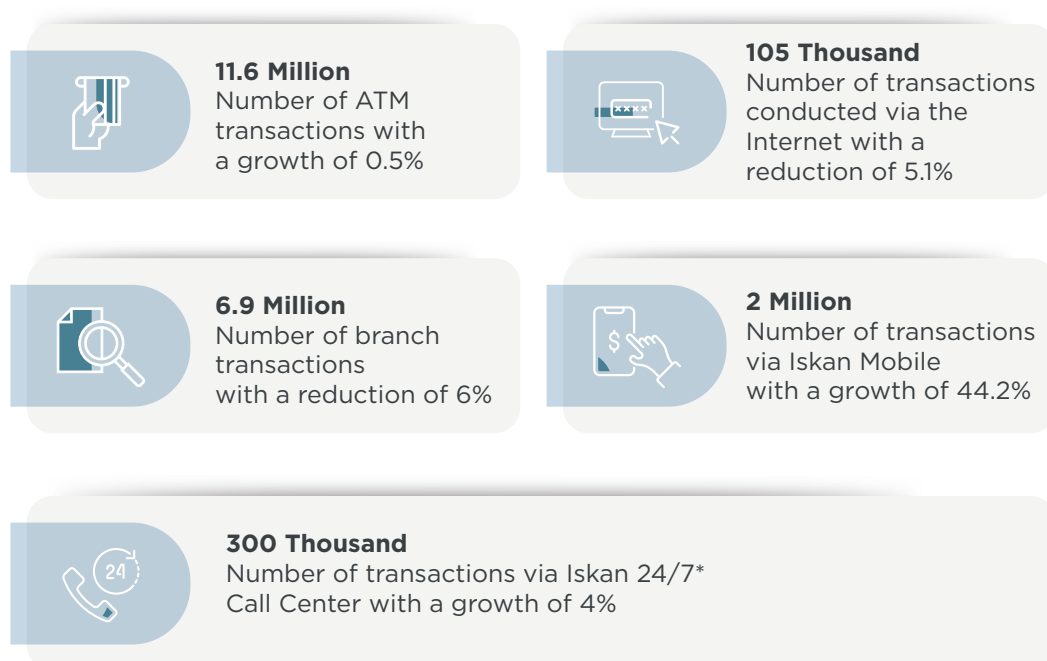
- Branches network: 125 branches, including two mobile branches
- ATM network: 226 machines, including 5 mobile ones

Electronic Distribution Channels

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

It is worth mentioning that the Bank provides evening banking services through its network of seven branches located in several shopping centers/ malls in different regions of the Kingdom. 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.

Housing Bank's Banking Transaction Channels Performance During 2019



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

Number of Transactions Through Different Distribution Channels

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------|------------|------------|------------|------------|------------|
| Number of online transactions (E-Commerce) | 95,477 | 107,762 | 124,590 | 149,890 | 99,518 | 104,601 |
| Number of transactions through Mobile Phone (Iskan Mobile) | 103,754 | 153,733 | 469,373 | 987,486 | 1,377,134 | 1,985,218 |
| Number of transactions through Iskan 24/7 Call Center | - | - | 41,189 | 218,577 | 288,686 | 300,452 |
| Number of transactions through ATMs | 10,037,222 | 10,782,065 | 10,950,800 | 11,273,955 | 11,578,748 | 11,634,802 |
| Number of transactions through branches | 6,843,910 | 7,564,750 | 7,475,261 | 7,671,210 | 7,322,580 | 6,919,462 |

5.4 Establishing Permanent and Balanced Relationships with Our customers

We take pride in being a Bank that follows a customer-oriented approach by putting the customer's needs first. We are fully aware that today's customer has become more sophisticated than ever before and is demanding the provision of more personalized, easier and safer products and services. This means that the Bank is turning into a one-stop shop that provides the customer with an integrated and comprehensive range of services that meets all of our customers' practical needs, whether individual or corporate. Therefore, we are always interested in enhancing and improving our customers' banking experience by introducing innovative new solutions that focus on improving their Banking experience and personalize the services we provide to them with high levels of security, flexibility and privacy.

As an indication of the seriousness of our commitment towards our customers in 2019, we made several important updates to the services we provide as well as to other systems that focus on customer service. Our goal was to enhance our relationships with current and potential customers by creating the ability to respond to them as soon as possible and allowing more participation and interaction overall. These updates will be translated into new features to be added to our services and products, contributing to a distinctive banking experience for all our customers.

5.5 Customer Satisfaction

We seek to improve the services provided to our customers, and we consider that such improvements will save our customers time and energy in obtaining their required banking services and products. We offer smart applications and services that enable customers to complete their transactions through various e-channels to allow easy and simple handling of operations.

To reduce the time required for different operations and to ensure excellence in after-sale services, we have employed highly efficient staff and we have built on the operations function of our branches to include building sustainable relationships with our customers.

We are keen to maintain open communication channels to receive notes, opinions and complaints from our customers to understand their needs and growing aspirations and to develop our services and products. Therefore, we have five channels to receive these notes, opinions and complaints, which are:

- Website
- Social Media Networks
- customer Care and Service Center
- Call Center (Iskan 24/7)
- Complaints Unit (Department of Compliance)

To show appreciation to our customers, we take fast action to handle inquiries and complaints from customers to provide a better service to them. In 2019, the customer's Complaints Unit received 1,057 complaints in different fields, including: contracts and conditions of dealings, work environment, interest rates, commissions and fees, professional dealing behavior, e-services, bank cards, remittances, and marketing of services and products. Reports thereon have been submitted to the senior management, Board of Directors and Central Bank of Jordan to which the measures taken to address them are included. The Bank will continue in examining any cases of non-compliance and making use of them to reduce the likelihood of their recurrence in the future.

In 2019, we continued to prepare studies assessing the level of service provided to customers, such as studying customer satisfaction and studying the mystery shopper through the use of consulting companies specialized in conducting opinion polls. Moreover, many tests were conducted to assess the employees' level of knowledge of the Bank's products and services, to communicate directly with the Bank's customers, identify the most prominent obstacles faced by customers, study their causes and submit daily and weekly reports periodically.

The 2019 customer satisfaction study showed several positive indicators at the level of provided services. The Bank's Customer satisfaction in general stands at 81.8%, satisfaction with communicating transactions through SMS is 88.1%, satisfaction with ATMs is 88.0%, satisfaction with branches is 86.3%, satisfaction with Iskan Mobile Application is 84.1% and satisfaction with Iskan online banking services is 83.1%.

The study also showed that the rate for ease of access when dealing with the Bank reached 84.1%, which is the same rate recorded in 2018, and the rate for recommending the Bank's services to relatives and friends reached 79.8%, exceeding the rate recorded in 2018 by 2.6 percentage point.

According to the mystery shopper study, the general performance of our branches reached 85.4% compared to 83.5% of the whole Jordanian banking sector.


Mystery Shopper

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Mystery shopper study for Jordan branches | 78.5% | 65.4% | 72.0% | 85.5% | 89.1% | 85.4% |
| Mystery shopper study for Iskan 24/7 Call Center | 88.2% | 68.0% | 77.5% | 92.7% | 96.1% | 89.6% |

5.6 Awards for Customer Loyalty

Housing Bank adheres to remunerating customers for their ongoing loyalty and trust in the Bank's innovative services and products. During 2019, the Bank offered several programs including different rewards and awards, namely:

- Savings account reward system, which was introduced in 1977.
- Time Deposit with Awards product, which allows the owners of new deposit accounts to obtain competitive interest rates and the opportunity to win a weekly cash reward.
- Expanded the rewards program (Program Loyalty) to include debit cards, which allows our customers who have debit cards (Visa and MasterCard) to benefit from points when executing transactions on their purchases through point of sale (POS), which they can exchange for various rewards (gifts, purchase vouchers, cash rewards).
- Launched the service of transferring credit card balances titled "You Win with Housing Bank Cards", which enables other Banks' customers to replace their credit cards with one of our credit cards with 0% interest on transferred balances.

- 
- Launched the service of purchase installments for credit cards through Iskan 24/7 Call Center titled “With 24/7 Installment Program, Pay for All Your Purchases In Installments With Your Credit Card”, which aimed at encouraging our customers who have credit cards to use their cards for all their purchases.
 - Launched the service of paying due amounts for credit cards through eFAWATEERcom system, which would offer different payment options to our customers.
 - Launched the service of exceeding the credit card limit up to 10% of the limit value available for the card; enabling our customers to cover their emergency expenses in the event of reaching the card limit.

5.7 Social Communication Channels with Customers

At Housing Bank, we are committed to communicating with our wide customer base with clarity and transparency, so we have enabled our customer to communicate with us around the clock through our accounts on the main social media sites, namely: Facebook, Twitter, Instagram, LinkedIn and YouTube.

Through our presence on these websites and platforms, we aim to communicate effectively and continuously with customer and the public through answering their inquiries and notes and keeping them abreast of all services and products.

06

**Innovation and
Digital Excellence**

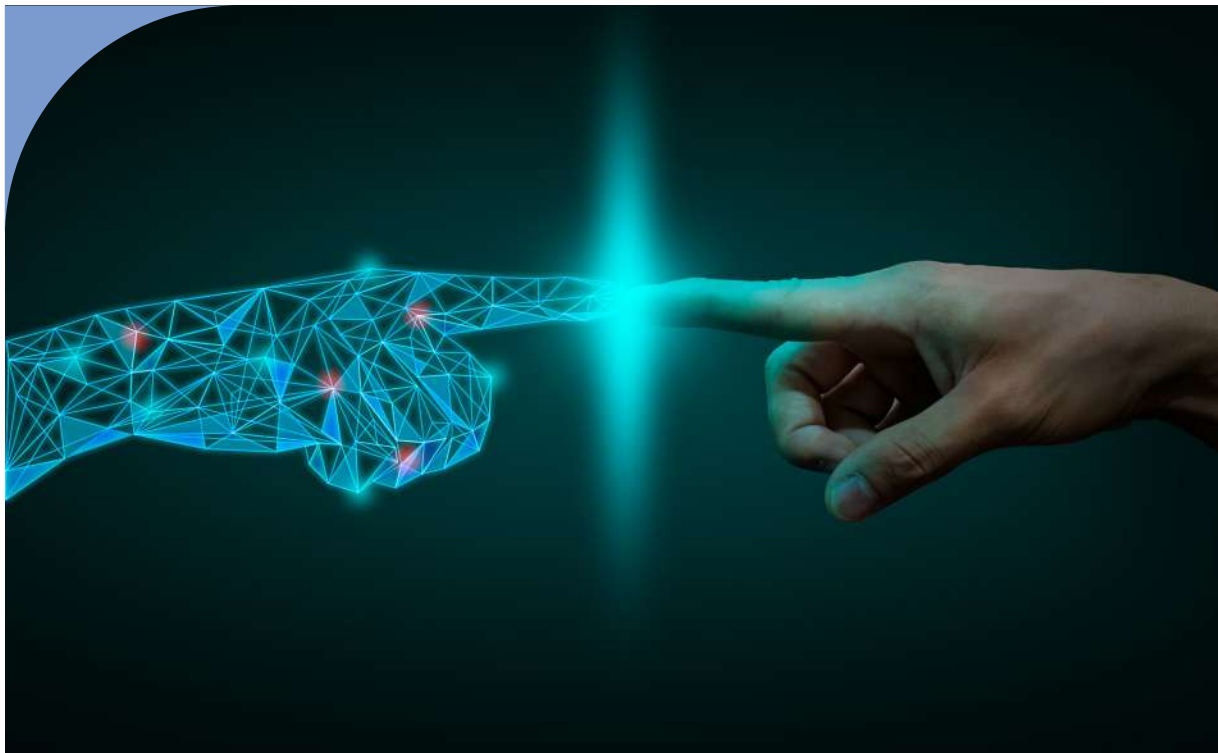


Digitization, technical programs and automated systems have been revolutionized in the field of business, and this revolution has relied on informatics and the use of information to improve production and increase interaction with machines in a direct automatic way. We, at Housing Bank, maintain a clear vision that is based on the adoption of digitization. We believe that development through digitization will lead us to continuously improve both our efficiency and our productivity. Therefore, we will continue using the best innovation techniques and improving our services provided to customers to improve their experience, meet their highest satisfaction levels and develop products that meet their expectations, if not exceeding them. These techniques can be used jointly or individually in building innovative transformation work models.



The most important digitization technologies that we have adopted and developed during 2019, and intended to be applied during 2020, include:

- **Smart Applications:** As part of our strategy aimed at providing new digital services that enhance the efficiency of our banking channels and services provided and facilitating our customers' business, we developed Iskan Mobile Application in its new suite that will allow iOS and Android mobile users to enjoy an easy, quick, safe and developed banking experience. The new application will keep up with the latest technological developments as it establishes a developed and flexible technological base that is able to accommodate, apply and keep up with all Banking updates and services that the Bank will provide in the future along with providing the highest levels of protection and privacy upon its launch, the application will allow our customers to benefit from a new and exclusive range of Banking services, namely opening secondary accounts online, cash transfer between accounts, inbound and outbound remittances, send and receipt of express remittances (Western Union service), in addition to other services.
- **Smart Robots (Smart Programming):** We work on developing a bank robot system (Iskan Robot) in line with the latest E-Systems in the banking sector. This step is in line with our continuous efforts to master the provision of best services to our customers. Iskan Robot carries out all daily routine banking operations efficiently, accurately and quickly to allow much more time to employees to serve customers and innovate banking solutions and services that meet their needs and their aspirations. It is called Robotic Process Automation The Banking robot system is the latest banking systems used in several global and regional Banks.



07

Appendices



Appendix (A): Report Scope and Boundaries (GRI 102- 46)

| | |
|-------------------------------|---|
| Report's 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 15. |
| Reporting Cycle | Performance data mentioned in the report covers the period from the 1 st of January to the 31 st of December 2019. |
| External Assurance | This report has not been audited or assured by a third party. |

Appendix (B): Stakeholders' Engagement Map
(GRI 102- 40) (GRI 102- 42) (GRI 102- 43) (GRI 102- 44)

| Stakeholders | Stakeholders' Priorities | Communications Channels | Housing Bank Response |
|---|---|---|--|
| Customers The Bank customers include about 653,000 retail Banking customers (Depositors and borrowers) in addition to more than 3,000 SMEs and more than 400 large companies that use corporate Banking services, treasury and investment. | <ul style="list-style-type: none"> • Excellent and accessible service. • Innovative services. • Keeping abreast of the latest services and new offers. • Transparency, clarify and easy access to service and product information that suits their needs. • Information security and data protection. • Use of safe and easy Banking e-services. • Competitive prices and fees. • Experience in financial planning. | <ul style="list-style-type: none"> • Branches. • customers Care Center. • Online and mobile Banking services. • Website. • Social media networks. • Annual customers satisfaction survey. | <ul style="list-style-type: none"> • Direct dialog with customers in in-person meetings in our branches or on social media and other digital contact points such as Facebook and Twitter. • Instant card printing machines across main branches. |
| Shareholders <ul style="list-style-type: none"> • The success and growth of Housing Bank depend on its ability to attract national and international investments. • The Bank's shareholders offer necessary capital for sustainable growth as well as provide advices at strategic level. • We are committed to realizing long-term sustainable revenues to investors in a developing group of different markets. | <ul style="list-style-type: none"> • Robust financial performance. • Increase of price and share profits. • Investment in growth, innovation, diversified products and new markets. • Analysis and management of dynamic risks. • Transparency and disclosure. • Positive trademark. | <ul style="list-style-type: none"> • The Board of Directors' Meetings. • Annual and quarter reports. • Administrative summaries. • General Authority meetings. | <ul style="list-style-type: none"> • Annual and quarter reports. • Net income growth. |

| Stakeholders | Stakeholders' Priorities | Communication Channels | Housing Bank Response |
|---|--|--|--|
| Employees Our labor force includes approximately 2,400 employees in Jordan. | <ul style="list-style-type: none"> • Several channels shared with the Bank. • Job security and satisfaction. • Competitive salaries and privileges for employees. • Development, growth and skills development opportunities. • Consistent and attractive work environment. • Health and Safety. | <ul style="list-style-type: none"> • Annual survey on employee involvement. • Open meetings. • Holistic training and development that offer various and full improvement opportunities. • Insurance coverage of all employees. • Communication channels with the management. • Equity and equal opportunities. • Remuneration. • HR Policy. • Appreciation and moral and material awards. • Workshops. • Internal publications and circulars. | <ul style="list-style-type: none"> • Personal development programs. • Career progression and job options. • Awareness sessions on the Bank's policies and procedures. • Health campaigns because we take care of our employees by following a healthy lifestyle inside and outside the Bank. • Succession Plan. |

| Stakeholders | Stakeholders' Priorities | Communication Channels | Housing Bank Response |
|--|---|--|--|
| Regulatory and Control Authorities (Central Bank of Jordan, Jordan Securities Commission, Companies Control Department, etc...). | <ul style="list-style-type: none"> • Compliance to all legal and regulatory requirements. • Consumer Protection. • Alignment with the national vision. | <ul style="list-style-type: none"> • Laws and regulations. • Monthly reports submitted to control authorities. • Regulatory reviews. • Code of Ethics. | <ul style="list-style-type: none"> • Reports of Audit and Compliance Department on legal requirements. • Monthly reports submitted to control authorities. |
| Society We seek to empower economic, social and community development across the network. | <ul style="list-style-type: none"> • Job creation. • Enrichment of local human resources and SME Branch. • Financial education. • Financial performance. • Environment care. | <ul style="list-style-type: none"> • Activities of social responsibility and voluntary campaigns. • Products designed for students and children. • Social Media. • Annual Reports. • Capacity development programs. | <ul style="list-style-type: none"> • Mobile branches. • Mobile money wallet, electronic cash card. • Short- and long-term trainings, on-job training and professional awareness programs. |
| Suppliers and Business Partners We involve more than 250 suppliers and contractors to support our operations. | <ul style="list-style-type: none"> • Invitation to bidding in a transparent and fair manner. • New job opportunities. • Open communication channels. | <ul style="list-style-type: none"> • Tenders and bids. • Contracts and agreements. | <ul style="list-style-type: none"> • Maintenance of fair and competitive selection. • Retention of cooperative relations of shared interests. |

Appendix C: GRI Content Index



This report was prepared in accordance with the Global Reporting Initiative (GRI): core option. The table below serves as the GRI content index. For the core disclosure service, GRI has confirmed the validity of the content index and the disclosures of core indicators 102-40 to 102-49. This service was performed on the Arabic version of the report.

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|-----------------------------------|---|--|
| GRI 101: Foundation 2016 | | |
| General Disclosures | | |
| GRI 102: General Disclosures 2016 | Organizational profile | |
| | 102-1 Name of the organization. | The Housing Bank for Trade & Finance. |
| | 102-2 Activities, brands, products, and services. | 10 |
| | 102-3 Location of headquarters. | Amman, Jordan. |
| | 102-4 Location of operations. | The Hashemite Kingdom of Jordan, Palestine, Bahrain, Algeria, Syria, UK, Iraq, UAE and Libya. |
| | 102-5 Ownership and legal form. | 10 |
| | 102-6 Markets served. | The Bank has 125 branches across the Hashemite Kingdom of Jordan, 15 branches in Palestine, 1 branch in Bahrain, three subsidiary banks in Algeria, Syria and UK, 2 subsidiary companies in Jordan, and representative offices in Iraq, UAE and Libya. |
| | 102-7 Scale of the organization. | 10-13 |
| | 102-8 Information on employees and other workers. | 48 |
| | 102-9 Supply chain. | 45 |

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|-------------------------------|--|---|
| | 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. | 22-31 |
| | 102-12 External initiatives. | 17,44,80 |
| | 102-13 Membership of associations. | Jordan Green Building Council, Injaz Association, Edama Association, Arab Thought Forum, Jordan Strategy Forum, Trade Union of Workers in Banks. |
| Strategy | | |
| | 102-14 Statement from senior decision-makers. | 8-9 |
| Ethics and integrity | | |
| | 102-16 Values, principles, standards, and norms of behavior. | https://www.hbtf.com/ar/VisionandMission |
| Governance | | |
| | 102-18 Governance structure. | 23-24 |
| Stakeholder engagement | | |
| | 102-40 List of stakeholder groups. | 16,79,80,81 |
| | 102-41 Collective bargaining agreements. | The Bank complies with the laws and regulations applied in Jordan, in relation to collective bargaining agreements. The Bank currently has no information in this regard, but it will be covered in subsequent reports. |
| | 102-42 Identifying and selecting stakeholders. | 79,80,81 |
| | 102-43 Approach to stakeholder engagement. | 79,80,81 |
| | 102-44 Key topics and concerns raised. | 79,80,81 |
| Reporting practice | | |
| | 102-45 Entities included in the consolidated financial statements. | The financial statements include the activities of the Housing Bank only, and do not include any other entity. |
| | 102-46 Defining report content and topic boundaries. | 78 |

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|---|--|---|
| | 102-47 List of material topics. | 15 |
| | 102-48 Restatements of information. | There was no restatement of information during this period. |
| | 102-49 Changes in reporting. | There were no changes during the reporting period. |
| | 102-50 Reporting period. | 78 |
| | 102-51 Date of most recent report. | Sustainability Report 2018 |
| | 102-52 Reporting cycle. | Yearly |
| | 102-53 Contact point for questions regarding the report. | Sustainability@hbtbf.com.jo |
| | 102-54 Claims of reporting in accordance with the GRI Standards. | 82 |
| | 102-55 GRI content index. | 82-88 |
| | 102-56 External assurance. | None |
| Material Topics | | |
| GRI 200 Economic Standard Series | | |
| Economic Performance | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 10 |
| | 103-2 The management approach and its components. | 10 |
| | 103-3 Evaluation of the management approach. | 10 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed. | 10 |
| | 201-4 Financial assistance received from government. | The government has not provided any financial assistance to the foundation. |
| Indirect Economic Impacts | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 58-63 |
| | 103-2 The management approach and its components. | 58-63 |
| | 103-3 Evaluation of the management approach. | 58-63 |

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|--|--|---|
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts. | 58-63 |
| Procurement Practices | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 45 |
| | 103-2 The management approach and its components. | 45 |
| | 103-3 Evaluation of the management approach. | 45 |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers. | 45 |
| Anti-corruption | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 25-30 |
| | 103-2 The management approach and its components. | 25-30 |
| | 103-3 Evaluation of the management approach. | 25-30 |
| GRI 205: Anti-corruption 2016 | 205-3 Confirmed incidents of corruption and actions taken. | There was no confirmed cases of corruption and no legal claims relating to corruption against the Housing Bank or any of its employees during the reporting period. |
| GRI 300 Environmental Standards Series | | |
| Materials | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 34-43 |
| | 103-2 The management approach and its components. | 34-43 |
| | 103-3 Evaluation of the management approach. | 34-43 |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume. | 34-43 |
| | 301-2 Recycled input materials used. | 34-43 |

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|---|---|--------------------------------------|
| Energy | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 40-41 |
| | 103-2 The management approach and its components. | 40-41 |
| | 103-3 Evaluation of the management approach. | 40-41 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization. | 40-41 |
| | 302-2 Energy consumption outside of the organization. | 40-41 |
| | 302-3 Energy intensity. | 40-41 |
| Water | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 42 |
| | 103-2 The management approach and its components. | 42 |
| | 103-3 Evaluation of the management approach. | 42 |
| GRI 303 water 2016 | 303-1 Water withdrawal by source. | 42 |
| Emissions | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 41-42 |
| | 103-2 The management approach and its components. | 41-42 |
| | 103-3 Evaluation of the management approach | 41-42 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions. | 41-42 |
| | 305-2 Energy indirect (Scope 2) GHG emissions. | 41-42 |
| | 305-4 GHG emissions intensity. | 41-42 |

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|---|---|--------------------------------------|
| GRI 400 Social Standards Series | | |
| Employment | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 54-55 |
| | 103-2 The management approach and its components. | 54-55 |
| | 103-3 Evaluation of the management approach. | 54-55 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover. | 54-55 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees. | 54-55 |
| Training and Education | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 48-50 |
| | 103-2 The management approach and its components. | 48-50 |
| | 103-3 Evaluation of the management approach. | 48-50 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee. | 48-50 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs. | 48-50 |
| Diversity and Equal Opportunity | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 51-52 |
| | 103-2 The management approach and its components. | 51-52 |
| | 103-3 Evaluation of the management approach. | 51-52 |

| GRI Standard | Disclosure | Page Number(s) And/or Direct Answers |
|--|---|---|
| GRI 405: Diversity and Equal Opportunity | 405-1 Diversity of governance bodies and employees. | 51-52 |
| Non-Discrimination | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 25,51 |
| | 103-2 The management approach and its components. | 25,51 |
| | 103-3 Evaluation of the management approach. | 25,51 |
| 408: Non-Discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken. | There were no incidents of discrimination during 2019. |
| Local Communities | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 58-63 |
| | 103-2 The management approach and its components. | 58-63 |
| | 103-3 Evaluation of the management approach. | 58-63 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs. | 58-63 |
| Customer Privacy | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary. | 25 |
| | 103-2 The management approach and its components. | 25 |
| | 103-3 Evaluation of the management approach. | 25 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data. | There are no complaints related to breaches of customer privacy or losses of customer data. |

