CAPITAL BANK OF JORDAN

(incorporated as a public shareholding company in the Hashemite Kingdom of Jordan)

U.S.$100,000,000 Perpetual Additional Tier 1 Capital Securities

The U.S.$100,000,000 Perpetual Additional Tier 1 Capital Securities (the "**Capital Securities**") shall be issued by Capital Bank of Jordan (the "**Issuer**" or the "**Bank**") on 24 February 2022 (the "**Issue Date**"). Interest Payment Amounts (as defined in the Conditions) shall be payable subject to and in accordance with terms and conditions set out in the "*Terms and Conditions of the Capital Securities*" (the "**Conditions**") on the Prevailing Principal Amount (as defined in the Conditions) of the Capital Securities from (and including) the Issue Date to (but excluding) 24 February 2027 (the "**First Call Date**") at a rate of 7.00 per cent. per annum. If the Capital Securities are not redeemed in accordance with the Conditions on or prior to the First Call Date, Interest Payment Amounts shall continue to be payable from (and including) the First Call Date subject to and in accordance with the Conditions at a fixed rate, to be reset on the First Call Date and every five years thereafter, equal to the Relevant Five-Year Reset Rate (as defined in the Conditions) plus a margin of 5.50 per cent. per annum. Interest Payment Amounts will (subject to the non-occurrence of a Non-Payment Event (as defined in, and as more particularly provided in, Condition 6.1 (*Interest Cancellation – Non-Payment Event*))) be payable semi-annually in arrear on 24 February and 24 August in each year, commencing on 24 August 2022 (each, an "**Interest Payment Date**"). Payments on the Capital Securities will be made free and clear of, without withholding or deduction for, or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or within the Tax Jurisdiction (as defined in the Conditions) (the "**Taxes**") to the extent described under Condition 12 (*Taxation*). All payments by the Issuer in respect of the Capital Securities shall be conditional upon satisfaction of the Solvency Conditions (as defined in the Conditions) and no bankruptcy order in respect of the Issuer having been issued by a court in the Hashemite Kingdom of Jordan, as more particularly described in Condition 4 (*Status and Subordination*) (see, in particular, "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – The Capital Securities are subordinated, conditional and unsecured obligations of the Issuer*").

If a Non-Viability Event (as defined in the Conditions) occurs, a Write-down (as defined in the Conditions) shall occur on the relevant Non-Viability Event Write-down Date (as defined in the Conditions), as more particularly described in Condition 10 (*Write-down at the Point of Non-Viability*). In such circumstances, the Capital Securities shall automatically be deemed to be irrevocably and unconditionally written-down by the relevant Write-down Amount (as defined in the Conditions) and, in the case of the Write-down Amount corresponding to the full Prevailing Principal Amount of the Capital Securities then outstanding, the Capital Securities shall be cancelled (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – The right to receive repayment of the principal amount of the Capital Securities and the right for any further interest will be permanently written-down upon the occurrence of a Non-Viability Event*").

The Issuer may elect, in its sole discretion, and in certain circumstances shall be required, not to pay interest falling due on the Capital Securities. Any Interest Payment Amounts not paid as aforesaid will not accumulate and the holder of a Capital Security shall not have any claim in respect thereof.

The Capital Securities are undated and have no final maturity date. Unless the Capital Securities have previously been redeemed or purchased and cancelled as provided in the Conditions, the Capital Securities may, at the option of the Issuer, subject to the prior approval of the Regulator (as defined in the Conditions), be redeemed (in whole but not in part) at the Early Redemption Amount (as defined in the Conditions) on the First Call Date or on any Interest Payment Date following the First Call Date. In addition, the Capital Securities may, upon the occurrence of a Tax Event or Capital Event (each as defined in the Conditions), be redeemed (in whole but not in part) at the Tax Redemption Amount or the Capital Event Redemption Amount (each as defined in the Conditions), respectively, subject to the prior approval of the Regulator and subject to the Conditions.

The payment obligations of the Issuer under the Capital Securities: (i) constitute direct, unsecured, conditional (as described in Condition 4.2(b) (*Status and Subordination – Subordination of the Capital Securities*) and Condition 4.3 (*Status and Subordination – Solvency Conditions*)) and subordinated obligations of the Issuer that rank *pari passu* and without preference or priority amongst themselves; (ii) rank subordinate and junior to all Senior Obligations (as defined in the Conditions) (but not further or otherwise); (iii) rank *pari passu* with all *Pari Passu* Obligations (as defined in the Conditions); and (iv) rank in priority only to all Junior Obligations (as defined in the Conditions). **Notwithstanding any other provisions in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by the Regulator or a court or other competent authority in the Hashemite Kingdom of Jordan, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities**.

Upon the occurrence of an Enforcement Event (as defined in the Conditions), any holder of the Capital Securities may give written notice to the Issuer at the specified office of the Fiscal Agent (as defined in the Conditions), effective upon the date of receipt thereof by the Fiscal Agent, that such Capital Security is due and payable, whereupon the same shall, subject to Condition 10 (*Write-down at the point of Non-Viability*) and Condition 11.4 (*Enforcement Events – Restrictions*) become forthwith due and payable at its Early Redemption Amount (as defined in the Conditions), without presentation, demand, protest or other notice of any kind.

An investment in the Capital Securities involves certain risks. For a discussion of these risks, see "*Risk Factors*".

The Capital Securities may only be offered, sold or transferred in registered form in minimum principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Delivery of the Capital Securities in book-entry form will be made on the Issue Date. The Capital Securities will be represented by interests in a global certificate in registered form (the "**Global Certificate**") deposited on or about the Issue Date with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Individual Certificates (as defined in the Conditions) evidencing holdings of interests in the Capital Securities will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

This Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under Rule 2.6 of the DFSA's Markets Rules (the "**Markets Rules**") and is therefore an approved prospectus for the purposes of Article 14 of the DIFC Law No. 1 of 2012 (as amended, the "**Markets Law**"). Application has also been made to the DFSA for the Capital Securities to be admitted to the official list of securities maintained by the DFSA (the "**DFSA Official List**") and to Nasdaq Dubai for such Capital Securities to be admitted to trading on Nasdaq Dubai. This Prospectus relates to an Exempt Offer in accordance with the Markets Rules of the DFSA. This Prospectus is intended for distribution only to persons of a type specified in the Markets Rules. It must not be delivered to, or relied on by, any other person. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information. The liability for the content of this Prospectus lies with the Issuer. The DFSA has also not assessed the suitability of the Capital Securities to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Capital Securities to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

References in this Prospectus to Capital Securities being "**listed**" (and all related references) shall mean that such Capital Securities have been admitted to listing on the DFSA Official List and admitted to trading on Nasdaq Dubai.

The Capital Securities have not been, nor will be, registered with the Jordan Securities Commission (the "**JSC**"), and have not been, nor will be, listed on the Amman Stock Exchange (the "**ASE**").

Amounts payable under the Capital Securities, following the First Call Date, will be calculated by reference to rates for U.S. Treasury securities which are published by the U.S. Federal Reserve System. As of the date of this Prospectus, the U.S. Department of Treasury does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). As far as the Issuer is aware, the U.S. Department of Treasury does not fall within the scope of the Benchmarks Regulation by virtue of article 2 of the Benchmarks Regulation.

The Capital Securities have not been, nor will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Capital Securities may be offered or sold solely to persons who are not U.S. persons outside the United States in reliance on Regulation S. Each purchaser of the Capital Securities is hereby notified that the offer and sale of Capital Securities to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Sole Structuring Agent

Capital Investments (DIFC) Ltd.

The Manager

Capital Investments and Brokerage Company / Jordan Ltd.

The date of this Prospectus is 16 February 2022.

IMPORTANT NOTICE

This Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Markets Rules.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information contained in "*Risk Factors*", "*Description of the Bank and the Group*", and "*Description and Overview of the Hashemite Kingdom of Jordan*" (as indicated therein) has been extracted from independent, third party sources. The Issuer confirms that all third party information contained in this Prospectus has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information contained in this Prospectus is stated where such information appears in this Prospectus.

The accuracy or completeness of the information contained or incorporated by reference in this Prospectus has not been independently verified by the Sole Structuring Agent or the Manager or any of their respective directors, officers, affiliates, advisers or agents. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Structuring Agent or the Manager or any of their respective directors, officers, affiliates, advisers or agents: (i) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Capital Securities or their distribution; or (ii) for any acts or omissions of the Issuer or any other person in connection with this Prospectus or the issue and offering of the Capital Securities. To the fullest extent permitted by law, the Sole Structuring Agent or the Manager do not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Capital Securities or their distribution.

No person is or has been authorised by the Issuer or the Sole Structuring Agent or the Manager to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the issuance of the Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Sole Structuring Agent or the Manager.

Neither this Prospectus nor any other information supplied in connection with the issuance of the Capital Securities: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer or the Sole Structuring Agent or the Manager that any recipient of this Prospectus or any other information supplied in connection with the issuance of the Capital Securities should purchase any Capital Securities. Each investor contemplating purchasing any Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issuance of the Capital Securities constitutes an offer or invitation by or on behalf of the Issuer or the Sole Structuring Agent or the Manager to any person to subscribe for or to purchase any Capital Securities.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issuance of the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Sole Structuring Agent and the Manager expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the issuance or to advise any investor in the Capital Securities of any information coming to their attention.

Investors should review, *inter alia*, the information contained or incorporated by reference in this Prospectus when deciding whether or not to purchase any Capital Securities.

The Capital Securities have not been, nor will be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Capital Securities may be offered or sold solely to persons who are not U.S. persons outside the United States in reliance on Regulation S.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Capital Securities may be restricted by law in certain jurisdictions. The Issuer, the Sole Structuring Agent and the Manager do not represent that this Prospectus may be lawfully distributed, or that any Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Sole Structuring Agent or the Manager which is intended to permit a public offering of any Capital Securities or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Capital Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of any Capital Securities. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of any Capital Securities in the United States, the European Economic Area ("**EEA**"), the United Kingdom, the United Arab Emirates (the "**UAE**") (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Sultanate of Oman, the Kingdom of Saudi Arabia, the Hashemite Kingdom of Jordan ("**Jordan**"), and the Republic of Iraq (see "*Subscription and Sale*").

The Capital Securities may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances, and is advised to consult its own tax advisers, legal advisers and business advisers as to tax, legal, business and related matters (as applicable) concerning the purchase of any Capital Securities.

In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;

- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for payments of principal or interest is different from the potential investor's currency;

- understands thoroughly the terms of the Capital Securities and is familiar with the behaviour of any relevant indices and financial markets; and

- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Capital Securities are complex financial instruments and high risk, and may not be a suitable or appropriate investment for all investors (see "*UK MiFIR Product Governance/Professional Investors and Eligible Counterparties only Target Market*", "*Prohibition of Sales to EEA Retail Investors*" and "*Prohibition of Sales to UK Retail Investors*" below). In some jurisdictions, regulatory authorities have adopted or published laws, regulations and/or guidance with respect to the offer or sale of securities similar to the Capital Securities. There are risks inherent in the holding of the Capital Securities, including risks relating to their subordination and the circumstances in which holders of the Capital Securities may suffer a loss as a result of the holding of the Capital Securities. For a discussion on certain considerations to be taken into account in respect of the holding of Capital Securities, see "*Risk Factors*".

Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments; they purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Capital Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, the resulting effects on the value of the Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Capital Securities are legal investments for it; (2) the Capital Securities can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties, as defined in the UK Financial Conduct Authority ("**FCA**") Handbook Conduct of Business Sourcebook, and professional clients, as defined in the Article 2(1)(13A) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European (Withdrawal) Act 2018 ("**EUWA**") (the "**UK MiFIR**"); and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the

Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Capital Securities should conduct their own due diligence on the accuracy of the information relating to the Capital Securities. If a prospective purchaser does not understand the contents of this Prospectus they should consult an authorised financial adviser.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus including, without limitation, any statements regarding the financial position of the Issuer, or the business strategy, management plans and objectives for future operations of the Issuer, may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although the Issuer believes that the expectations reflected in their forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from any expressed or implied by forward-looking statements. Forward-looking statements may be based on numerous assumptions regarding the Issuer's present, and future, business strategies and the environment in which the Issuer expects to operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from any in the forward-looking statements are discussed in this Prospectus (see "*Risk Factors*").

Forward-looking statements speak only as at the date of this Prospectus and, subject as required by applicable law or regulation, the Issuer expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this Prospectus to reflect any change in the expectations of the Issuer or any change in events, conditions or circumstances on which any forward-looking statements are based. Given the uncertainties of forward-looking statements, the Issuer cannot assure potential investors that any projected results or events will be achieved and the Issuer cautions potential investors not to place undue reliance on these statements.

Without prejudice to any requirements under applicable laws and regulations (including, without limitation, the DFSA's and Nasdaq Dubai's rules and regulations regarding ongoing disclosure obligations), the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Historical financial statements

The Group's financial statements included in this Prospectus are:

- the unaudited condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2021 (including a review report on such interim condensed consolidated financial statements and the comparative information for the nine-month period ended 30 September 2020) (the "**Interim Financial Statements**");
- the audited consolidated financial statements of the Group for the year ended 31 December 2020 (including an audit report on such consolidated financial statements and the comparative information for the financial year ended 31 December 2019) (the "**2020 Financial Statements**"); and
- the audited consolidated financial statements of the Group for the year ended 31 December 2019 (including an audit report on such consolidated financial statements and the comparative information for the financial year ended 31 December 2018) (the "2019 Financial Statements" and, together with the 2020 Financial Statements, the "**Annual Financial Statements**").

Unless otherwise indicated, the financial information included in this Prospectus relating to the Group have been derived:

- in the case of the financial information as at, and for the nine-month period ended 30 September 2021 and 30 September 2020, from the Interim Financial Statements;
- in the case of the financial information as at, and for the years ended, 31 December 2020 and 2019, from the 2020 Financial Statements; and
- in the case of the financial information as at, and for the year ended 31 December 2018, from the 2019 Financial Statements.

The Interim Financial Statements and the Annual Financial Statements are collectively referred to as the "**Financial Statements**".

The Annual Financial Statements have been prepared in compliance with International Financial Reporting Standards ("**IFRS**") as amended by the Central Bank of Jordan (the "**CBJ**"). The Interim Financial Statements have been prepared in compliance with IAS 34 "*Interim Financial Reporting*" ("**IAS 34**") as amended by the CBJ.

Comparability of information

Details of changes in accounting policies and disclosures which may have an effect on the comparability of the financial information contained in the Financial Statements are set out under note (3)(a) to each of the Annual Financial Statements ("*Changes in accounting policies and disclosures – New and amended standards adopted by the Group*") and note 3-1 to the Interim Financial Statements ("*Changes in accounting policies*").

Auditor and unaudited information

The Annual Financial Statements have been audited by PricewaterhouseCoopers (Jordan) (the "**Auditor**") as stated in the audit reports for the 2019 Financial Statements and the 2020 Financial Statements.

With respect to the Interim Financial Statements, the Auditor reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated 31 October 2021 appearing therein states that they did not audit and they do not express an opinion on such unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Presentation of other information

Currencies

Unless otherwise indicated, in this Prospectus, all references to:

- **€** and **EUR** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- **IQD** and **Iraqi Dinar** are to the lawful currency of Iraq;
- **JD**, **JOD** and **Jordanian Dinar** are to the lawful currency of Jordan; and
- **U.S. dollars** and **U.S.$** are to the lawful currency of the United States.

Items included in the Group's Financial Statements are measured using the currency of the primary economic environment in which the Group operates (the "**functional currency**"). The Group's cash flows, financing and transactions occur in more than one currency. Since a significant portion of revenue and capital expenditure is denominated in Jordanian Dinar, the Group's management believes that Jordanian Dinar is the currency with the most influence over the Group's operations, and hence is considered to be the functional currency of the Group.

The Group prepares and publishes its Financial Statements in Jordanian Dinar (the "**presentation currency**"). To the extent certain operations of the Group may be conducted in other currencies (including U.S. dollar), the Group's management considers there to be no translation impact between adoption of the presentation currency as the Jordanian Dinar is pegged to U.S. dollar. Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in Jordanian Dinar.

Since October 1995, the Jordanian Dinar has been pegged to the U.S. dollar. Any translations of amounts from Jordanian Dinar to U.S. dollars is at an exchange rate of JD 0.709 to U.S.$1.00 and are solely for the convenience of the reader.

Dates

Unless expressly stated, all dates in this Prospectus are expressed using the Gregorian calendar.

Third party and market share data

This Prospectus contains certain information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. Where third party information has been used in this Prospectus, the source of such information has been identified. Certain statistical information (including budgetary and economic information) reported herein has been derived from official publications of, and information supplied by, various governmental agencies in Jordan, including the Department of Statistics and the Ministry of Finance, as well as the CBJ. Other statistical information has also been derived from publicly available information published by the World Bank and the International Monetary Fund (the "**IMF**"). In some cases, independently determined industry data is not available. In these cases, any Issuer or Group data (including market share) included in this Prospectus is referred to as having been estimated. All such estimates have been made by the Issuer using its own information and other market information which is publicly available, and are based on what the Issuer believes to be reasonable assumptions. The Issuer believes that any such estimates are helpful as they give prospective investors a better understanding of its business, the industry in which it operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Issuer's knowledge of the market within which it operates, the Issuer cannot guarantee that a third party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Issuer's own information.

No incorporation of website information

The information on any website mentioned in this Prospectus or any website directly or indirectly linked to it has not been verified and is not incorporated by reference into this Prospectus, and investors should not rely on it.

Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables or sections may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Capital Securities are also described below.

If any of the risks described below actually materialise, the Issuer's business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to occur, the trading price of the Capital Securities could decline, and investors could lose all or part of their investment.

The Issuer believes that the factors described below represent all the material risks inherent in investing in the Capital Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Capital Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Capital Securities" shall have the same meanings in this section.

The factors included below have been classified into the following categories: (i) risks relating to the Issuer's business which may affect its ability to fulfil its obligations under or in connection with the Capital Securities; (ii) risks relating to Jordan; (iii) risks relating to enforcement of the Issuer's obligations under the Capital Securities; (iv) risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities; and (v) risks related to the market generally.

Risks Relating to Jordan and the Macro-Economic Environment

Risks relating to the novel coronavirus COVID-19 ("COVID-19")

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets. The ongoing COVID-19 outbreak, which first emerged in late-2019, has had and continues to have an indeterminable adverse impact on the world economy.

Many of the countries affected by COVID-19, including Jordan, have been adversely impacted and have experienced significant infection and mortality levels as a result of COVID-19. In response, most affected countries have introduced restrictions on travel and on the freedom of movement of people. Restrictions have been placed on public gatherings, and prolonged closures of workplaces have been required.

These measures, while aimed to slow the spread of the virus, have significantly reduced economic activity in many countries around the world. To address these factors many governments have introduced significant support programmes for qualifying citizens and businesses. In Jordan, the government of Jordan (the "**Government**") has introduced a number of financial measures aimed at mitigating the potential economic impact of the pandemic, including orders under Defense Law No. 13 of 1992.

It remains unclear how long the restrictions will remain in place and what their ultimate impact will be on global and local economies. The economic impact of COVID-19 has already included, and may continue to result in, significant volatility in financial markets and reduced global liquidity and investment, and it may lead to lower economic growth both globally and in Jordan specifically. There is also no assurance as to when the various economic sectors will return to pre-crisis levels of activity. According to information publicly available on the World Bank's website, Jordan experienced only a 0.3 per cent. growth in real GDP during the first quarter of 2021, which is projected to increase to 1.9 per cent. by the end of the year.

Furthermore, numerous central banks, including the CBJ, have cut interest rates. Given the peg of the Jordanian dinar to the U.S. dollar, in response to COVID-19, the CBJ has followed the U.S. Federal Reserve's lead and cut its key rates from 3.50 per cent. to 2.50 per cent. As of August 2021, the CBJ interest rate has remained at the same level. These rates and any future changes therein or changes in fiscal stimulus packages or CBJ measures more generally could reduce liquidity and adversely impact the Bank's financing costs, if the Bank is unable to pass these increased costs on to its customers.

On 15 March 2020, the CBJ issued a circular to banks operating in Jordan requiring such banks to postpone the repayment of loan instalments and interest due on such instalments. On 22 November 2020, this loan moratorium period was extended until 30 June 2021. Further to the CBJ's circular of 15 March 2021, this loan moratorium period was further extended until 31 December 2021. In addition, the CBJ's circular reduced the interest rates of the CBJ's refinancing programme (targeting SMEs) to 1.00 per cent. (from 1.75 per cent.) for Amman-based projects and to 0.50 per cent. (from 1.00 per cent.) for those in the other governorates. A substantial amount of the Bank's business involves providing credit and other financial services to individuals, corporates (in particular SMEs), industries or governments that may be detrimentally impacted by COVID-19. Concerns also remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries or affect the Bank's employees and business operations in affected countries.

All of these factors have the potential to impact the Bank's assessment of its expected credit losses and may therefore result in significantly increased impairment losses in future periods, and there can be no assurance that such impairment losses will not significantly increase for future periods, which in turn could have an adverse effect on the Bank's business, financial condition, results of operations or prospects.

The Bank's business, earnings and results of operations are materially affected by conditions in the global financial markets and by global economic conditions

Banks globally were significantly impacted by the last financial crisis, which started in late 2007 and reached unprecedented levels in the second half of 2008 and early 2009 and resulted in a material reduction in the availability of financing, both for financial institutions and their customers, compelling many financial institutions to rely on central banks and governments to provide liquidity and, in some cases, additional capital. If such level of market disruption and volatility experienced during the last financial crisis were to recur, the Bank may experience reductions in business activity, increased funding costs and funding pressures, lower share prices, decreased asset values, additional credit losses, write-downs and impairment charges and lower profitability.

Risks relating to terrorism issues

In common with other countries in the region, Jordan has experienced occasional terrorist attacks in recent years, including on 6 November 2019, when an individual carried out a knife attack in Jerash in which eight people were injured. On 10 August 2018, an explosive device destroyed a gendarmerie vehicle in Fuheis, killing two officers and injuring several others. On 18 December 2016, an attack in Kerak resulted in the death of ten people and at least 29 people suffering injuries. In June 2016, five employees of the National Intelligence Agency, including three intelligence officers, were killed in a terrorist attack in a Palestinian refugee camp near Amman. Also in June 2016, Jordan sealed entry points for Syrian refugees following a suicide bomb attack on the border, which killed four Jordanian soldiers, a police officer and a civil defence officer. In response to these attacks, the Government has designated sections of the northern and north-eastern border with Syria as closed military zones. Despite Government efforts to maintain prevailing levels of domestic order and stability, there can be no assurance that extremists or terrorist groups will not continue or escalate such violent activity in Jordan. Terrorist incidents have in the past, and may in the future, negatively affect the general economy in Jordan and, as a result, have an adverse impact on the business, results of operations and financial position of the Bank and the Group as a whole.

Risks relating to regional security concerns and the conflict in Syria

Jordan is located in a region that is, and has been, subject to on-going political and security concerns. Political instability in the Middle East has increased since the U.S.-led intervention in Iraq, the Arab Spring, the outbreak of the ongoing hostilities between Israel and the Hamas movement in November 2012, the ongoing disputes involving Israel and Palestine, and the ongoing conflict in Syria, including attacks by the so-called "Islamic State of Iraq and Syria" ("**Daesh**"). As a result of these and other events, some Middle Eastern and North African countries, including certain of Jordan's neighbours, have experienced in the recent past, or are currently experiencing, political, social, and economic instability, extremism, terrorism, conflicts and war, some of which have negatively affected Jordan in the past and may do so again.

Since the Arab Spring began, a number of Arab countries have experienced significant political and military upheaval, conflict and revolutions leading to the departure of long-time rulers in Tunisia, Egypt, Yemen and Libya. In January 2020, the King of Jordan warned of the renewed threat posed by Daesh in the region, which had temporarily decreased towards the end of 2019. The re-establishment of Daesh in south-eastern Syria and western Iraq could destabilise the region significantly. This is particularly significant given the Bank's 2005 acquisition of a controlling stake in the National Bank of Iraq (the "**NBI**") and its acquisition of Bank Audi's Iraqi businesses in 2021, which exposes the Bank to particular geopolitical risk in this area.

Events involving the Israeli-Palestinian conflict, in particular those involving Jerusalem have also often had a "spill-over" effect in Jordan, including demonstrations by Jordanian citizens in cities across Jordan and strains on Israeli-Jordanian relations.

On 5 June 2017, three countries in the Gulf Cooperation Council (the "**GCC**"), Saudi Arabia, the United Arab Emirates ("**UAE**") and Bahrain, as well as Egypt and Yemen, severed diplomatic ties and cut trade and transport links with, and imposed sanctions on, Qatar. On 6 June 2017, Jordan also downgraded diplomatic ties with Qatar. Although diplomatic ties were restored on 4 January 2021, the recurrence of similar situations may impact Jordan, the region or emerging markets generally.

The continuation or escalation of such events or the outbreak of new events in the region could further strain political stability in Jordan and the Government's finances and have had, and are likely to continue to have, a material adverse impact on Jordan and its economy, including, but not limited to, reductions in trade flows between Jordan and its neighbours, which may in turn have a material adverse effect on the Bank's business, operating results, cash flows and financial condition.

Risks relating to conducting banking operations in Iraq

The macroeconomic framework in Iraq is very volatile given the country's high dependency on the oil sector. With 90 per cent. of the country's budgetary revenues coming from sale of oil, developments in the oil markets have a huge impact on the country's fiscal outcome. While Iraq's economic conditions have improved as international oil markets recover, this recovery is vulnerable to various risks, including limited public investment, management constraints that have impacted public service delivery, the slow clearance of arrears (especially those related to public wages), and the large exposure of state-owned banks and the central bank to the sovereign. Such risks are aggravated by fragile political conditions, a weak healthcare system, and rampant corruption that continue to trigger unrest across the country.

As a result, Iraq's economic outlook is impacted by risks including:

- potential decline in oil prices;
- a worsening of the COVID-19 pandemic due to the spread of new variants;

- a potential deterioration in security conditions and continued threat of the Daesh;
- increasing unemployment levels (rising 10 per cent. above the pre-pandemic level of 12.7 per cent.); and
- the impact of ongoing climate change.

Despite the uncertain geopolitical and economic situation in Iraq, NBI has managed to deal with and adapt to the changing internal and external circumstances, and has managed to have sustained growth despite challenging circumstances. Nevertheless, the volatile and fragile state of the Iraqi economy, which is vulnerable to various shocks (including fluctuation in the oil markets, COVID-19, and unstable security conditions), results in continuous challenges for banking operations in Iraq. Any deterioration in the geopolitical and economic situation in Iraq could have a material adverse impact on the business, results of operation and financial position of the NBI, and adversely affect those of the Group as a whole.

In recent years, regulators and supervisory bodies in Iraq have also increased their focus on the importance of risk management, in response to which NBI has upgraded its risk management and control systems. Any further changes in rules and regulation may result in the Group incurring cost to ensure NBI's and the Group's compliance with such new rules and regulations, which may have an adverse impact on the results of operations and financial position of the NBI and the Group as a whole.

Risks arising from inflation

Inflation, as measured by the Consumer Price Index ("**CPI**"), has fluctuated in recent years and averaged 4.5 per cent. in 2018, 0.8 per cent. in 2019 and 0.04 per cent. in 2020. The unprecedented global developments that emerged during the COVID-19 pandemic in early 2020 have led central banks across the world to adopt expansionary monetary policies. The CBJ also cut its monetary policy rates twice in March 2020 to counter the economic impact of the COVID-19 pandemic on the national economy, which has been affected from both a demand and supply perspective. The overall effects are still to be seen. In the first five months of 2020, inflation reached 1.2 per cent., as compared to 1.0 per cent. in the same period in 2019. During the period from August 2019 to March 2020, the CBJ cut interest rates five times, by a total of 225 basis points, in line with international interest rates. Additionally, inflation rates in Jordan are susceptible to large fluctuations in international commodities and energy prices. Fiscal consolidation measures, which include the reduction or removal of fuel subsidies, may lead to increases in domestic commodity prices, which may, in turn, lead to an increase in inflation.

Historically, inflation has increased staff and living expenses and any recurrence of higher levels of inflation in the future is likely to increase such expenses further. High inflation could also slow the ratio of economic growth and consumer spending in Jordan which could impact the demand for financing from the Bank's customers. On the other hand, a return to a deflationary environment in Jordan could also impact the Bank's profitability by negatively affecting property values, which could in turn have a negative effect on the real estate collateral which secures a large proportion of the Bank's customer advances. As a result, high rates of inflation or deflation could each have a material adverse effect on the Bank's business growth and profitability.

Perceived risks of corruption and business environment

Jordan was ranked 60 out of 180 countries, and Iraq 160 out of 180 countries in Transparency International's 2020 Corruption Perceptions Index. Jordan's and especially Iraq's business climate and competitive indicators are also negatively affected by the need for reform or significant improvement in investor protection arrangements, the cost of establishing a business, the taxation system, resolving insolvency, legal certainty and contract enforcement. Jordan was also ranked 75 out of 190 countries, and Iraq 172 out of 190 countries in the World Bank's 2020 Doing Business Report. Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in these countries, as well as a failure to implement any proposed or planned reforms to improve its business climate, would have a material adverse effect on Jordan and Iraq's ability to attract continued trade or investment and lead to further instances of political and economic instability, which could, in turn, have a material adverse effect on the Group's business, results of operations and financial position in Jordan and (through NBI) Iraq.

Risks arising from the informal economy of Jordan and Iraq

A significant portion of both the Jordanian and Iraqi economy is comprised of an informal, or shadow, economy. The informal economy is not recorded and is only partially taxed, resulting in a lack of revenue for the government, ineffective regulation, unreliable statistical information and an inability to monitor or otherwise regulate this portion of the economy. The size of the informal economy could limit the effectiveness of any planned governmental reforms on finance, banking and tax, and any failure to address issues surrounding the informal economy, or to bring the informal economy into the formal sector, could have a material adverse effect on the Jordanian and Iraqi economy, and in turn, have an impact on the Group's business and financial position.

Risks relating to relationships with sanctioned countries

Jordan has, in the past, had trade relations with, and individuals and entities in Jordan have engaged, and may currently be engaged, in trading activities with certain countries or entities that are the subject of sanctions administered by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury, the European Union (the "**EU**") and other member states of the EU, the United Kingdom's Her Majesty's Treasury, the United Nations Security Council and other sanctioning entities (collectively, the "**Sanctions**"). The existence of Sanctions and the trading activities of Jordanian individuals and entities with parties in sanctioned countries could possibility result in Sanctions being enforced against Jordanian individuals and entities (including the Bank), adversely affecting Jordan's economy and trade flows and in turn, the Bank's results of operations, financial position and cash flows.

Risks relating to exchange rate concerns

Since October 1995, the Jordanian dinar has been pegged to the U.S. dollar. While the CBJ has been successful during the past several years in maintaining the peg, through the use of its foreign exchange reserves and interest rate policy, which is indirectly tied to U.S. monetary policy, there is no assurance that the CBJ will continue to do so in the future. If the CBJ cannot maintain a stable exchange rate or the peg to the U.S. Dollar, it could reduce confidence in the Jordanian economy and adversely affect Jordan's finances and economy.

In addition, because of the peg to the U.S. Dollar, the CBJ does not have any flexibility to devalue the Jordanian dinar to stimulate Jordan's exports market, and the CBJ's ability to manage interest rates in order to stimulate internal economic activity is constrained. Interest rate movements generally follow those of the Federal Reserve Bank of the United States of America. The CBJ has raised interest rates in multiple instances in 2017 and 2018, peaking at 4.75 per cent., in part, to preserve foreign exchange stability. Interest rates were subsequently cut in 2019 and 2020 as a result of the COVID-19 pandemic to the current level of 2.5 per cent. Future increases in interest rates may adversely affect economic growth and lead to an increase in non-performing loans, which could, in turn, negatively impact the Bank and the wider Jordanian banking sector.

Risks Relating to the Acquisition

On 25 December 2021, the Bank made a legally binding offer to acquire 100 per cent. of the shares of Société Générale de Banque Jordan ("**SGBJ**") from its majority shareholder, Société Générale du Banque au Liban ("**SGL**"), which holds, as of the date of this Prospectus, 87.67 per cent. of the issued shares of SGBJ, and the other shareholders of SGBJ (the "**Proposed Acquisition**"). On 27 January 2022, the Board of the Bank approved the Proposed Acquisition. The following factors represent the principal risks relating to the

Proposed Acquisition which may have an adverse effect on the ability of the Bank to fulfil its obligations in respect of the Capital Securities.

Whether or not the Proposed Acquisition takes place, the announcement of the Proposed Acquisition could cause disruptions in the Bank's business which could have an adverse effect on its financial results

Whether or not the Proposed Acquisition takes place, the announcement of the Proposed Acquisition could cause disruptions in the Bank's business, specifically the attention of the Bank's Board and Senior Managers may be diverted from the operations of the business towards finalising the Proposed Acquisition and current and prospective employees may experience uncertainty about their future roles within the Bank, which might adversely affect the Bank's ability to retain or recruit key managers and other employees. If the Bank fails to manage these risks effectively, its business and financial results could be adversely affected.

The Proposed Acquisition is subject to the satisfaction of certain conditions and these conditions may not be satisfied

The Bank expects the Proposed Acquisition to be completed by the end of March 2022. However, the completion of the Proposed Acquisition is subject to the satisfaction of certain conditions including, among other things, approvals of the shareholders of SGBJ and receipt of certain regulatory clearances and approvals, including the approval of the CBJ.

While a preliminary approval has been given by the CBJ, there is no guarantee that the Proposed Acquisition will be approved by the relevant regulators or by the relevant shareholders, or that any other necessary conditions will be satisfied. Failure to satisfy any of these conditions may result in the Proposed Acquisition not being completed or the implementation of the Proposed Acquisition being delayed. A failure to implement or any delay in implementing the Proposed Acquisition would result in the Bank being unable to realise (or experience a delay in realising) the prospective synergies and strategic benefits it intended to accrue from the Proposed Acquisition, and would entail the commitment of significant management time and resources to a project that is ultimately not completed or delayed, which could have a material adverse effect on the business and results of operations of the Bank.

The Bank may fail to realise the anticipated growth opportunities, synergies and other benefits anticipated from the Proposed Acquisition

The Bank may fail to achieve the synergies that it anticipates will arise from the Proposed Acquisition. The success of the Proposed Acquisition will depend, in part, on the Bank's ability to realise anticipated increase in market share in the banking sector in Jordan, revenue synergies and growth opportunities from coordinating the business of SGBJ with that of the Bank. The Bank expects to benefit from synergies resulting from the consolidation of capabilities, rationalisation of operations and headcount, greater efficiencies from increased scale and market integration, and organic growth. The Bank's ability to realise anticipated synergies and the timing of this realisation may be affected by a variety of factors, including but not limited to the difficulty of implementing any collaboration plans and the challenges associated with the transformation of SGBJ's business and operations to complement that of the Bank.

The Bank may incur higher than expected transformation, transaction and acquisition-related costs. In addition, the Bank will incur legal, accounting and transaction fees and other costs related to the Proposed Acquisition. Some of these costs are payable irrespective of whether the Proposed Acquisition is completed, and such costs may be higher than anticipated. Therefore, there is a risk that the estimated synergies will not be realised due to unforeseen inaccuracies or deviations from such estimates. There is also a risk that these benefits are not realised in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors.

Although the Bank believes that the realisation of various efficiencies related to the integration of SGBJ's business, will offset such implementation and acquisition costs over time, the net benefit may not be achieved within the expected timetable. In addition, some of the costs over time could be higher than anticipated which could reduce the net benefits of the Proposed Acquisition and impact the Bank's financial condition and/or results of operation.

Although work has been done on the development of plans for achieving synergies and other benefits from the Proposed Acquisition, such plans have not been finalised and cannot be implemented until after completion of the Proposed Acquisition. If the Bank is not able to successfully achieve these objectives, the anticipated benefits may not be realised fully, if at all, or may take longer to realise than expected.

Risks Relating to the Bank

The Bank is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets

Liquidity risk is the risk that the Bank will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena, such as market dislocation and major disasters. Credit markets worldwide experienced a severe reduction in liquidity and term-funding during the global financial crisis, particularly towards the end of 2008 and into 2009. Since then, the availability of liquidity has continued to be constrained.

The Bank's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its operations, monitoring and managing the maturity dates of its debts and carefully monitoring its undrawn commitments and contingent liabilities towards customers. However, there can be no assurance that the Bank's ability to access sources of liquidity will not be constrained to the point where it, like other banks, may have to source greater amounts of shorter-term funding, such as funding sources with a term of one to three months and overnight funding, with a consequent reduction in long-term liquidity and an increase in funding costs. Like other Jordanian banks, the Bank is also dependent on the Government's support to increase liquidity when required. Although the Government has previously supported the domestic banking industry during the global economic crisis, there can be no assurance that the Government will provide any additional support to the Bank and the domestic banking industry if another major economic disruption were to occur in the future.

The Bank relies upon corporate and retail depositors to meet a large proportion of its funding needs, with customer deposits representing 69.1 per cent. of the Bank's total liabilities as at 30 September 2021 and 70.0 per cent. as at 31 December 2020. Such customer deposits are subject to fluctuation due to certain factors outside the Bank's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. If any of these significant depositors, or a substantial portion of the Bank's other depositors, withdraw their demand deposits or do not roll over their time deposits at maturity, the Bank may need to seek other sources of funding to meet its funding requirements, and there can be no assurance that the Bank will be able to obtain additional funding on comparable terms as and when required, or at all. If the Bank is unable to refinance or replace such deposits with alternative sources of funding or meet its liquidity needs, through deposits, the interbank markets or international capital markets, this could have a materially adverse effect on the Bank's business, financial condition and results of operations or prospects.

The Bank procures a significant proportion of its funding from strategic agreements and relationships with other financial institutions. The European Investment Bank, for example, agreed to provide a €70 million line of credit to the Bank in July 2021 to be lent to Jordanian SMEs, and in 2015 through its Sustainable Use of Natural Resources and Energy Finance programme, the Agence Françise de Développement extended a €53 million soft credit line to the Bank and Cairo Amman Bank for onward lending to Jordanian businesses and households. The availability to the Bank of such additional financing depends on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Bank's financial condition, credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Bank's financial prospects if, for example, the Bank incurs large losses, experiences significant deposit outflows or if the level of the Bank's business activity decreases. In particular, the Bank's access to funds may be impaired if regulatory authorities or rating agencies impose additional regulatory capital requirements or downgrade the Bank's debt ratings.

If the Bank is unable to meet its liquidity needs, through customer deposits or the interbank markets and is unable to refinance its outstanding indebtedness, it could have a negative effect on its financial condition, results of operations and prospects.

The Bank may be subject to increased capital requirements or standards due to new governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may also need additional capital in the future in the event of worsening economic conditions, which capital may be difficult to obtain

Under the Basel Committee on Banking Supervision's (the "**Basel Committee**") proposed capital adequacy and liquidity requirements ("**Basel III**"), the Bank is required to maintain a total minimum capital adequacy ratio ("**CAR**") of 8.0 per cent., as well as the requisite capital conservation buffer and additional charge as a domestic-systemically important bank ("**D-SIB**"). Such ratio is increased to a minimum of 12.0 per cent. under CBJ requirements. As at 31 December 2020, the Bank's CAR was 16.31 per cent., well above CBJ and Basel III requirements. This comprises the Bank's core capital of paid in capital, retained earnings, convertible bonds and preferred stocks (Tier 1 capital) and supplementary capital of subordinated debt and general banking risk reserve (Tier 2 capital).

In accordance with CBJ regulations, Jordanian banks should have a minimum paid in capital of JD 100 million and a minimum leverage ratio of 4 per cent. The Bank's paid in capital is JD 200 million (as at 30 September 2021), well above the minimum CBJ requirement. The Bank also maintains a healthy leverage ratio of 6.3 per cent. (as at 30 September 2021) in compliance with CBJ regulations.

A requirement to increase capital requirements may arise in the medium term due to a growth in the Bank's assets or a regulatory requirement to address inadequate capitalisation levels and perceptions of the agencies rating the Bank's debt. The Bank may also require additional capital in the future in the event that it experiences higher than expected losses in its operations or declines in asset quality resulting in higher than expected risk-weighted asset growth.

Although the Bank takes an active approach in regularly reviewing and complying with the capital adequacy ratios using regulatory capital as an indicator and has successfully raised regulatory capital in the past, the Bank may need to obtain additional capital in the future. Such capital may not be available on attractive terms, or at all. Further, any such development may expose the Bank to additional costs and liabilities requiring it to change how it conducts its business, including by reducing the risk and leverage of certain activities, or otherwise have a negative impact on its business, the products and services it offers and the value of its assets.

If the Bank is unable to increase its capital ratios sufficiently, its credit ratings may drop, its cost of funding may increase, and its share price may decline.

The Bank has significant concentrations in its financing and investment portfolios, which materially increase its exposure to downturns in the areas of concentration

The Bank's gross financing assets as at 31 December 2019 and 31 December 2020 totalled approximately JD 1.05 billion and JD 1.39 billion respectively, of which the proportion advanced to customers operating in the real estate sector amounted to 14.9 per cent. and 11.8 per cent. respectively. As a result, the Bank is exposed to declining property values in Jordan, which has experienced a decline (as evidenced by the

Jordanian housing index decreased to 105.20 points in the first quarter of 2021 from 106.40 points in the fourth quarter of 2020 and 110.90 points in the third quarter of 2019 (Source: Central Bank of Jordan – Jordan Real Estate Price Index)). This may not only adversely affect the value of collateral supporting a significant proportion of its residential and commercial real estate advances but could also adversely affect the ability of its real estate and construction clients to repay their advances, thereby giving rise to an increase in impairment losses.

The greatest concentration of credit risk of the Bank is in relation to its corporate lending. As at 31 December 2020 and 30 September 2021, corporate lending constituted 56.6 per cent. and 52.3 per cent. of the Bank's total gross financing assets, respectively (compared to 48.3 per cent. as at 31 December 2019). Meanwhile, SME lending represented 20.6 per cent., 13.5 per cent. and 11.2 per cent. of the Bank's total gross financing assets as at 31 December 2019, 31 December 2020 and 30 September 2021, respectively. The Bank is therefore materially exposed to fluctuations in the Jordanian macroeconomic environment, as these may affect the financial stability of corporate organisations. The Bank manages its concentration risk in deposits through its risk management team monitoring the concentration limits on a monthly basis. During 2021, the Bank also reduced its customer deposits concentration for the top 20 depositors from 22 per cent. (as at 30 September 2020) to 19 per cent. (as at 30 September 2021).

The growth and diversification of the Bank's loan portfolio has increased its credit exposure and exposes it to the additional risk that its risk management policies prove insufficiently robust to maintain its credit quality levels.

As a result of the growth in the Bank's loan portfolio in recent years, the Bank's credit exposure has increased significantly. The Bank intends to continue to grow and diversify its loan portfolio in Jordan, Iraq and other GCC countries. This growth will require continual monitoring by the Bank's management of its portfolio credit quality.

Risks arising from adverse changes in the credit quality and recoverability of the Bank's financing portfolio, securities and amounts due from counterparties are inherent in a wide range of its businesses. The Bank's gross customer financing portfolio has grown significantly, from JD 75.3 million as at 31 December 2010 to JD 191.7 million as at 31 December 2020. This growth has increased the Bank's funding requirements.

In December 2015, CRIF High Mark Credit Information Services Private Limited launched Jordan's first credit bureau – the CRIF Credit Bureau, licensed by the CBJ and operating under its authority. However, given its limited operational history, there can be no assurance that the CRIF Credit Bureau will support the Bank's assessment of the overall debt level and creditworthiness of credit applicants in Jordan. Because the availability of accurate and comprehensive financial and general credit information on individuals and small businesses in Jordan is limited, it is likely to be more difficult for the Bank to accurately assess the credit risk associated with such lending. As a result, retail and small business customers may be overextended by virtue of other credit obligations of which the Bank is unaware. The Bank is therefore exposed to retail and small business credit risks that it may not be able to accurately assess and provide for. These factors may result in the Bank facing credit delinquencies in its customer financing portfolio. Although the Bank has policies to deal with problem financings, there can be no assurance that these policies will result in full or partial recovery of all amounts due.

Any failure by the Bank to maintain the quality of its assets while maintaining growth of its loan portfolio through effective risk management policies could lead to higher loan loss provisioning and result in higher levels of defaults and write-offs, which in turn could have a material adverse effect on the Bank's financial condition or results of operations.

Market fluctuations and volatility may adversely affect the value of the Bank's positions and make it more difficult to assess the fair value of certain of its assets

Valuations of bonds, equities and other securities that the Bank holds in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair value of the Bank's investment exposure. In addition, the value ultimately realised by the Bank may be materially different from the current or estimated fair value of such investments. Any of these factors could require the Bank to recognise further valuation losses or realise impairment charges, and may adversely affect its business, financial condition, results of operations, liquidity and/or prospects.

The Bank's investment and loan portfolios and deposit base are spread geographically in Jordanian Dinars, U.S. dollars, Euros, Sterling, Japanese yen and other currencies

The Bank's investment and loan portfolios and deposit base are concentrated in Jordan and Iraq. The Bank's customer deposits constituted 99.0 per cent. (or JD 2,457.8 million) as at 30 September 2021, with 83.4 per cent. of such deposits concentrated in Jordan (as compared to 70.0 per cent. of total liabilities (or JD 1,674.2 million) as at 31 December 2020, with 88.1 per cent. of such deposits concentrated in Jordan). The Bank's direct credit facilities constituted 91.4 per cent. (or JD 1,986.4 million) as at 30 September 2021, with 76.3 per cent. of such facilities concentrated in Jordan (as compared to 47.4 per cent. of total assets (or JD 1,303.0 million) as at 31 December 2020, with 82.5 per cent. of such facilities concentrated in Jordan). Amounts due from banks constituted 95.8 per cent. (or JD 233.6 million) as at 30 September 2021, and 48.8 per cent. of such amounts were due from banks in Jordan (as compared to 5.2 per cent. of total assets (or JD 142.5 million) as at 31 December 2020, and 80.1 per cent. of such amounts were due from banks located in Jordan). The Bank's investment securities constituted 28.2 per cent. of total assets (or JD 1,122.8 million) as at 30 September 2021 (as compared to 25.0 per cent. of total assets (or JD 686.1 million) as at 31 December 2020), which principally comprised treasury bonds, corporate debt securities, governmental debt securities and quoted or unquoted shares. Any deterioration in the general economic and banking conditions in Jordan or the failure of the Bank to effectively manage its risk concentrations could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank's investment and loan portfolio are concentrated, in terms of currencies, predominantly in Jordanian Dinars, but also U.S. dollars, Euros, Sterling, Japanese yen and other currencies. The total value of the Bank's Jordanian Dinar denominated assets was JD 1,440.9 as at 31 December 2020 (or 66.3 per cent. of total assets) on a standalone basis. The total value of the Bank's dollar-denominated, euro-denominated, Sterling-denominated and yen-denominated assets was JD 649.2 million, JD 41.4 million, JD 14.3 million and JD 15.9 million as at 31 December 2020 (or 29.9 per cent., 1.9 per cent. 0.7 per cent. and 0.7 per cent. of total assets) on a standalone basis, respectively. Any volatility in the values of these currencies could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank could be negatively affected by the soundness or the perceived soundness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults

The Bank is subject to the risk of deterioration in the commercial and financial soundness, or perceived soundness, of other financial services institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Bank or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Bank interacts on a daily basis. Systemic risk could have a material adverse effect on the Bank's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

The Bank is a regulated entity and changes to applicable laws or regulations or in the interpretation or enforcement of such laws or regulations or any failure by the Bank to comply with such laws or regulations could have a material adverse effect on the Bank

The Bank is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These regulations include Jordanian laws and regulations (particularly those of the CBJ, the JSC and the ASE), as well as the laws and regulations of the other countries in which the Bank operates (see the section headed "*Banking Industry and Banking Regulation in Jordan*" below). The Bank is subject to many legal restrictions and CBJ regulations, for instance the maintenance of a minimum CAR (see "*The Bank may be subject to increased capital requirements or standards due to new governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may also need additional capital in the future in the event of worsening economic conditions, which capital may be difficult to obtain*" above), as well as liquidity and loan-to-deposits ratios, which is set at a minimum of 100 per cent. (liquidity ratio) and a maximum of 90 per cent. (loan-to-deposits ratio). The Bank utilises its Group Risk Appetite Framework and Liquidity Management Framework to proactively manage (on a daily basis) its liquidity and structural funding risks, assessing and identifying all material sources of liquidity and funding risks and appropriate levels of required liquid asset buffers. As at 30 September 2021, the Bank maintains a liquidity ratio of 136 per cent. and a loan-to-deposits ratio of 82 per cent., in compliance with CBJ requirements.

The Bank also monitors its liquidity coverage ratio ("**LCR**") (required to be a minimum of 100 per cent.) and Net Stable Funding Ratio ("**NSFR**") (required to be a minimum of 100 per cent.) on a monthly basis, and has a LCR of 136.0 per cent. and NSFR of 110.0 per cent as at 31 December 2021.

The Bank is also subject to CBJ instructions on large exposure limits and credit controls, which is applied to all banks operating in Jordan. These instructions apply to, among others, all forms of direct and indirect credit granted to natural and legal persons, bonds and Islamic sukuk. Such instructions also set, among others, the maximum limits of exposure to a single counterparty or group of connected counterparties, credit granted in the form of an overdraft, credit granted for a real estate construction or purchase (each of the above a maximum 20 per cent. of Tier 1 capital) and credit granted to a bank's ten largest clients in Jordan (maximum 35 per cent. of Tier 1 capital). Such limits are taken into account during the Bank's lending process and are also continuously monitored to ensure compliance.

These regulations may limit the Bank's ability to increase its loan portfolio or raise capital. Any changes in these regulations may also increase the Bank's cost of doing business. It is expected that there will be an increase in the regulation of financial institutions as evidenced by recent actions around the world. Increased regulations, changes in laws and regulations (such as Basel III) and the manner in which they are interpreted or enforced may have a material adverse effect on the Bank's business, results of operations and financial condition.

The CBJ does not always consult with industry participants prior to the introduction of new regulations, and it is not always possible for the Bank to anticipate when a new regulation will be introduced. This creates a risk that the profitability of the Bank will be affected as a result of being unable to adequately prepare for regulatory changes introduced by the CBJ. Furthermore, non-compliance with regulatory guidelines could expose the Bank to potential liabilities and fines.

The Bank may not be able to manage its growth strategy effectively, which could impact its profitability

The Bank cannot assure prospective investors that it will be able to manage its growth effectively. Challenges that may result from strategic investments or acquisitions include the Bank's ability to:

- finance strategic investments or acquisitions;
- fully integrate strategic investments, or newly established entities, in line with its strategy;

- assess the value, strengths and weaknesses of investment or acquisition candidates;
- align its current information technology systems adequately with those of an expanded organisation;
- manage efficiently the operations and employees of expanding businesses;
- manage a growing number of entities without over-committing management or losing key personnel; and
- apply its risk management policies effectively to an enlarged organisation.

In addition, in order to carry out and expand its businesses, it is necessary for the Bank to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits approvals and consents are often lengthy, complex, unpredictable and costly. If the Bank is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired.

From an operational perspective, there is no assurance that the Bank will be able to align its current information technology ("**IT**") systems adequately with those of the wider Group, manage efficiently the operations and employees of expanding businesses, manage a growing number of entities without over-committing management or losing key personnel and maintain its existing customer base. It must also ensure that its risk management policy is aligned effectively in relation to the enlarged Group.

The Bank cannot ensure that it will be able to adequately address these concerns, which could prevent the Bank from achieving its strategic objectives and could also have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank's financial condition and operating results could be affected by market risks

The Bank's financial condition and operating results could be affected by market risks that are outside the Bank's control, including, without limitation, volatility in interest rates, prices of securities and currency exchange rates.

Fluctuations in interest rates could adversely affect the Bank's operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of the Bank's fixed rate loans and raise the Bank's funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in the Bank's securities portfolio. A decrease in such rates generally could adversely affect the profit rate margins that the Bank is able to achieve and thus adversely affect its profitability. Volatility in interest rates may result in a repricing gap between the Bank's interest-rate sensitive assets and liabilities, leading to the Bank incurring additional costs.

Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the CBJ and the U.S. Federal Reserve Group, political factors and domestic and international economic conditions. Due to current fixed-rate pegging of the Jordanian dinar to the U.S. dollar, changes in interest rates in the United States prompt changes in interest rates in Jordan. Moreover, the Bank's operations could be negatively impacted if Jordan should de-peg its currency. Ultimately, there can be no assurance that the Bank will be able to protect itself from any adverse effects of a currency revaluation or future interest rate fluctuations or any de-pegging from the U.S. dollar, all of which could have a material adverse effect on the Bank's financial condition and results of operations.

The Bank also engages in foreign currency transactions and maintains open currency positions in relation to the Jordanian Dinar and U.S. dollars, which give rise to currency risks. Although the Bank's foreign currency related risks are controlled by the Bank's market risk and structural risk management policies, such as investing in derivative products to reduce interest rate risk exposure, future changes in currency exchange rates (including de-pegging of currencies to the U.S. dollar) may adversely affect the Bank's financial condition and results of operations.

Increasing competition may have a material adverse effect on the Bank's results of operations

The Bank and its subsidiaries face high levels of competition for all of their products and services. In particular, the Bank competes with other domestic banks in Jordan (including the Bank of Jordan, Cairo Amman Bank, Jordan Kuwait Bank, Jordan Ahli Bank, Jordan Islamic and Bank al Etihad), as well as international banks operating in Jordan, including Standard Chartered, Citibank, Egyptian Arab Land Bank and National Bank of Kuwait, which compete with the Bank for its wholesale corporate and government clients. As at the date of this Prospectus, figures from the CBJ indicate that there are a total of 23 banks, including four Islamic banks, registered in Jordan (Source: CBJ Banking Sector Directory). The competitive nature of the Jordanian market and the Bank's potential failure to continue to compete successfully may adversely impact the Bank's business. Increased competition in Iraq and Dubai, where the Bank's subsidiaries and its associates currently operate could result in similar competition for these entities.

The Bank's compliance systems might not be fully effective

The Bank's ability to comply with all applicable legal restrictions and CBJ regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. The Bank cannot ensure that these systems and procedures will be fully effective in all circumstances. The Bank is subject to extensive oversight by regulatory authorities, including regular examination activity. In addition, the Bank performs regular internal audits. In the case of actual or alleged non-compliance with regulations, the Bank could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these could have a material adverse effect on the Bank's business, results of operations and financial condition.

Any failure by the Bank to comply with applicable anti-money laundering, counter-terrorism, financing, sanctions and other regulations could result in significant penalties and other adverse effects

The Bank is required to comply with applicable anti-money laundering, counter-terrorism and financing laws and regulations, sanctions and other law and regulations in Jordan and other jurisdictions where it has operations, including those related to countries subject to Sanctions and anti-corruption legislation in various countries around the world. In Jordan, the Bank must comply with the Anti-Money Laundering Law No. (46) of 2007, which established Jordan's Anti-Money Laundering Unit. These laws and regulations require the Bank, among other things, to adopt and enforce know your client policies and procedures and to report suspicious transactions to the applicable regulatory authorities. In 2010, the Bank selected EastNets, a global provider of compliance and payment solutions and services, to provide watchlist filtering and anti-money laundering control solutions. Furthermore, the Bank's Compliance Department has been working to develop a system that will enhance the capacity of the Bank to protect not only itself but also the Jordanian economy from abuse.

Crucially, the terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret. As at the date of this Prospectus, the Bank believes that is not in violation of any existing Sanctions requirements to which it is subject. Should the Bank or its associates in the future violate any such sanctions regimes, penalties could include a prohibition or limitation on the Bank's ability to conduct business in certain jurisdictions or on its ability to access the U.S. or international capital markets. Any such penalty could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects. Moreover, to the extent the Bank fails or is perceived to fail to fully comply with applicable sanctions regimes, the regulatory agencies to whom the Bank reports have the power and authority to impose substantial fines and other penalties on the Bank. In addition, the Bank's business and reputation could suffer if customers use the Bank for money laundering, illegal or improper purposes. Jordan is classified by the MENA Financial Action Task Force as a "Compliant Jurisdiction".

The Bank's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks

In the course of its business activities, the Bank is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk. While the Bank believes it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately control these risks could result in adverse effects on the Bank's financial condition, results of operations and reputation.

The Bank's risk management techniques may not be fully effective in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Bank's methods of managing risk are based upon its use of historical market behaviour. These methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or information otherwise accessible to the Bank. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. There can be no assurance that the Bank's risk management and internal control policies and procedures will adequately control, or protect the Bank against, all credit and other risks. In addition, certain risks could be greater than the Bank's empirical data would otherwise indicate. The Bank also cannot guarantee that all of its staff will adhere to its policies and procedures.

The Bank has also devoted substantial resources to developing its operational risk management policies and procedures, and expects to continue to do so in the future. Nonetheless, as for other financial institutions, the Bank is susceptible to, among other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors, errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders. Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose the Bank to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank is subject to risks relating to its information technology systems, including cyber-related risks

The Bank depends on its IT systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of its business and operating data. The proper functioning of the Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Bank's business and ability to compete effectively. The Bank's business activities would be materially disrupted if there is a partial or complete failure of any of the IT systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. The proper functioning of the Bank's IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Bank's transaction data or any breach of information security could subject it to claims for losses and regulatory fines and penalties. The Bank has implemented and tested detailed business continuity plans and processes and is currently in the process of improving its disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure could have a material adverse effect on the Bank's business and results of operations.

The Bank's focus in 2020 was to continue its digital transformation to improve operational efficiency and enhance client experiences. As a part of the Bank's efforts to further modernise its IT in order to drive its vision to be a strong digital bank, the Bank has strengthened its omni-channel initiatives by substantially enhancing its mobile banking platform and also launching a new feature-rich call centre system. In March

2020, the Bank utilised the Backbase Digital-First Banking Platform to offer new customer-centric digital services for both retail and corporate clients and in 2021, the Bank partnered with Codebase to develop fully digital banks in Jordan.

However, any incorrect system setup and functionality issues could have an adverse impact on customer service levels and quality. They could also have a negative impact on the Bank's reputation and service delivery and create a negative image of the Bank in both the Jordanian and international banking sectors.

In common with financial institutions around the world, the threat to the security of the Bank's information and customer data from cyber-attacks is real and continues to grow at pace. Activists, rogue states and cyber criminals are among those targeting computer systems globally. Risks to technology and cyber security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber security risk and continually review and update current processes in response to new threats could disrupt the Bank's business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage the Bank's reputation, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Bank may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its growth strategy, and any loss of key personnel may adversely affect the Bank's ability to implement its strategies

The Bank's success and ability to maintain current business levels and sustain growth will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The Bank could face challenges in recruiting qualified personnel to manage its businesses. In addition, if the Bank continues to grow, it will need to continue to increase its number of employees.

The Bank's future success and growth depends to a substantial degree on its ability to retain and motivate senior management and other key personnel. The Bank depends especially on the efforts, skill, reputation and experience of its key senior management personnel, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could delay or prevent the Bank from implementing its strategies.

The Bank has significant credit-related commitments and contingent items that may lead to potential losses

As part of its normal banking business, the Bank issues loan commitments, guarantees, letters of credit and other financial facilities, all of which are accounted for off the Bank's balance sheet until such time as they are actually funded or cancelled. Although these commitments are largely trade contingent and therefore off-balance sheet, they nonetheless subject the Bank to related credit and liquidity risks. Credit-related commitments are subject to the same credit approval terms and compliance procedures as loans and advances, and commitments to extend credit are contingent on customers maintaining required credit standards. While the Bank anticipates that only a portion of the Bank's obligations in respect of these commitments will be triggered, the Bank may become obligated to make payments in respect of a greater portion of such commitments, which could have a material adverse effect on the Bank's funding needs and credit risks. As at 31 December 2020, the Bank had net JD 631.3 million in such contingent liabilities.

A downgrade in the Bank's and NBI's credit ratings could limit each of their ability to negotiate new loan facilities or access the capital markets and may increase each of their borrowing costs and/or adversely affect its relationship with creditors

The Bank's and NBI's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining each of their cost of borrowing funds. The interest rates of their borrowings are partly dependent on their credit ratings. As at the date of this Prospectus, the Bank's deposit rating was assessed by Moody's as "B1", its long-term and short-term foreign currency rating was assessed by Capital Intelligence Ratings as "B+" and "B" respectively, with a bank standalone rating of "b+" and Core Financial Strength rating of "bb" and the outlook for its long-term foreign currency rating and bank standalone rating is stable. As at the date of this Prospectus, NBI has received a "BB" rating from Capital Intelligence, and a "Good" rating from the Central Bank of Iraq. Any downgrade of the Bank's or NBI's credit ratings may increase their cost of borrowing and materially adversely affect their results of operations, or it or their subsidiaries' ability to raise capital.

Fluctuations in foreign exchange rates or changes in the Jordanian Dinar/U.S. dollar peg may adversely affect the Bank's profitability

The Bank maintains its accounts, and reports its results, in Jordanian Dinars. The Jordanian Dinar has been pegged at a fixed exchange rate of approximately JD 1.41 to the U.S. dollar since 1995. The Bank is exposed to the potential impact of any alteration to, or abolition of, this foreign exchange peg. Also, as a financial intermediary, the Bank and its subsidiaries are exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that the Bank may have to close out any long or short open position in a foreign currency at a loss, due to an adverse movement in exchange rates. The Bank generally employs cross-currency forwards, options and swaps to match the currencies of its assets and liabilities. Any open currency position is maintained within the limits of the CBJ's prudential regulations. However, where the Bank is not so hedged, the Bank is exposed to fluctuations in foreign exchange rates and any such hedging activity may not in all cases protect the Bank against such risks.

Adverse movements in foreign exchange rates may also adversely impact the revenues and financial condition of the Bank's depositors and financing customers which, in turn, may impact the Bank's deposit base and the quality of its financing exposures. Any volatility in foreign exchange rates, including the re-fixing of the Jordanian dinar-U.S. dollar exchange rate, could have a material adverse effect on the Bank's financial condition and results of operations.

From time to time, the Bank, its subsidiaries and its associates may be a defendant in various legal proceedings and may, from time to time, be subject to inspections by tax and other authorities

The Bank, its subsidiaries and its associates may, from time to time, be a defendant in legal proceedings in connection with and stemming from its business activities. The Bank may also, from time to time, be subject to inspections by tax and other authorities. However, the Bank is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing reserves. Adverse outcomes in existing or future proceedings, claims or investigations could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects and thereby affect the Bank's ability to perform its obligations under the Capital Securities.

Risks Relating to the Market Generally

Investment in the Capital Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Capital Securities.

Emerging markets such as Jordan and Iraq are subject to greater risks than more developed markets, and financial volatility in emerging markets could negatively impact the Bank and the Group's business

Investment in emerging markets generally involves a higher degree of risks than investments in more developed countries, and is only suitable for sophisticated investors who fully appreciate the significant of the risks involved in, and are familiar with, investing in emerging markets. Investors should note that emerging markets such as Jordan and Iraq are subject to volatility and rapid change and that the information set forth in this Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country (especially those in the region) tends to adversely affect confidence in other emerging market countries and cause investors to move their money to more developed markets, of which the Bank and the Group has no control. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Jordan and other countries and adversely affect their economies. In addition, during such times, companies that operate in emerging markets can face liquidity constrains as foreign funding sources are withdrawn and this could also adversely affect the Group's business and result in a decrease in the price of the Capital Securities.

Specific risks in Jordan and Iraq that could have a material adverse effect on the Group's business, financial condition and results of operations include, without limitation: regional political instability (including governmental or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism); military strikes or the outbreak of war or other hostilities involving nations in the region; a material curtailment of the industrial and economic infrastructure development; government intervention, including expropriation or nationalisation of assets or increased levels of protectionism; an increase in inflation and the cost of living; cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends; increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership; arbitrary, inconsistent or unlawful government action; changing tax regimes; difficulties and delays in obtaining governmental and other approvals for operations or renewing existing ones; inability to repatriate profits or dividends and restrictions on the right to convert or repatriate currency or export assets; and potential adverse changes in laws and regulatory practices, including legal structures and tax laws.

There can be no assurance that either the economic performance of, or political activity in, the countries in which the Group currently operates or may in the future operate can or will be sustained. Investors should note that a worsening of financial market conditions, instability in certain sectors of the Jordanian or regional economies or major political upheaval in Jordan or the MENA region could lead to decreased investor and consumer confidence, market volatility, economic disruption and declines in real estate markets and, as a result, could have an adverse effect on the business, results of operations, financial condition and prospects of the Group.

Credit ratings may not reflect all risks

As at the date of this Prospectus, the Capital Securities are not rated. One or more independent credit rating agencies may assign credit ratings to the Capital Securities. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed in this Prospectus and other factors that may affect the value of the Capital Securities. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

In general, European regulated investors are restricted under the provisions of Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") from using credit ratings for regulatory purposes in the European Economic Area (the "**EEA**"), unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by a EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

In a similar way, investors regulated in the United Kingdom (the "**UK**") are subject to restrictions under the Regulation (EC) No. 1060/2009 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, they can either be: (i) endorsed by a UK registered credit rating agency; or (ii) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation (in each case subject to such registration, certification or endorsement not having been withdrawn or suspended, and transitional provisions that apply in certain circumstances). In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Capital Securities changes, European and United Kingdom regulated investors may no longer be able to use the rating for regulatory purposes and the Capital Securities may have a different regulatory treatment. This may result in European and United Kingdom regulated investors selling the Capital Securities which may impact the value of the Capital Securities and any secondary market. The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation or the list of registered and certified rating agencies published by the FCA on its website in accordance with UK CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover page of this Prospectus. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning credit rating agency at any time. Each rating should be evaluated independently of any other rating.

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Capital Securities will develop or, if it does develop, that it will provide the holders of the Capital Securities with liquidity of investment or that it will continue for the life of the Capital Securities. The Capital Securities generally may have a more limited secondary market liquidity and may be subject to greater price volatility than conventional debt securities as they are perpetual securities (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – Perpetual securities*"), are subordinated (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – The Capital Securities are subordinated, conditional and unsecured obligations of the Issuer*") and payments of Interest Payment Amounts may be restricted in certain circumstances (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – Payments of Interest Payment Amounts are conditional upon certain events and may be cancelled and are non-cumulative*").

Application has been made for the Capital Securities to be: (i) admitted to listing on the DFSA Official List; and (ii) admitted to trading on Nasdaq Dubai. However, there can be no assurance that any such listing will occur or will enhance the liquidity of the Capital Securities.

Illiquidity may have an adverse effect on the market value of the Capital Securities. Accordingly, a holder of the Capital Securities may not be able to find a buyer to buy its Capital Securities readily or at prices that will enable the holder of the Capital Securities to realise a desired yield. The market value of the Capital Securities may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Capital Securities. Accordingly, the purchase of Capital Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Capital Securities and the financial and other risks associated with an investment in the Capital Securities.

Exchange rate risks and exchange controls

The Issuer will pay any principal and interest payable on the Capital Securities in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency-equivalent yield on the Capital Securities; (ii) the Investor's Currency-equivalent value of the principal payable on the Capital Securities; and (iii) the Investor's Currency-equivalent market value of the Capital Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks arising from the Jordanian legal system

Jordan's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions characteristic of more developed markets. As a result, procedural safeguards, as well as formal regulations and laws, may not be applied consistently. In certain circumstances, it may not be possible to obtain the legal remedies provided under the relevant law and regulations in a timely manner. As the legal environment remains subject to ongoing development, investors in Jordan may face uncertainty as to the security of their investments. Any unexpected changes in Jordan's legal system may have a material adverse effect on the rights of Securityholders.

Risks relating to enforcement of the Issuer's obligations under the Capital Securities

Enforcement under Jordanian Law

The insolvency regime applicable to banks in Jordan is relatively untested with limited guidance as to how the legislative framework will be applied in practice

The Banking Law No. 28 of 2000 (the "**Banking Law**") expressly excludes banks from the application of the bankruptcy provisions of the Commercial Code. Similarly, the Insolvency Law No. 28 of 2018 expressly excludes banks from its application. According to the Banking Law, the Regulator is the only entity authorised to issue a decision to liquidate a bank. The Regulator may issue such a decision in circumstances where the relevant bank commits one or more violations which may: lead to the squandering of its assets; prejudice the rights of its depositors; result in the bank being unable to honour the demands on deposits or to perform any of its obligations; result in the bank's losses exceeding 75% of its paid-up capital; or result in the bank's banking license being revoked. The Banking Law further provides that if a decision to liquidate a bank is issued, the Deposit Insurance Corporation shall be its sole liquidator.

In the event that the Issuer is placed under liquidation, this may adversely affect the Issuer's ability to perform its obligations under the Capital Securities. There is little precedent to predict how any claims by holders of the Capital Securities against the Issuer would be resolved in the event of the Issuer's insolvency and therefore there can be no assurance that holders of the Capital Securities will receive payment of their claims in full or at all in these circumstances.

There is a risk that the Jordanian Courts will assume jurisdiction

The Agency Agreement, the Deed of Covenant, the Placement Agency Agreement and the Capital Securities (the "**Documents**") each contains a provision to the effect that disputes arising under the Documents will be referred to arbitration under the London Court of International Arbitration Rules (the "**LCIA Rules**").

Nevertheless, if a claim is brought before the Jordanian Courts, the Jordanian Courts may still accept jurisdiction in any suit, action or proceedings in the situations identified in Article 28 of the Jordanian Code of Civil Procedure No. 24 of 1998 (the "**Code**"). Article 28 of the Code provides that the Jordanian courts have jurisdiction in suits or actions instituted against a non-Jordanian party that has no domicile or residency in Jordan if, *inter alia*: (i) the subject matter of the action relates to property (movable or immovable) located in Jordan; (ii) the action arises from an obligation created in Jordan; or (iii) the action arises from an obligation performed or ought to have been performed in Jordan. Accordingly, a Jordanian court may not uphold a contractual provision providing for the Issuer's submission to the jurisdiction of a non-Jordanian court or a defence of a non-Jordanian party based on lack of jurisdiction in respect of a legal action instituted by a Jordanian party, such as the Issuer, against a non-Jordanian party.

There can therefore be no assurance that the Jordanian Courts will decline jurisdiction to adjudicate any dispute under the Documents, notwithstanding that the Documents provide that the parties have agreed that any disputes arising thereunder shall be referred to arbitration. In the event that proceedings are brought against the Issuer in Jordan, the Jordanian courts would, in accordance with their normal practice, enforce the contractual terms of the Capital Securities (including the contractual choice of a governing law other than Jordanian law to govern the Capital Securities, provided that, this would not apply to any provision of law which Jordanian courts hold to be contrary to any mandatory provision of Jordanian law or to public order or morality in Jordan). Jordanian courts have consistently enforced commercial interest obligations computed in accordance with the terms of the relevant agreement. It is, however, uncertain whether the Jordanian courts would enforce the payment of interest on interest, or the payment of accrued interest that exceeds the amount of the principal sum.

Enforcing foreign judgments in Jordan

Any payments due under the Capital Securities are dependent upon the Issuer making payments to investors in the manner contemplated under the Capital Securities. If the Issuer fails to do so, it may be necessary for an investor to bring an action against the Issuer to enforce its obligations (subject to the provisions of the Conditions) which could be both time-consuming and costly.

In the event that the option to litigate set out in the Documents is exercised, any dispute may also be referred to the courts of England (or another court of competent jurisdiction as the relevant party may elect).

The enforcement of a judgment in Jordan issued by foreign courts is subject to the limitations set forth in the Enforcement of Foreign Judgments Law No. 8 of 1952 (the "**Enforcement Law**"). A foreign judgment can be enforced in Jordan through filing an enforcement request before the Jordanian court of first instance.

The Jordanian courts may decline the request to enforce a foreign judgment if:

- the foreign court issuing the judgment lacked jurisdiction;
- the party against whom the enforcement is sought (i) had no business operations within the jurisdiction of the foreign court or was not domiciled within its jurisdiction, (ii) did not voluntarily appear before that court, and (iii) did not acknowledge such court's jurisdiction;
- the defendant was not notified to appear before the court (or tribunal) which issued the judgment (or award) or was not duly or properly served with notice;
- the judgment was fraudulently procured;
- the court rules that the judgment is not final;
- the judgment relates to a claim that will not be heard by the courts of Jordan due to a conflict with public policy and public morals; or
- the judgment is issued by any court of a country whose laws prohibit the enforcement of the judgment issued by the courts of Jordan.

Jordan's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions characteristic of more developed markets. As a result, procedural safeguards, as well as formal regulations and laws, may not be applied consistently. In certain circumstances, it may not be possible to obtain the legal remedies provided under the relevant law and regulations in a timely manner. As the legal environment remains subject to ongoing development, investors in Jordan may face uncertainty as to the security of their investments. Any unexpected changes in Jordan's legal system may have a material adverse effect on the rights of the holders of the Capital Securities.

Enforcing arbitral awards in Jordan

The Issuer has irrevocably agreed to the Documents being governed by English law. Unresolved disputes in relation to the Documents will, unless the option to litigate set out therein is exercised, be referred to arbitration under the LCIA Arbitration Rules with the seat of arbitration in London. In the event that such option to litigate set out therein is exercised, any dispute may also be referred to the courts of England (or another court of competent jurisdiction as the relevant party may elect).

Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Issuer has or would at the relevant time have assets in the UK against which such arbitral award or judgment could be enforced. The Issuer is a Jordanian company and is incorporated in and has its operations and the majority of its assets located in Jordan. To the extent that the enforcement of remedies must be pursued in Jordan, it should be borne in mind that there is limited scope for self-help remedies under Jordanian law and that generally enforcement of remedies in Jordan must be pursued through the courts.

Jordan is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in Jordan in accordance with the terms of the New York Convention. Under the New York Convention, Jordan has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Jordanian courts find that the subject matter of the dispute is not capable of settlement by arbitration, or enforcement would be contrary to the public policy of Jordan. According to Jordanian case law, international conventions prevail over domestic statutes and laws. Therefore, in relation to arbitral awards, the New York Convention is superior in application to the Enforcement Law, which is perceived as the general law applicable to the enforcement of all foreign judgments and awards in the absence of a special provision in international conventions. The Enforcement Law thereby applies to those awards which do not fall within the scope of application of the New York Convention.

There is no established track record as to how the New York Convention provisions would be interpreted and applied by Jordanian courts in practice and whether the Jordanian courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention).

The enforcement of foreign arbitral awards in Jordan is also subject to the Enforcement Law as the definition of "foreign judgments" in the Enforcement Law includes foreign arbitral awards. Accordingly, there is a risk that a non-Jordanian arbitral award will be refused enforcement by the Jordanian courts. A foreign arbitral award will be recognised and enforced in Jordan (without re-trial or examination of the merits of the case) in accordance with the Enforcement Law. Enforcement of a foreign arbitral award may, however, be denied if:

- the tribunal issuing the arbitration award lacked jurisdiction;
- the party against whom the enforcement is sought (i) had no business operations within the jurisdiction of the tribunal or was not domiciled within its jurisdiction, (ii) did not voluntarily appear before that tribunal, and (iii) did not acknowledge such tribunal's jurisdiction;

- the defendant was not notified to appear before the tribunal which issued the award or was not duly or properly served with notice;
- the award was fraudulently procured;
- the court rules that the award is not final;
- the award relates to a claim that will not be heard by the courts of Jordan due to a conflict with public policy and public morals; or
- the award is issued by any tribunal of a country whose laws prohibit the enforcement of the award issued by the tribunals of Jordan.

Change in law

The Conditions are governed by English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Capital Securities and any such change could materially adversely impact the value of any Capital Securities affected by it.

Claims for specific enforcement

Without prejudice to the limited nature of the remedies set out in Condition 11 (*Enforcement Events*), in the event that the Issuer fails to perform its obligations under the Capital Securities, the potential remedies available to the holders of the Capital Securities may include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. An order for specific enforcement is at the discretion of the court and there is no assurance that a court will provide such an order. The amount of damages which a court may award in respect of a breach may depend upon a number of factors including Condition 11 (*Enforcement Events*) and an obligation on the holders of the Capital Securities to mitigate any loss arising as a result of the breach. No assurance is provided as to the extent to which a court may award damages in the event of a failure by the Issuer to perform its obligations as set out in the Capital Securities.

Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities

The Capital Securities are subordinated, conditional and unsecured obligations of the Issuer

Prospective investors should note that the payment obligations of the Issuer under the Conditions rank: (i) subordinate and junior to all Senior Obligations; (ii) *pari passu* with all *Pari Passu* Obligations; and (iii) in priority only to all Junior Obligations. Accordingly, the payment obligations of the Issuer under the Conditions rank junior to all unsubordinated payment obligations of the Issuer (including payment obligations to depositors of the Issuer in respect of their due claims) and all subordinated payment obligations of the Issuer to which the payment obligations under the Conditions rank or are expressed to rank junior, and *pari passu* with all subordinated payment obligations of the Issuer which rank or are expressed to rank *pari passu* with the payment obligations under the Conditions.

Prospective investors should also note that the payment obligations of the Issuer under the Conditions are conditional upon the following conditions (together, the "**Solvency Conditions**"):

(a) the Issuer being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations;

(b) the Issuer being capable of making payment of the relevant Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Senior Obligations and all *Pari Passu* Obligations and still be Solvent immediately thereafter; and

(c) the total share capital (including, without limitation, retained earnings) of the Issuer being greater than zero at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations.

Further, the payment obligations of the Issuer under the Capital Securities are unsecured and no collateral is or will be given by the Issuer in relation thereto.

Notwithstanding any other provisions in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by the Regulator or a court or other competent authority in Jordan, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities. As a result, holders of the Capital Securities would lose the entire amount of their investment in the Capital Securities.

In addition, a holder of the Capital Securities may exercise its enforcement rights in relation to the Capital Securities only in the manner provided in Condition 11 (*Enforcement Events*). If an Enforcement Event occurs and the Issuer fails to satisfy any of the Solvency Conditions or if a bankruptcy or liquidation order in respect of the Issuer has been issued by a court or competent authority in Jordan, the claims of the holders of the Capital Securities under the Capital Securities will be extinguished without any further payment to be made by the Issuer under the Capital Securities.

Furthermore, any indication or perceived indication that any of the Solvency Conditions may not be satisfied or that a bankruptcy or liquidation order may be issued may have a material adverse effect on the market price of the Capital Securities.

No limitation on issuing senior securities

Other than the limitations in relation to the issue of further Additional Tier 1 Capital by the Issuer as set out in Condition 4.4 (*Status and Subordination – Other Issues*) which limits the circumstances in which Additional Tier 1 Capital of the Issuer can be issued that ranks senior to the Capital Securities, there is no restriction on the Issuer incurring additional indebtedness or issuing securities or creating any guarantee or contractual support arrangement which would rank senior to the Capital Securities, and which may reduce the likelihood of the Solvency Conditions being met and/or the amount recoverable by holders of the Capital Securities on a winding-up of the Issuer.

Payments of Interest Payment Amounts are conditional upon certain events and may be cancelled and are non-cumulative

No Interest Payment Amounts are payable on the relevant Interest Payment Date if a Non-Payment Event (as more particularly provided in Condition 6.1 (*Interest Cancellation – Non-Payment Event*)) occurs (subject to Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*)). Each of the following events is a Non-Payment Event for the purposes of the Conditions with respect to each Interest Payment Date:

(i) the Interest Payment Amount payable, when aggregated with any distributions or amounts payable by the Issuer on any *Pari Passu* Obligations having the same date in respect of payment of such distributions or amounts as, or otherwise due and payable on, the date for payment of the relevant Interest Payment Amount, exceeds, on the relevant date for payment of such Interest Payment Amount, the Distributable Items;

(ii) the Issuer is, on that Interest Payment Date, in breach of the Applicable Regulatory Capital Requirements (including any payment restrictions due to breach of capital buffers imposed on the Issuer by the Regulator, as appropriate) or payment of the relevant Interest Payment Amount would cause it to be in breach thereof;

(iii) the Regulator having notified the Issuer that the Interest Payment Amount due on that Interest Payment Date should not be paid for any reason the Regulator may deem necessary;

(iv) the Solvency Conditions are not satisfied (or would no longer be satisfied if the relevant Interest Payment Amount was paid); or

(v) the Issuer, in its sole discretion, has elected that Interest Payment Amounts shall not be paid to holders of the Capital Securities on such Interest Payment Date (other than in respect of any amounts due on any date on which the Capital Securities are to be redeemed in full, in respect of which this paragraph (v) does not apply), including, without limitation, if the Issuer incurs a net loss during the relevant Interest Period.

In relation to paragraph (i) above, as at the Issue Date, "Distributable Items" is defined in the Conditions as "the amount of the Issuer's consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law) after the transfer of any amounts to non-distributable reserves, all as set out in the most recent audited or (as the case may be) auditor reviewed consolidated financial statements of the Issuer or any equivalent or successor term from time to time as prescribed by the Capital Regulations, including the applicable criteria for Tier 1 Capital instruments that do not constitute Common Equity Tier 1 Capital". As at 31 December 2020, the Issuer's Distributable Items amounted to JD52.7 million.

In relation to paragraph (ii) above, payment restrictions will also apply in circumstances where the Issuer does not meet certain capital buffer requirements, namely, payment restrictions in an amount equal to the Maximum Distributable Amount (as defined below) if the combined capital buffer requirement is not satisfied pursuant to the Capital Regulations. In the event of a breach of the combined buffer requirement, under the Capital Regulations, the restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the Issuer's profits for the most recent relevant period. Such calculation will result in a maximum distributable amount (the "**Maximum Distributable Amount**") in each relevant period. As an example, the scaling is such that in the lowest quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce payments that would, but for the breach of the combined buffer requirement, be discretionary, including Interest Payment Amounts in respect of the Capital Securities. In such circumstances, the aggregate amount of distributions which the Issuer can make on account of dividends, Interest Payment Amounts and redemption amounts on its Additional Tier 1 instruments (including the Capital Securities) and certain variable remuneration (such as bonuses) or discretionary pension benefits will be limited. Furthermore, there can be no assurance that the combined buffer requirement applicable to the Issuer will not be increased in the future, which may exacerbate the risk that discretionary distributions, including payments of Interest Payment Amounts in respect of the Capital Securities, are cancelled.

In the event of a Non-Payment Event, certain restrictions on declaration of dividends or distributions and redemption of certain securities by the Issuer will apply in accordance with Condition 6.3 (*Interest Cancellation – Dividend and Redemption Restrictions*). However, the holders of the Capital Securities shall have no claim in respect of any Interest Payment Amount not paid as a result of a Non-Payment Event and the non-payment of any Interest Payment Amount in such a circumstance shall not constitute an Enforcement Event. The Issuer shall not make or have any obligation to make any subsequent payment in respect of any such unpaid amount. Any failure to provide notice of a Non-Payment Event in accordance with the Conditions will not invalidate the cancellation of the relevant payment of the Interest Payment Amount. In the absence of notice of a Non-Payment Event having been given in accordance with Condition 6.2 (*Interest

Cancellation – Effect of Non-Payment Event), the fact of non-payment of an Interest Payment Amount on the relevant Interest Payment Date shall be evidence of the occurrence of a Non-Payment Event.

In such case, the holders of the Capital Securities will not receive Interest Payment Amounts on their investment in the Capital Securities and shall not have any claim in respect thereof. Any non-payment of Interest Payment Amounts or perceived risk of such non-payment may have a material adverse effect on the market value of the Capital Securities.

Perpetual securities

The Capital Securities are perpetual securities which have no scheduled repayment date. Holders of the Capital Securities have no ability to require the Issuer to redeem their Capital Securities unless, and subject to the restrictions described in Condition 11 (*Enforcement Events*), an Enforcement Event occurs. The Issuer has the option to redeem the Capital Securities in certain circumstances as more particularly described in Condition 9 (*Redemption and Variation*), although there is no assurance that it will do so.

This means that the holders of the Capital Securities should be aware that they may be required to bear the financial risks of an investment in the Capital Securities and have no ability to cash in their investment, except:

(i) if the Issuer exercises its rights to redeem the Capital Securities in accordance with Condition 9 (*Redemption and Variation*);

(ii) upon the occurrence of an Enforcement Event, to the extent possible under the limited remedies set out in Condition 11 (*Enforcement Events*); or

(iii) by selling their Capital Securities.

The exercise of (or perceived likelihood of exercise of) any such redemption feature of the Capital Securities may limit their market value, which is unlikely to rise substantially above the price at which the Capital Securities can be redeemed.

There can be no assurance that holders of the Capital Securities will be able to reinvest the amount received upon redemption or sale at a rate that will provide the same rate of return as their investment in the Capital Securities.

The right to receive repayment of the principal amount of the Capital Securities and the right for any further interest will be permanently written-down upon the occurrence of a Non-Viability Event

If a Non-Viability Event occurs, the Prevailing Principal Amount of the Capital Securities then outstanding will be written-down in whole or, in exceptional cases, in part on a *pro rata* basis, in each case as solely determined by the Regulator. Pursuant to a Write-down, the rights of any holder of Capital Securities for payment of any amounts under or in respect of the Capital Securities (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event), in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Interest Payment Amounts), shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event or notice in relation thereto. In the case of a Write-down in whole, the Capital Securities shall be cancelled. As a result, upon the occurrence of a Non-Viability Event, the holders of the Capital Securities may lose the entire amount of their investment in the Capital Securities.

In the exceptional cases in which a Write-down in part is required by the Regulator, a Write-down may occur on one or more occasions as solely determined by the Regulator provided, however, that the principal amount of a Capital Security shall never be reduced to below nil.

Furthermore, upon the occurrence of any Write-down in part pursuant to Condition 10 (*Write-down at the Point of Non-Viability*), Interest Payment Amounts will accrue on the reduced principal amount of the Capital Securities (subject to the Conditions). Also, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event or any redemption of the Capital Securities will be by reference to such reduced principal amount of the Capital Securities.

A "**Non-Viability Event**" means that the Regulator has notified the Issuer in writing that it has determined that the Issuer has, or will become, Non-Viable without: (i) a Write-down; or (ii) a public injection of capital (or equivalent support).

The Issuer shall be "**Non-Viable**" if: (a) it is insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business; or (b) any other event or circumstance occurs, which is specified as constituting non-viability by the Regulator, or in the Capital Regulations.

The circumstances triggering a Write-down are unpredictable

The occurrence of a Non-Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control. The occurrence of a Non-Viability Event is subject to, *inter alia*, a subjective determination by the Regulator. As a result, the Regulator may require a Write-down in circumstances that are beyond the control of the Issuer and with which the Issuer or the holder of the Capital Securities may not agree. Furthermore, although the Conditions provide that the Regulator may require a Write-down in whole or in part upon the occurrence of a Non-Viability Event, the current stated position of the Regulator is that a Write-down in whole will apply in all such cases save only in exceptional cases as determined by the Regulator in its sole discretion.

Investors should also be aware that the application of a non-viability loss absorption feature similar to Condition 10 (*Write-down at the Point of Non-Viability*) has not been tested in Jordan and therefore some degree of uncertainty exists in its application. The exercise (or perceived likelihood of exercise) of any such power by the Regulator or any suggestion of such exercise could materially adversely affect the value of the Capital Securities and could lead to holders losing some or all of their investment in the Capital Securities. As a result of a Write-down, a holder may suffer a loss in respect of its holding of the Capital Securities ahead of, or without, any loss being required to be borne by a shareholder of the Issuer in respect of its shareholding.

The financial viability of the Issuer will also depend in part on decisions made by the Issuer in relation to its business and operations, including the management of its capital position. In making such decisions, the Issuer may not have regard to the interests of the holders of the Capital Securities and, in particular, the consequences for the holders of the Capital Securities of any such decisions and there can be no assurance in any such circumstances that the interests of the Issuer, its shareholders and the Regulator will be aligned with those of the holders of the Capital Securities.

The Conditions contain limited Enforcement Events and remedies

The Enforcement Events in the Conditions are limited to: (i) a payment default by the Issuer for a period of seven days in the case of any principal and 14 days in the case of interest (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Event); (ii) a final determination is made by a court or other official body that the Issuer is insolvent or bankrupt or unable to pay its debts as they fall due; (iii) an administrator is appointed, an order is made by the Regulator or a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease, or through an official action of its board of directors threaten to cease, to carry on all or substantially all of its business or operations, in each case except: (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the holders of the Capital Securities; or (b) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or (iv) any event occurs which under the laws of Jordan has an analogous effect to those described in (ii) and (iii) above.

Moreover, pursuant to Condition 11 (*Enforcement Events*), upon the occurrence of an Enforcement Event, limited remedies are available to a holder of the Capital Securities. A holder of the Capital Securities may give notice to the Issuer (at the specified office of the Fiscal Agent) that the Capital Securities are due and payable at the Early Redemption Amount and thereafter: (1) institute any steps, actions or proceedings for the winding-up of the Issuer; and/or (2) prove in the winding-up of the Issuer; and/or (3) claim in the liquidation of the Issuer for such payment; and/or (4) take such other steps, actions or proceedings to enforce, prove or claim for such payment which, under the laws of Jordan, have an analogous effect to the actions referred to in (1) to (3) above (in each case, without prejudice to Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*), which provides (amongst other things) that if the Solvency Conditions are not satisfied or if a bankruptcy order in respect of the Issuer has been issued by a court or a competent authority in Jordan, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished). In addition, any holder of the Capital Securities may at its discretion institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Conditions other than any payment obligation of the Issuer (including, without limitation, payment of any principal or satisfaction of any payments in respect of the Conditions, including any damages awarded for breach of any obligations).

Furthermore, pursuant to Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*), claims in respect of Senior Obligations of the Issuer would first have to be satisfied in any winding-up or liquidation before holders of the Capital Securities may expect to obtain any amounts in respect of the Capital Securities and, prior thereto, holders of the Capital Securities may only have limited (if any) ability to influence the conduct of such winding-up or liquidation. If an Enforcement Event occurs and the Issuer has failed to satisfy any of the Solvency Conditions or if a bankruptcy order in respect of the Issuer has been issued by the Regulator or a court or other competent authority in Jordan, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished, and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.

Resettable fixed rate instruments have a market risk

A holder of an instrument with a fixed interest rate that will be reset during the term of the instrument (as will be the case for the Capital Securities with effect from each Reset Date if not previously redeemed and/or purchased and cancelled) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. While the expected interest rate on the Capital Securities is fixed until the First Call Date (with a reset of the Interest Rate on the First Call Date as set out in the Conditions and every fifth anniversary thereafter), the current investment return rate in the capital markets (the "**market return rate**") typically changes on a daily basis. As the market return rate changes, the market value of the Capital Securities may also change, but in the opposite direction. If the market return rate increases, the market value of the Capital Securities would typically decrease. If the market return rate falls, the market value of the Capital Securities would typically increase. The holders of Capital Securities should be aware that movements in these market return rates can adversely affect the market value of the Capital Securities and can lead to losses for the holders of Capital Securities if they sell the Capital Securities.

Variation upon the occurrence of a Capital Event or a Tax Event

Upon the occurrence of a Capital Event or a Tax Event, the Issuer may, subject as provided in Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) (as the case may be) and without the need for any consent of the holders of the Capital Securities, vary the terms of the Capital Securities such that they become or remain (as appropriate) Qualifying Tier 1 Instruments and, in the case of a variation upon the occurrence of a Tax Event, so that the relevant withholding or deduction otherwise arising from the relevant Tax Law Change is no longer required.

A Capital Event will arise if the Issuer is notified in writing by the Regulator to the effect that the outstanding principal amount (or the amount that qualifies as regulatory capital, if some amount of the Capital Securities is held by the Issuer or whose purchase is funded by the Issuer) of the Capital Securities would cease to be eligible to qualify, in whole or in part, for inclusion in the consolidated Additional Tier 1 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital), and provided that the Issuer satisfies the Regulator that such non-qualification was not reasonably foreseeable at the time of issuance of the Capital Securities.

A Tax Event will arise if, on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay Additional Amounts (whether or not a Non-Payment Event has occurred), as a result of a Tax Law Change that becomes effective on or after the Issue Date (and such requirement cannot be avoided by the Issuer taking reasonable measures available to it), and provided that the Issuer satisfies the Regulator that such Tax Law Change was not reasonably foreseeable at the time of issuance of the Capital Securities.

The tax and stamp duty consequences of holding the Capital Securities following variation as contemplated in Condition 9 (*Redemption and Variation*) could be different for certain holders of the Capital Securities from the tax and stamp duty consequences for them of holding the Capital Securities prior to such variation and the Issuer shall not be responsible to any holder of the Capital Securities for any such consequences in connection therewith. No assurance can be given as to whether any of these changes will negatively affect any particular holder of the Capital Securities or the market value of the Capital Securities.

The Capital Securities may be redeemed early or purchased subject to certain requirements

Upon the occurrence of a Tax Event or a Capital Event, or at its option on the First Call Date and any Interest Payment Date thereafter following the First Call Date, the Issuer may, having given not less than 10 nor more than 15 days' prior notice to the holders of the Capital Securities in accordance with Condition 15 (*Notices*), redeem in accordance with the Conditions all (but not some only) of the Capital Securities at the Tax Redemption Amount, Capital Event Redemption Amount or Early Redemption Amount (as applicable) (as more particularly described in Condition 9.1(b) (*Redemption and Variation – Issuer's Call Option*), Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) and Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*)).

Any redemption of the Capital Securities is subject to the requirements in Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*), including (to the extent then required) obtaining the prior consent of the Regulator. There can be no guarantee that the consent of the Regulator will be received on time or at all.

There is no assurance that the holders of the Capital Securities will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities. Potential investors should consider re-investment risk in light of other investments available at that time.

The exercise of (or perceived likelihood of exercise of) the redemption features of the Capital Securities may limit their market value, which is unlikely to rise substantially above the price at which the Capital Securities can be redeemed.

Any purchase of the Capital Securities by the Issuer or any of its subsidiaries is subject to the requirements in Condition 9.2 (*Redemption and Variation – Purchase*), including (to the extent then required by the Regulator or the Capital Regulations) obtaining the prior written consent of the Regulator. There can be no guarantee that the written consent of the Regulator will be received on time or at all, particularly as the Issuer has been notified by the Regulator that it will provide such written consent in exceptional cases only.

Modification

The Conditions contain provisions for calling meetings of holders of the Capital Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Capital Securities including holders of the Capital Securities who did not attend and vote at the relevant meeting and holders of the Capital Securities who voted in a manner contrary to the majority.

The Conditions also provide that the Fiscal Agent and the Issuer may agree, without the consent of holders of the Capital Securities, to any modification of any Capital Securities, in the circumstances specified in Condition 16 (*Meetings of Holders of the Capital Securities and Modification*).

The Conditions also provide that the Issuer may, without the consent or approval of the holders of the Capital Securities, vary the Conditions provided that they become or, as appropriate, remain, Qualifying Tier 1 Instruments and, in the case of a variation upon the occurrence of a Tax Event, so that the relevant withholding or deduction otherwise arising from the relevant Tax Law Change is no longer required, as provided in Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) and Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*).

Trading in the clearing systems

As the Capital Securities have a denomination consisting of U.S.$200,000, plus higher integral multiples of U.S.$1,000, it is possible that such Capital Securities may be traded in amounts that are not integral multiples of U.S.$200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to at least U.S.$200,000 in order to be eligible to receive an Individual Certificate.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Capital Securities will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (together, the "**ICSDs**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Individual Certificates. The ICSDs and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificate. While the Capital Securities are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the ICSDs and their respective participants. While Capital Securities are represented by the Global Certificate, the Issuer will discharge its payment obligation under such Capital Security by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Capital Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Capital Securities so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Taxation risks on payments

Payments made by the Issuer in respect of the Capital Securities could become subject to taxation. Condition 12 (*Taxation*) requires the Issuer to pay additional amounts in certain circumstances in the event that any withholding or deduction is imposed by virtue of the Jordanian tax laws in respect of any interest payments under the Capital Securities (but not in respect of principal), such that net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Capital Securities in the absence of such withholding or deduction.

OVERVIEW OF THE ISSUANCE

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Any decision to invest in the Capital Securities should be based on a consideration of this Prospectus as a whole.

Words and expressions defined in "*Terms and Conditions of the Capital Securities*" shall have the same meanings in the following description.

Issuer:	Capital Bank of Jordan
Description:	U.S.$100,000,000 Perpetual Additional Tier 1 Capital Securities.
Sole Structuring Agent:	Capital Investments (DIFC) Ltd.
The Manager:	Capital Investments and Brokerage Company / Jordan Ltd.
Fiscal Agent, Paying Agent and Calculation Agent:	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Dublin Branch
Issue Date:	24 February 2022.
Issue Price:	100 per cent.
Interest Payment Dates:	24 February and 24 August in every year, commencing on 24 August 2022.
Interest Payment Amounts:	Subject to Condition 6 (*Interest Cancellation*), the Capital Securities shall, during the Initial Period, bear interest at a rate of 7.00 per cent. per annum (the "**Initial Interest Rate**") on the Prevailing Principal Amount of the Capital Securities. The Interest Payment Amount payable on each Interest Payment Date during the Initial Period shall be U.S.$35.00 per U.S.$1,000 in principal amount of the Capital Securities. For the purpose of calculating payments of interest following the Initial Period, the Interest Rate will be reset on each Reset Date on the basis of the aggregate of 5.50 per cent. per annum (the "**Margin**") and the Relevant Five-Year Reset Rate on the relevant U.S. Securities Determination Date, as determined by the Calculation Agent (see Condition 5 (*Interest*)). If a Non-Payment Event occurs, the Issuer shall not pay the corresponding Interest Payment Amount and the Issuer shall not have any obligation to make any subsequent payment in respect of any unpaid Interest Payment Amount as more particularly described in Condition 6 (*Interest Cancellation*). In such circumstances, interest will not be cumulative and any interest which is not paid will not accumulate or compound and holders of the Capital Securities will have no right to receive such interest at any time, even if interest is paid in the future.
Form of Capital Securities:	The Capital Securities will be issued in registered form. The Capital Securities will be represented on issue by ownership

interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg.

Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Individual Certificates evidencing a holding of Capital Securities will be issued in exchange for interests in the Global Certificate only in limited circumstances.

Clearance and Settlement: Holders of the Capital Securities must hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing systems.

Denomination: The Capital Securities will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Status of the Capital Securities: Each Capital Security will rank *pari passu* without preference or priority, with all other Capital Securities.

Subordination of the Capital Securities: The payment obligations of the Issuer under the Capital Securities (the "**Obligations**") will: (i) constitute Additional Tier 1 Capital of the Issuer; (ii) constitute direct, unsecured, conditional (as described below) and subordinated obligations of the Issuer that rank *pari passu* and without preference or priority amongst themselves; (iii) rank subordinate and junior to all Senior Obligations; (iv) rank *pari passu* with all *Pari Passu* Obligations; and (v) rank in priority only to all Junior Obligations.

Notwithstanding any other provision in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by the Regulator or a court or other competent authority in Jordan, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.

Solvency Conditions: Payments in respect of the Obligations by the Issuer are conditional upon the following conditions (together, the "**Solvency Conditions**"):

(i) the Issuer being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations;

(ii) the Issuer being capable of making payment of the relevant Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Senior Obligations and all *Pari Passu* Obligations and still be Solvent immediately thereafter; and

(iii) the total share capital (including, without limitation, retained earnings) of the Issuer being greater than zero at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations.

Redemption and Variation:

The Capital Securities are perpetual securities in respect of which there is no fixed or final redemption date. The Capital Securities may be redeemed in whole but not in part, or the terms thereof may be varied by the Issuer only in accordance with the provisions of Condition 9 (*Redemption and Variation*).

Pursuant to Condition 9.1(b) (*Redemption and Variation – Issuer's Call Option*), the Issuer may, on any Call Date, redeem all, but not some only, of the Capital Securities at the Early Redemption Amount.

In addition (on any date on or after the Issue Date, whether or not an Interest Payment Date), upon the occurrence of a Tax Event or a Capital Event, all but not some only, of the Capital Securities may be redeemed or the terms of the Capital Securities may be varied, in each case in accordance with Conditions 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) and 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*).

Any redemption of the Capital Securities is subject to the conditions described in Condition 9.1 (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*).

Write-down at the point of Non-Viability:

If a Non-Viability Event occurs, a Write-down will take place in accordance with Condition 10.2 (*Write-down at the Point of Non-Viability – Non-Viability Notice*).

"**Write-down**" means:

(i) the holders' rights under the Capital Securities shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the relevant Write-down Amount;

(ii) in the case of the Write-down Amount corresponding to the full Prevailing Principal Amount of the Capital

Securities then outstanding, the Capital Securities shall be cancelled; and

(iii) all rights of any holder for payment or any amounts under or in respect of the Capital Securities, in a proportion corresponding to the relevant Write-down Amount (and any corresponding Interest Payment Amounts), shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date.

Purchase: Subject to the Issuer (to the extent then required by the Regulator or the Capital Regulations): (i) having obtained the prior written consent of the Regulator; (ii) being in compliance with the Applicable Regulatory Capital Requirements immediately following such purchase; and (iii) being Solvent at the time of purchase, the Issuer or any of its subsidiaries may purchase the Capital Securities in the open market or otherwise at such price(s) and upon such other conditions as may be agreed upon between the Issuer or the relevant subsidiary (as the case may be) and the relevant holders of Capital Securities. Upon any such purchase, the Issuer may (but shall not be obliged to) deliver such Capital Securities for cancellation.

Enforcement Events: Upon the occurrence of an Enforcement Event, any holder of the Capital Securities may give written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, that such Capital Security is due and payable, whereupon the same shall, subject to Condition 10 (*Write down at the point of Non-Viability*) and Condition 11.4 (*Enforcement Events – Restrictions*), become forthwith due and payable at its Early Redemption Amount, without presentation, demand, protest or other notice of any kind.

Withholding Tax: All payments in respect of the Capital Securities will be made free and clear of, without withholding or deduction for, or on account of, withholding taxes imposed by the relevant Tax Jurisdiction, subject as provided in Condition 12 (*Taxation*). In the event that any such deduction is made, the Issuer will, in respect of interest (but not in respect of principal), save in certain limited circumstances provided in Condition 12 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Listing and Admission to Trading: Application has been made for the Capital Securities to be: (i) admitted to listing on the DFSA Official List; and (ii) admitted to trading on Nasdaq Dubai, in each case on the Issue Date.

Governing Law and Dispute Resolution: The Capital Securities and any non-contractual obligations arising out of or in connection with the Capital Securities will be governed by, and shall be construed in accordance with, English law.

The Agency Agreement, the Deed of Covenant and any non-contractual obligations arising out of, relating to or having any connection with the Agency Agreement and the Deed of Covenant will be governed by, and shall be construed in accordance with, English law. In respect of any dispute, claim, difference or controversy under the Capital Securities, the Agency Agreement or the Deed of Covenant, the Issuer has consented to arbitration in accordance with the LCIA Arbitration Rules unless any holder of Capital Securities (in the case of the Capital Securities or the Deed of Covenant) or Agent (in the case of the Agency Agreement) elects to have the dispute, claim, difference or controversy resolved by a court, in which case the English courts will have exclusive jurisdiction to settle such dispute (or such other court of competent jurisdiction as such party may elect).

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Capital Securities in the United States, the EEA, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Jordan, the Kingdom of Saudi Arabia, and the Republic of Iraq and such other restrictions as may be required in connection with the offering and sale of the Capital Securities. See "*Subscription and Sale*".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the DFSA shall be incorporated in, and form part of, this Prospectus:

(a) the unaudited interim condensed consolidated financial information for the nine months ended 30 September 2021 of the Issuer together with the review report thereon (an electronic copy of which is available at https://www.xbrljordan.jo/iweb/index?guid=qW32w1mqhRH1sbrg0s5eSrdAfZ67uViNyroSe2XWVWQ3%20tadz12obBqDhiBq%20q75/6hdrgL9eXfRZpkjUmESEQkZ9DZij7p52f/%20K4XCnqY%3D);

(b) the consolidated financial statements for the year ended 31 December 2020 of the Issuer together with the audit report thereon (an electronic copy of which is available at https://www.capitalbank.jo/en/downloads-annual-report); and

(c) the consolidated financial statements for the year ended 31 December 2019 of the Issuer together with the audit report thereon (an electronic copy of which is available at https://www.capitalbank.jo/en/downloads-annual-report).

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Capital Securities, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Capital Securities.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Prospectus. Information contained on any websites referenced herein does not form part of this Prospectus and has not been scrutinised or approved by the DFSA, except hyperlinks to the electronic addresses of the documents incorporated by reference as set out in paragraph (a) to paragraph (c) (inclusive) above.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following are the Terms and Conditions of the Capital Securities which will be incorporated by reference into the Global Certificate (as defined below) and endorsed on each Individual Certificate (if issued) in respect of the Capital Securities:

Each of the U.S.$100,000,000 Perpetual Additional Tier 1 Capital Securities (the "**Capital Securities**") is issued by Capital Bank of Jordan in its capacity as issuer (the "**Issuer**") pursuant to the Deed of Covenant and the Agency Agreement (each as defined below).

Payments relating to the Capital Securities will be made pursuant to an agency agreement dated the Issue Date (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent (in such capacity, the "**Fiscal Agent**" and together with any further or other paying agents appointed from time to time in respect of the Capital Securities, the "**Paying Agents**"), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (in such capacity, the "**Registrar**") and as transfer agent (in such capacity, the "**Transfer Agent**" and, together with the Registrar and any further or other transfer agents appointed from time to time in respect of the Capital Securities, the "**Transfer Agents**") and The Bank of New York Mellon, London Branch as calculation agent (the "**Calculation Agent**", which expression includes any other calculation agent appointed from time to time in respect of the Capital Securities). The Paying Agents, the Calculation Agent and the Transfer Agents are together referred to in these terms and conditions (the "**Conditions**") as the "**Agents**". References to the Agents or any of them shall include their successors. The Capital Securities are constituted by a deed of covenant dated the Issue Date (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer.

Any reference to "**holders**" in relation to any Capital Securities shall mean the persons in whose name the Capital Securities are registered and shall, in relation to any Capital Securities represented by a Global Certificate, be construed as provided below.

Copies of the Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the specified office of the Agents. The holders of the Capital Securities are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Deed of Covenant.

1. INTERPRETATION

Words and expressions defined in the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between any such document and these Conditions, these Conditions will prevail. In addition, in these Conditions, the following expressions have the following meanings:

"**Additional Amounts**" has the meaning given to it in Condition 12 (*Taxation*);

"**Additional Tier 1 Capital**" means capital qualifying as, and approved by the Regulator as, additional tier 1 capital in accordance with the Capital Regulations;

"**Applicable Regulatory Capital Requirements**" means any requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to the Issuer, including transitional rules and waivers granted in respect of the foregoing;

"**Assets**" means the consolidated gross assets of the Issuer as shown in the latest audited or (as the case may be) auditor reviewed consolidated balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Directors, the auditors of the Issuer or (if a liquidator (or any equivalent insolvency practitioner) has been appointed in respect of the Issuer) a liquidator (or such equivalent insolvency practitioner) may determine;

"**Authorised Denomination**" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"**Authorised Signatory**" means any person who is duly authorised by the Issuer to sign documents on its behalf and whose specimen signature has been provided to the Fiscal Agent;

"**Basel III Documents**" means the Basel Committee on Banking Supervision document "*A global regulatory framework for more resilient banks and banking systems*" released by the Basel Committee on Banking Supervision on 16 December 2010 and revised in June 2011 and the Annex contained in its document "*Basel Committee issues final elements of the reforms to raise the quality of regulatory capital*" on 13 January 2011;

"**Business Day**" means a day, other than a Friday, Saturday, Sunday or public holiday, on which registered banks settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Amman, London and New York City;

"**Call Date**" means the First Call Date and any Interest Payment Date thereafter following the First Call Date;

"**Capital Event**" is deemed to have occurred if the Issuer is notified in writing by the Regulator to the effect that the outstanding principal amount (or the amount that qualifies as regulatory capital, if some amount of the Capital Securities is held by the Issuer or whose purchase is funded by the Issuer) of the Capital Securities would cease to be eligible to qualify, in whole or in part, for inclusion in the consolidated Additional Tier 1 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital), and provided that the Issuer satisfies the Regulator that such non-qualification was not reasonably foreseeable at the time of issuance of the Capital Securities;

"**Capital Event Redemption Amount**" in relation to a Capital Security means 100 per cent. of its Prevailing Principal Amount together with any Outstanding Payments;

"**Capital Regulations**" means, at any time, the regulations, requirements, standards, guidelines and policies relating to the maintenance of capital and/or capital adequacy then in effect in Jordan, including those of the Regulator (including, for the avoidance of doubt, the *"Regulatory Capital Instructions According to the Basel III Standard No. (67/2016)"* issued by the Regulator on 31 October 2016, as the same may be amended or superseded from time to time);

"**Central Bank**" means the Central Bank of Jordan or any successor thereto;

"**Clearstream, Luxembourg**" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"**Code**" has the meaning given to it in Condition 7.3 (*Payments – Payments Subject to Laws*);

"**Common Equity Tier 1 Capital**" means capital qualifying as, and approved by the Regulator as common equity tier 1 capital in accordance with the Capital Regulations;

"**Day-count Fraction**" means the actual number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Interest Period in which the relevant period falls (including the first such day but excluding the last));

"**Designated Account**" has the meaning given to it in Condition 7.1 (*Payments – Payments in respect of Individual Certificates*);

"**Designated Bank**" has the meaning given to it in Condition 7.1 (*Payments – Payments in respect of Individual Certificates*);

"**Directors**" means the directors of the Issuer who make up its board of directors;

"**Dispute**" has the meaning given to it in Condition 18.2 (*Governing Law and Dispute Resolution – Arbitration*);

"**Distributable Items**" means the amount of the Issuer's consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law) after the transfer of any amounts to non-distributable reserves, all as set out in the most recent audited or (as the case may be) auditor reviewed consolidated financial statements of the Issuer or any equivalent or successor term from time to time as prescribed by the Capital Regulations, including the applicable criteria for Tier 1 Capital instruments that do not constitute Common Equity Tier 1 Capital;

"**Dividend Stopper Date**" has the meaning given to it in Condition 6.3 (*Interest Cancellation – Dividend and Redemption Restrictions*);

"**Early Redemption Amount**" in relation to a Capital Security means 100 per cent. of its Prevailing Principal Amount together with any Outstanding Payments;

"**Enforcement Event**" means:

(a) ***Non-payment***: the Issuer fails to pay an amount in the nature of principal or interest due and payable by it pursuant to the Conditions and the failure continues for a period of seven days in the case of principal and 14 days in the case of interest (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Event); or

(b) ***Insolvency***: a final determination is made by a court or other official body that the Issuer is insolvent or bankrupt or unable to pay its debts as they fall due; or

(c) ***Winding-up***: an administrator is appointed, an order is made by the Regulator or a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease, or through an official action of its board of directors threaten to cease, to carry on all or substantially all of its business or operations, in each case except: (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the holders of the Capital Securities; or (ii) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by the Regulator or any court of competent jurisdiction or other competent authority; or

(d) ***Analogous Event***: any event occurs which under the laws of Jordan has an analogous effect to any of the events referred to in paragraph (b) or paragraph (c) above;

"**Euroclear**" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"**Exchange Event**" has the meaning given to it in Condition 3.4 (*Transfers of Capital Securities and Exchange for Individual Certificates – Exchange for Individual Certificates*);

"**Extraordinary Resolution**" has the meaning given to it in the Agency Agreement;

"**First Call Date**" means 24 February 2027;

"**First Interest Payment Date**" means 24 August 2022;

"**Global Certificate**" means the global registered certificate representing the Capital Securities;

"**Individual Certificate**" means a registered certificate in definitive form representing Capital Securities;

"**Initial Interest Rate**" has the meaning given to it in Condition 5.1 (*Interest – Initial Interest Rate and Interest Payment Dates*);

"**Initial Period**" means the period (from and including) the Issue Date to (but excluding) the First Call Date;

"**Interest Payment Amount**" means, subject to Condition 6 (*Interest Cancellation*) and Condition 7 (*Payments*), the interest payable on each Interest Payment Date;

"**Interest Payment Date**" means each of 24 February and 24 August in every year, commencing on the First Interest Payment Date;

"**Interest Period**" means, in the case of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and, subsequently, the period from (and including) an Interest Payment Date to (but excluding) the succeeding Interest Payment Date;

"**Interest Rate**" means, in respect of the Initial Period, the Initial Interest Rate, and, in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 5.2 (*Interest – Interest Rate following the Initial Period*);

"**Issue Date**" means 24 February 2022;

"**Jordan**" means the Hashemite Kingdom of Jordan.

"**Junior Obligations**" means all claims of the holders of Ordinary Shares, all payment obligations of the Issuer in respect of its Other Common Equity Tier 1 Instruments and any other payment obligations that rank or are expressed to rank junior to the Capital Securities;

"**H.15**" means the statistical release designated as such, or any successor or replacement publication, published by the Board of Governors of the United States Federal Reserve System and "**most recent H.15**" means the H.15 published closest in time but prior to the applicable Interest Rate determination date. The H.15 may be currently obtained at the following website: https://www.federalreserve.gov/releases/h15/;

"**LCIA**" means the London Court of International Arbitration;

"**Liabilities**" means the consolidated gross liabilities of the Issuer as shown in the latest audited or (as the case may be) auditor reviewed consolidated balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors, the auditors of the Issuer or (if a liquidator (or any equivalent insolvency practitioner) has been appointed in respect of the Issuer) a liquidator (or such equivalent insolvency practitioner) may determine;

"**Margin**" means 5.50 per cent. per annum;

"**Non-Payment Event**" has the meaning given to it in Condition 6.1 (*Interest Cancellation – Non-Payment Event*);

"**Non-Viability Event**" means that the Regulator has notified the Issuer in writing that it has determined that the Issuer has, or will, become Non-Viable without:

(a) a Write-down; or

(b) a public injection of capital (or equivalent support);

"**Non-Viability Event Write-down Date**" shall be the date on which a Write-down will take place as specified in a relevant Non-Viability Notice, which date shall be as determined by the Regulator;

"**Non-Viability Notice**" has the meaning given to it in Condition 10.2 (*Write-down at the Point of Non-Viability – Non-Viability Notice*);

"**Non-Viable**" means: (a) insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business; or (b) any other event or circumstance occurs, which is specified as constituting non-viability by the Regulator or in the Capital Regulations;

"**Obligations**" has the meaning given to it in Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*);

"**Ordinary Shares**" means ordinary shares of the Issuer;

"**Other Common Equity Tier 1 Instruments**" means securities issued by the Issuer that qualify as Common Equity Tier 1 Capital of the Issuer other than Ordinary Shares;

"**Outstanding Payments**" means, in relation to any amounts payable on redemption of the Capital Securities, an amount representing any accrued and unpaid interest for the Interest Period during which redemption occurs to the date of redemption;

"***Pari Passu* Obligations**" means all subordinated payment obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Obligations;

"**Payment Day**" has the meaning given to it in Condition 7.4 (*Payments – Payment Day*);

"**Prevailing Principal Amount**" means, in respect of a Capital Security, the initial principal amount of such Capital Security as reduced by any Write-down of such Capital Security (on one or more occasions) pursuant to Condition 10 (*Write-down at the Point of Non-Viability*);

"**Proceedings**" has the meaning given to it in Condition 18.4 (*Governing Law and Dispute Resolution – Effect of Exercise of Option to Litigate*);

"**Qualifying Tier 1 Instruments**" means instruments (whether securities, trust certificates, interests in limited partnerships or otherwise) other than Ordinary Shares or Other Common Equity Tier 1 Instruments, issued directly or indirectly by the Issuer that:

(a) will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital;

(b) have terms and conditions not materially less favourable to a holder of the Capital Securities than the terms and conditions of the Capital Securities (as reasonably determined by the Issuer (provided that in making this determination the Issuer is not required to take into account the tax treatment of the varied instrument in the hands of all or any holders of the Capital Securities, or any transfer or similar taxes that may apply on the acquisition of the new instrument), provided that a certification to such effect of an Authorised Signatory shall have been delivered to the Fiscal Agent prior to the variation of the terms of the Capital Securities);

(c) continue to be direct or indirect obligations of the Issuer;

(d) rank on a winding up at least *pari passu* with the Obligations;

(e) have the same outstanding principal amount and interest payment dates as the Capital Securities and at least equal interest or distribution rate or rate of return as the Capital Securities;

(f) (where the instruments are varied prior to the First Call Date) have a first call date no earlier than the First Call Date and otherwise have the same optional redemption dates as the Capital Securities (as originally issued); and

(g) if, immediately prior to the variation of the terms of the Capital Securities in accordance with Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) (as applicable): (i) the Capital Securities were listed or admitted to trading on a Regulated Market, have been listed or admitted to trading on a Regulated Market; or (ii) the Capital Securities were listed or admitted to trading on a recognised stock exchange other than a Regulated Market, have been listed or admitted to trading on any internationally recognised stock exchange (including, without limitation, a Regulated Market), in each case, as selected by the Issuer and notified to the holders of the Capital Securities in accordance with Condition 15 (*Notices*), and which may include such technical changes as necessary to reflect the requirements of Additional Tier 1 Capital under the Capital Regulations then applicable to the Issuer (including, without limitation, such technical changes as may be required in the adoption and implementation of the Basel III Documents);

"**Record Date**" means, in the case of any Interest Payment Amount, the date falling on the 15th day before the relevant Interest Payment Date and, in the case of the payment of a Redemption Amount, the date falling two Payment Days before the date for payment of the relevant Redemption Amount (as the case may be);

"**Redemption Amount**" means the Early Redemption Amount, the Tax Redemption Amount or the Capital Event Redemption Amount (as the case may be);

"**Register**" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"**Regulated Market**" means a regulated market for the purposes of Directive 2014/65/EU (as amended);

"**Regulator**" means the Central Bank or any successor entity having primary bank supervisory authority with respect to the Issuer in Jordan;

"**Relevant Date**" has the meaning given to it in Condition 12 (*Taxation*);

“**Relevant Period**” has the meaning given to it in Condition 5.1 (Interest – Initial Interest Rate and Interest Payment Dates);

“**Relevant Five-Year Reset Rate**” means: (a) the per annum rate (expressed as a decimal) equal to the weekly average yield to maturity for U.S. Treasury securities with a maturity of five years and trading in the public securities markets; or (b) in respect of any Reset Period, if there is no such published U.S. Treasury security with a maturity of five years and trading in the public securities markets, the rate determined on the relevant U.S. Securities Determination Date by interpolation between the most recent weekly average yield to maturity for two series of U.S. Treasury securities trading in the public securities market: (i) one maturing as close as possible to, but earlier than, the immediately following Reset Date; and (ii) the other maturing as close as possible to, but later than, the immediately following Reset Date, in each case as derived from the most recent H.15. In respect of any Reset Period, if the Issuer cannot procure the determination of the Relevant Five-Year Reset Rate on the relevant U.S. Securities Determination Date pursuant to the methods described in (a) and (b) above, then the Relevant Five-Year Reset Rate will be: (1) equal to the rate applicable to the immediately preceding Reset Period; or (2) in the case of the Reset Period commencing on the First Call Date, 1.50 per cent.;

“**Reset Date**” means the First Call Date and every fifth anniversary thereafter;

“**Reset Period**” means the period from and including the First Call Date to but excluding the following Reset Date, and each successive period thereafter from and including such Reset Date to but excluding the next succeeding Reset Date;

“**Rules**” has the meaning given to it in Condition 18.2 (Governing Law and Dispute Resolution – Arbitration);

“**Senior Obligations**” means all unsubordinated payment obligations of the Issuer (including payment obligations to the Issuer’s depositors in respect of their due claims) and all subordinated payment obligations (if any) of the Issuer except Junior Obligations or Pari Passu Obligations;

“**Solvency Conditions**” has the meaning given to it in Condition 4.3 (Status and Subordination – Solvency Conditions);

“**Solvent**” means that: (a) the Issuer is able to pay its debts as they fall due; and (b) the Issuer’s Assets exceed its Liabilities;

“**Tax Event**” means on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay Additional Amounts (whether or not a Non-Payment Event has occurred), as a result of any change in, or amendment to or interpretation of, the laws, published practice or regulations of a Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations (each, a “**Tax Law Change**”), which Tax Law Change becomes effective on or after the Issue Date (and such requirement cannot be avoided by the Issuer taking reasonable measures available to it), and provided that the Issuer satisfies the Regulator that such Tax Law Change was not reasonably foreseeable at the time of issuance of the Capital Securities;

“**Tax Jurisdiction**” has the meaning given to it in Condition 12 (*Taxation*);

“**Tax Law Change**” has the meaning given to it in the definition of “Tax Event”;

“**Tax Redemption Amount**” in relation to a Capital Security means 100 per cent. of its Prevailing Principal Amount together with any Outstanding Payments;

"**Taxes**" has the meaning given to it in Condition 12 (Taxation);

"**Tier 1 Capital**" means capital qualifying as, and approved by the Regulator as, tier 1 capital in accordance with the Capital Regulations;

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the U.S. Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

"**U.S. Securities Determination Date**" means the second U.S. Government Securities Business Day before the commencement of the Reset Period for which the rate will apply;

"**Write-down**" means:

(a) the holders' rights under the Capital Securities shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the relevant Write-down Amount;

(b) in the case of the Write-down Amount corresponding to the full Prevailing Principal Amount of the Capital Securities then outstanding, the Capital Securities shall be cancelled; and

(c) all rights of any holder for payment of any amounts under or in respect of the Capital Securities (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event), in a proportion corresponding to the relevant Write-down Amount (and any corresponding Interest Payment Amounts), shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date,

and all references to "**Written-down**" shall be construed accordingly; and

(d) "**Write-down Amount**" means, in relation to any Non-Viability Event Write-down Date, the amount as determined by the Regulator by which the aggregate Prevailing Principal Amount of the Capital Securities then outstanding is to be Written-down on a *pro rata* basis and shall be calculated per Capital Security by reference to the Prevailing Principal Amount of each Capital Security then outstanding which is to be Written-down.

All references in these Conditions to "**U.S. dollars**", "**U.S.$**" and "**$**" are to the lawful currency of the United States of America.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Capital Securities are issued in registered form in nominal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each an "**Authorised Denomination**"). An Individual Certificate will be issued to each holder of the Capital Securities in respect of its registered holding of Capital Securities. Each Individual Certificate will be numbered serially with an identifying number which will be recorded on the relevant Individual Certificate and in the register of holders of the Capital Securities (the "**Register**").

Upon issue, the Capital Securities will be represented by the Global Certificate which will be registered in the name of a nominee for, and deposited with a common depositary for, Euroclear

Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. The Conditions are supplemented by certain provisions contained in the Global Certificate.

2.2 Title

The holder of any Capital Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the holder.

For so long as any of the Capital Securities is represented by the Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Capital Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Capital Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by each of the Issuer and the Agents as the holder of such nominal amount of such Capital Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Capital Securities, for which purpose the registered holder of the Global Certificate shall be treated by each of the Issuer and any Agent as the holder of such nominal amount of such Capital Securities in accordance with and subject to the terms of the Global Certificate.

3. TRANSFERS OF CAPITAL SECURITIES AND EXCHANGE FOR INDIVIDUAL CERTIFICATES

3.1 Transfers of Interests in the Global Certificate

Capital Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg (as the case may be).

3.2 Transfer of Individual Certificates

Subject to the conditions set forth in the Agency Agreement, Capital Securities represented by Individual Certificates may be transferred in whole or in part (in Authorised Denominations). In order to effect any such transfer: (a) the holder or holders must: (i) surrender the relevant Individual Certificate(s) for registration of the transfer of the Capital Security (or the relevant part of the Capital Security) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which commercial banks are open for business (including dealings in foreign currencies) in the cities where the specified office of the Registrar and (if applicable) the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Individual Certificate of a like aggregate nominal amount to the Capital Security (or the relevant part of the Capital Security) transferred. In the case of the transfer of part only of a Capital Security represented by an Individual Certificate, a new Individual Certificate in respect of the balance of the Capital Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

3.3 Costs of Registration

Holders of the Capital Securities will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3.4 Exchange for Individual Certificates

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event (as defined below). The Issuer will give notice to holders of the Capital Securities in accordance with Condition 15 (*Notices*) if an Exchange Event occurs as soon as practicable thereafter. For these purposes, an "**Exchange Event**" shall occur if: (a) an Enforcement Event has occurred; or (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of legal holiday) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Issuer is available.

In such circumstances, the Global Certificate shall be exchanged in full for Individual Certificates and the Issuer will, at the cost of the Issuer, cause sufficient Individual Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the holders of the Capital Securities.

3.5 Closed Periods

No holder of Capital Securities may require the transfer of a Capital Security to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of such Capital Security.

3.6 Other

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as shall have been approved by the Issuer and the Fiscal Agent.

4. STATUS AND SUBORDINATION

4.1 Status of the Capital Securities

Each Capital Security will rank *pari passu* without preference or priority, with all other Capital Securities.

4.2 Subordination of the Capital Securities

(a) The payment obligations of the Issuer under the Capital Securities (the "**Obligations**") will: (i) constitute Additional Tier 1 Capital of the Issuer; (ii) constitute direct, unsecured, conditional (as described in Condition 4.2(b) (*Status and Subordination – Subordination of the Capital Securities*) and Condition 4.3 (*Status and Subordination – Solvency Conditions*)) and subordinated obligations of the Issuer that rank *pari passu* and without preference or priority amongst themselves; (iii) rank subordinate and junior to all Senior Obligations (but not further or otherwise); (iv) rank *pari passu* with all *Pari Passu* Obligations; and (v) rank in priority only to all Junior Obligations.

(b) Notwithstanding any other provisions in these Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy, liquidation or winding up order in respect of the Issuer has been issued by a court or a competent authority in Jordan, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.

(c) Subject to applicable law, each holder of the Capital Securities unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of the Obligations. No collateral is or will be given for the Obligations and any collateral that may have been or may in the future be given in connection with other obligations of the Issuer shall not secure the Obligations.

4.3 Solvency Conditions

Payments in respect of the Obligations by the Issuer are conditional upon the following conditions (together, the "**Solvency Conditions**"):

(a) the Issuer being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations;

(b) the Issuer being capable of making payment of the relevant Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Senior Obligations and all *Pari Passu* Obligations and still be Solvent immediately thereafter; and

(c) the total share capital (including, without limitation, retained earnings) of the Issuer being greater than zero at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations.

4.4 Other Issues

(a) So long as any of the Capital Securities remain outstanding, the Issuer will not issue any securities (regardless of name or designation) or create any guarantee of, or provide any contractual support arrangement in respect of, the obligations of any other entity which in each case constitutes (whether on a solo, or a solo consolidated or a consolidated basis) Additional Tier 1 Capital of the Issuer if claims in respect of such securities, guarantee or contractual support arrangement would rank (as regards distributions on a return of assets on a winding-up or in respect of distribution or payment of dividends and/or any other amounts thereunder) senior to the Obligations. This prohibition will not apply if at the same time or prior thereto these Conditions are amended to ensure that: (a) the holders obtain; and/or (b) the Obligations have, in each case, the benefit of such of those rights and entitlements as are contained in or attached to such securities or under such guarantee or contractual support arrangement as are required so as to ensure that claims in respect of the Obligations rank *pari passu* with, and contain substantially equivalent rights of priority as to distributions or payments on, such securities or under such guarantee or contractual support arrangement.

5. INTEREST

5.1 Initial Interest Rate and Interest Payment Dates

Subject to Condition 6 (*Interest Cancellation*), the Capital Securities shall, during the Initial Period, bear interest at a rate of 7.00 per cent. per annum (the "**Initial Interest Rate**") on the Prevailing Principal Amount of the Capital Securities in accordance with the provisions of this Condition 5 (*Interest*). The Interest Payment Amount payable on each Interest Payment Date during the Initial Period shall be U.S.$35.00 per U.S.$1,000 in principal amount of the Capital Securities.

Subject to Condition 6 (*Interest Cancellation*), interest shall be payable on the Capital Securities semi-annually in arrear on each Interest Payment Date, in each case as provided in this Condition 5 (*Interest*). Interest is discretionary, will not be cumulative and any interest which is not paid will not accumulate or compound and holders of the Capital Securities will have no right to receive such interest at any time, even if interest is paid in the future.

If interest is required to be calculated in respect of a period of less than a full Interest Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of: (a) the applicable Interest Rate; (b) the Prevailing Principal Amount of the relevant Capital Security then outstanding; and (c) the applicable Day-count Fraction for the Relevant Period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

5.2 Interest Rate following the Initial Period

For the purpose of calculating payments of interest following the Initial Period, the Interest Rate will be reset on each Reset Date on the basis of the aggregate of the Margin and the Relevant Five-Year Reset Rate on the relevant U.S. Securities Determination Date, as determined by the Calculation Agent.

The Calculation Agent will, as soon as reasonably practicable upon determination of the Interest Rate which shall apply to the Reset Period commencing on the relevant Reset Date, cause the applicable Interest Rate and the corresponding Interest Payment Amount to be notified to each of the Paying Agents and the holders of the Capital Securities in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the second Business Day thereafter.

5.3 Determinations of Calculation Agent Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions by the Calculation Agent given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*) shall (in the absence of manifest error) be binding on the other Agents and the holders of the Capital Securities and (in the absence of its own negligence, wilful default or fraud) no liability to the holders of the Capital Securities shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

5.4 Liability of Calculation Agent

The Calculation Agent shall not (in the absence of its own negligence, wilful default or fraud) be responsible to the Issuer, the holders of the Capital Securities or to any third-party as a result of the Calculation Agent having relied on any quotation, ratio or other information provided to it by any person, which subsequently may be found to be incorrect or inaccurate in any way or for any losses arising by virtue thereof.

6. INTEREST CANCELLATION

6.1 Non-Payment Event

Notwithstanding Condition 5.1 (*Interest – Initial Interest Rate and Interest Payment Dates*), subject to Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*), if any of the following events occurs (each, a "**Non-Payment Event**"), Interest Payment Amounts shall not be paid on the corresponding Interest Payment Date:

(a) the Interest Payment Amount payable, when aggregated with any distributions or amounts payable by the Issuer on any *Pari Passu* Obligations having the same date in respect of payment of such distributions or amounts as, or otherwise due and payable on, the date for payment of Interest Payment Amounts, exceeds, on the relevant date for payment of such Interest Payment Amount, the Distributable Items;

(b) the Issuer is, on that Interest Payment Date, in breach of the Applicable Regulatory Capital Requirements (including any payment restrictions due to breach of capital buffers imposed on the Issuer by the Regulator, as appropriate) or payment of the relevant Interest Payment Amount would cause it to be in breach thereof;

(c) the Regulator having notified the Issuer that the Interest Payment Amount due on that Interest Payment Date should not be paid for any reason the Regulator may deem necessary;

(d) the Solvency Conditions are not satisfied (or would no longer be satisfied if the relevant Interest Payment Amount was paid); or

(e) the Issuer, in its sole discretion, has elected that Interest Payment Amounts shall not be paid to holders of the Capital Securities on such Interest Payment Date (other than in respect of any amounts due on any date on which the Capital Securities are to be redeemed in full, in respect of which this paragraph (e) does not apply), including, without limitation, if the Issuer incurs a net loss during the relevant Interest Period.

6.2 Effect of Non-Payment Event

If a Non-Payment Event occurs, then the Issuer shall give notice to the Fiscal Agent and the holders of the Capital Securities (in accordance with Condition 15 (*Notices*)) (which notice shall be revocable) providing details of the Non-Payment Event as soon as practicable (or, in the case of a Non-Payment Event pursuant to Condition 6.1 (e) (*Interest Cancellation – Non-Payment Event*), no later than five Business Days prior to such event). However, any failure to provide such notice will not invalidate the cancellation of the relevant payment of the Interest Payment Amount. In the absence of notice of a Non-Payment Event having been given in accordance with this Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*), the fact of non-payment of an Interest Payment Amount on the relevant Interest Payment Date shall be evidence of the occurrence of a Non-Payment Event.

Holders of the Capital Securities shall have no claim in respect of any Interest Payment Amount not paid as a result of a Non-Payment Event (whether or not notice of such Non-Payment Event has been given in accordance with this Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*)) and any non-payment of an Interest Payment Amount in such circumstances shall not constitute an Enforcement Event. The Issuer shall not make or shall not have any obligation to make any subsequent payment in respect of any such unpaid Interest Payment Amount.

6.3 Dividend and Redemption Restrictions

If any Interest Payment Amount is not paid as a consequence of a Non-Payment Event pursuant to Condition 6.1 (*Interest Cancellation – Non-Payment Event*), then, from the date of such Non-Payment Event (the "**Dividend Stopper Date**"), the Issuer will not, so long as any of the Capital Securities are outstanding:

(a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, Ordinary Shares (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or

(b) declare or pay profit or any other distribution on any of its Other Common Equity Tier 1 Instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, *pari passu* with or junior to the Obligations (excluding securities the terms of which do not at the relevant time enable the Issuer to defer or otherwise not to make such payment), only to the extent such restriction on payment or distribution is permitted under the Capital Regulations for Tier 1 Capital applicable from time to time; or

(c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or

(d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Other Common Equity Tier 1 Instruments or any securities issued by the Issuer ranking, as to the right of repayment of capital, *pari passu* with or junior to the Obligations (excluding securities the terms of which stipulate a mandatory redemption or conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the Capital Regulations for Tier 1 Capital applicable from time to time,

in each case unless or until one Interest Payment Amount following the Dividend Stopper Date has been made in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the holders of the Capital Securities).

7. PAYMENTS

7.1 Payments in respect of Individual Certificates

Subject as provided below, payments will be made by credit or transfer to an account maintained by the payee with, or, at the option of the payee, by a cheque drawn on, a bank in New York City.

Payments of principal in respect of each Capital Security will be made against presentation and surrender of the Individual Certificate at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Capital Security appearing in the Register at the close of business in the place of the Registrar's specified office on the Record Date. Notwithstanding the previous sentence, if: (a) a holder does not have a Designated Account; or (b) the principal amount of the Capital Securities held by a holder is less than U.S.$200,000, payment will instead be made by a cheque in U.S. dollars drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means a bank in New York City.

Payments of interest in respect of each Capital Security will be made by a cheque in U.S. dollars drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Capital Security appearing in the Register at the close of business in the place of the Registrar's specified office on the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Capital Security, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Capital Securities which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payments of interest due in respect of each Capital Security on redemption will be made in the same manner as payment of the principal amount of such Capital Security.

Holders of the Capital Securities will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Capital Security as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Capital Securities.

7.2 Payments in respect of the Global Certificate

The holder of the Global Certificate shall be the only person entitled to receive payments in respect of Capital Securities represented by the Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Capital Securities represented by such Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be), for his share of each payment so made by the Issuer, or to the order of, the holder of such Global Certificate. Each payment made in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

7.3 Payments Subject to Laws

All payments are subject in all cases to: (a) any applicable laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*); and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law in any jurisdiction implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the holders of the Capital Securities in respect of such payments.

7.4 Payment Day

If the date for payment of any amount in respect of the Capital Securities is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 13 (*Prescription*)) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and London.

7.5 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Capital Securities shall be deemed to include, as applicable:

(a) the Early Redemption Amount of the Capital Securities;

(b) the Capital Event Redemption Amount of the Capital Securities; and

(c) the Tax Redemption Amount of the Capital Securities.

Any reference in the Conditions to interest or Interest Payment Amounts in respect of the Capital Securities shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 12 (*Taxation*).

8. AGENTS

The names of the initial Agents are set out above and their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Fiscal Agent and a Registrar;

(b) with effect from the U.S. Securities Determination Date prior to the First Call Date, and so long as any Capital Securities remain outstanding thereafter, there will be a Calculation Agent;

(c) so long as the Capital Securities are listed on any stock exchange or admitted to listing, trading and/or quotation by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(d) there will at all times be a Paying Agent and a Transfer Agent with a specified office in Europe.

Subject to the Agency Agreement, any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the holders of the Capital Securities in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any holders of the Capital Securities. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

9. REDEMPTION AND VARIATION

9.1 Redemption and Variation

(a) ***No Fixed Redemption Date and Conditions for Redemption and Variation***

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 4 (*Status and Subordination*), Condition 10 (*Write-down at the Point of Non-Viability*) and Condition 11 (*Enforcement Events*) and without prejudice to the provisions of Condition 13 (*Prescription*)) only have the right to redeem the Capital Securities or vary the terms thereof upon satisfaction of and in accordance with the following provisions of this Condition 9 (*Redemption and Variation*).

The redemption of the Capital Securities or variation of the Conditions, in each case pursuant to this Condition 9 (*Redemption and Variation*), is subject to the following conditions (to the extent then required by the Regulator or the Capital Regulations):

(i) the prior consent of the Regulator;

(ii) the requirement that both at the time when the relevant notice of redemption or variation is given and immediately following such redemption or variation (as applicable), the Issuer is or will be (as the case may be) in compliance with the Applicable Regulatory Capital Requirements; and

(iii) the Solvency Conditions being satisfied.

(b) ***Issuer's Call Option***

Subject to Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*), the Issuer may (acting in its sole discretion), by giving not less than 10 nor more than 15 days' prior written notice to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (which notice shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities at the Early Redemption Amount (provided such notice has not been revoked by the Issuer giving notice of such revocation to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (prior to the redemption date specified in the initial notice)).

Redemption of the Capital Securities pursuant to this Condition 9.1(b) (*Redemption and Variation – Issuer's Call Option*) may only occur on a Call Date.

(c) ***Redemption or Variation due to Taxation***

(i) Subject to Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*), upon the occurrence of a Tax Event, the Issuer may (acting in its sole discretion), by giving not less than 10 nor more than 15 days' prior written notice to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*): (1) redeem all, but not some only, of the Capital Securities at the Tax Redemption Amount; or (2) vary the terms of the Capital Securities provided that they become or, as appropriate, remain, Qualifying Tier 1 Instruments and so that the relevant withholding or deduction otherwise arising from the relevant Tax Law Change is no longer required, in each case without any requirement for consent or approval of the holders of the Capital Securities.

(ii) Redemption of the Capital Securities, or variation of the Conditions, in each case pursuant to this Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) may occur on any date after the Issue Date (whether or not such date is an Interest Payment Date).

(iii) At the same time as the publication of any notice of redemption or variation (as the case may be) pursuant to this Condition 9.1(c) *(Redemption and Variation – Redemption or Variation due to Taxation*), the Issuer shall give to the Fiscal Agent: (1) a certificate signed by an Authorised Signatory of the Issuer stating that: (A) the relevant conditions set out in Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*) have been satisfied; (B) a Tax Event has occurred; and (C) in the case of a variation only, the varied Capital Securities will be Qualifying Tier 1 Instruments and that the Regulator has confirmed that the varied Capital Securities will satisfy limb (a) of the definition of "Qualifying Tier 1 Instruments"; and (2) an opinion of independent legal advisors of recognised standing to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of the Tax Event. Such certificate delivered in accordance with this Condition shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out in (1)(A) to (C) above. Upon expiry of such notice, the Issuer shall redeem or vary the terms of the Capital Securities (as the case may be) (provided such notice has not been revoked by the Issuer giving notice of such revocation to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (prior to the redemption date specified in the initial notice)).

(d) ***Redemption or Variation for Capital Event***

(i) Subject to Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*), upon the occurrence of a Capital Event, the Issuer may (acting in its sole discretion), by giving not less than 10 nor more than 15 days' prior written notice to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*): (1) redeem all, but not some only, of the Capital Securities at the Capital Event Redemption Amount; or (2) solely for the purpose of ensuring compliance with Applicable Regulatory Capital Requirements vary the terms of the Capital Securities provided that they become or, as appropriate, remain, Qualifying Tier 1 Instruments, in each case without any requirement for consent or approval of the holders of the Capital Securities.

(ii) Redemption of the Capital Securities, or variation of the Conditions, pursuant to this Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) may occur on any date after the Issue Date (whether or not an Interest Payment Date).

(iii) At the same time as the delivery of any notice of redemption or variation (as the case may be) pursuant to this Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*), the Issuer shall give to the Fiscal Agent a certificate signed by an Authorised Signatory stating that: (1) the relevant conditions set out in Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*) have been satisfied; (2) a Capital Event has occurred; and (3) in the case of a variation only, the varied Capital Securities will be Qualifying Tier 1 Instruments and that the Regulator has confirmed that the varied Capital Securities will satisfy limb (a) of the definition of "Qualifying Tier 1 Instruments". Such certificate shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out above. Upon expiry of such notice, the Issuer shall redeem or vary the terms of the Capital Securities (as the case may be) (provided such notice has not been revoked by the Issuer giving notice of such revocation to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (prior to the redemption date specified in the initial notice)).

(e) ***Taxes upon Variation***

In the event of a variation in accordance with Condition 9.1(c) (Redemption and Variation – Redemption or Variation due to Taxation) or Condition 9.1(d) (Redemption and Variation – Redemption or Variation for Capital Event), the Issuer will not be obliged to pay and will not pay any liability of any holder of the Capital Securities to corporation tax, corporate income tax or tax on profits or gains or any similar tax arising in respect of the variation of the terms of the Capital Securities provided that (in the case of a Tax Event) or so that (in the case of a Capital Event) they become or, as appropriate, remain, Qualifying Tier 1 Instruments, including in respect of any stamp duty or similar other taxes arising on any subsequent transfer, disposal or deemed disposal of the Qualifying Tier 1 Instruments by such holder of the Capital Securities.

(f) ***No redemption in the case of a Non-Viability Notice being delivered***

The Issuer may not give a notice of redemption under this Condition 9.1 (*Redemption and Variation*) if a Non-Viability Notice has been given in respect of the Capital Securities. If a Non-Viability Notice is given after a notice of redemption has been given by the Issuer under this Condition 9.1 (*Redemption and Variation*) but before the relevant date fixed for redemption, such notice of redemption shall be deemed not to have been given and the Capital Securities shall not be redeemed.

9.2 Purchase

Subject to the Issuer (to the extent then required by the Regulator or the Capital Regulations): (a) obtaining the prior written consent of the Regulator; (b) being in compliance with the Applicable Regulatory Capital Requirements immediately following such purchase; and (c) being Solvent at the time of purchase, the Issuer or any of its subsidiaries may purchase the Capital Securities in the open market or otherwise at such price(s) and upon such other conditions as may be agreed upon between the Issuer or the relevant subsidiary (as the case may be) and the relevant holders of the Capital Securities. Upon any such purchase, the Issuer may (but shall not be obliged to) deliver such Capital Securities for cancellation.

9.3 Cancellation

All Capital Securities which are redeemed will forthwith be cancelled. All Capital Securities so cancelled and any Capital Securities purchased and cancelled pursuant to Condition 9.2 (*Redemption and Variation – Purchase*) cannot be reissued or resold.

10. WRITE-DOWN AT THE POINT OF NON-VIABILITY

10.1 Non-Viability Event

If a Non-Viability Event occurs, a Write-down will take place in accordance with Condition 10.2 (*Write-down at the Point of Non-Viability – Non-Viability Notice*).

10.2 Non-Viability Notice

On the third Business Day following the date on which a Non-Viability Event occurs (or on such earlier date as determined by the Regulator), the Issuer will notify the Fiscal Agent, the Registrar and the holders of the Capital Securities thereof (in accordance with Condition 15 (*Notices*)) (such notice, a "**Non-Viability Notice**"). A Write-down will occur on the Non-Viability Event Write-down Date. In the case of a Write-down resulting in the reduction of the Prevailing Principal Amount of each Capital Security then outstanding to nil, with effect from the Non-Viability Event Write-down Date, the Capital Securities will be automatically cancelled and the holders shall not be entitled to any claim for any amount in connection with the Capital Securities.

10.3 No Liability of Agents

None of the Agents shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Non-Viability Event or any Write-down or cancellation of the Capital Securities or any claims in respect thereof, and none of the Agents shall be responsible for any determination or the verification of any calculation or determination in connection with the foregoing.

11. ENFORCEMENT EVENTS

11.1 Enforcement Event

Upon the occurrence of an Enforcement Event, any holder of the Capital Securities may give written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, that such Capital Security is due and payable, whereupon the same shall, subject to Condition 10 (*Write down at the point of Non-Viability*) and Condition 11.4 (*Enforcement Events – Restrictions*) become forthwith due and payable at its Early Redemption Amount, without presentation, demand, protest or other notice of any kind.

11.2 Dissolution Remedies

To the extent permitted by applicable law and by these Conditions, any holder of the Capital Securities may at its discretion: (a) institute any steps, actions or proceedings for the winding-up of the Issuer; and/or (b) prove in the winding-up of the Issuer; and/or (c) claim in the liquidation of the Issuer; and/or (d) take such other steps, actions or proceedings which, under the laws of Jordan, have an analogous effect to the actions referred to in (a) to (c) above (in each case, without prejudice to Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*)), for such payment referred to in Condition 11.1 (*Enforcement Events – Enforcement Event*), but the institution of any such steps, actions or proceedings shall not have the effect that the Issuer shall be obliged to pay any sum or sums sooner than would otherwise have been payable by it. Subject to Condition 11.3 (*Enforcement Events – Performance Obligations*), no remedy against the Issuer, other than the steps, actions or proceedings to enforce, prove or claim referred to in this Condition 11 (*Enforcement Events*), and the proving or claiming in any dissolution/winding-up or liquidation of the Issuer, shall be available to the holders of the Capital Securities, whether for the recovering of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Capital Securities.

11.3 Performance Obligations

Without prejudice to the other provisions of this Condition 11 (*Enforcement Events*), any holder of the Capital Securities may at its discretion institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under these Conditions, in each case, other than any payment obligation of the Issuer (including, without limitation, payment of any principal or satisfaction of any payments in respect of the Conditions, including any damages awarded for breach of any obligations). However, in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums sooner than would otherwise have been payable by it.

11.4 Restrictions

All claims by any holder of the Capital Securities against the Issuer (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer under the Capital Securities) shall be subject to, and shall be superseded by: (a) the provisions of Condition 10 (*Write-down at the Point of Non-Viability*), irrespective of whether the relevant Non-Viability Event occurs prior to or after the event which is the subject matter of the claim; and (b) the provisions of Condition 4 (*Status and Subordination*), irrespective of whether the breach of a Solvency Condition at the relevant time or the issue of a bankruptcy, liquidation or winding up order in respect of the Issuer occurs prior to or after the event which is the subject matter of the claim.

12. TAXATION

All payments of principal and interest in respect of the Capital Securities by the Issuer will be made free and clear of, without withholding or deduction for, or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Tax Jurisdiction ("**Taxes**") unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts in respect of Interest Payment Amounts (but not in respect of principal) as shall be necessary in order that the net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective Interest Payment Amount(s) which would otherwise have been receivable in respect of the Capital Securities (as the case may be), in the absence of such withholding or deduction ("**Additional Amounts**"); except that no such Additional Amounts shall be payable with respect to any Capital Security:

(a) presented for payment (where presentation is required) by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Capital Security by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Capital Security; or

(b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day; or

(c) presented for payment in a Tax Jurisdiction.

As used in these Conditions:

(i) "**Tax Jurisdiction**" means Jordan or any political sub division or any authority thereof or therein having power to tax; and

(ii) the "**Relevant Date**" means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) that, upon further presentation of the Capital Security in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

Notwithstanding any other provision in these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Capital Securities for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

13. PRESCRIPTION

Subject to applicable law, claims for payment in respect of the Capital Securities will become void unless made within a period of 10 years after the Relevant Date therefor.

14. REPLACEMENT OF INDIVIDUAL CERTIFICATES

Should any Individual Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Individual Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Individual Certificate) and otherwise as the Issuer and the Registrar may require. Mutilated or defaced Individual Certificates must be surrendered before replacements will be issued.

15. NOTICES

All notices to the holders of the Capital Securities will be valid if mailed to them at their respective addresses in the register of the holders of the Capital Securities maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Capital Securities are for the time being admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

For so long as all the Capital Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices may be given by delivery of the relevant notice to those clearing systems for communication to the holders rather than by mailing as provided for in the paragraph above except that, so long as the Capital Securities are listed on any stock exchange and/or admitted to listing, trading and/or quotation by any other relevant authority, notices shall also be published in accordance with the rules of such stock exchange or other relevant authority on which the Capital Securities are admitted to listing, trading and/or quotation. Any such notice shall be deemed to have been given on the day on which such notice is delivered to the relevant clearing systems.

Notices to be given by any holder of the Capital Securities shall be in writing and given by lodging the same, together (in the case of any Individual Certificate) with the relevant Individual Certificate(s), with the Registrar. Whilst any of the Capital Securities are represented by a Global Certificate, such notice may be given by any holder of a Capital Security to the Registrar through Euroclear and/or Clearstream, Luxembourg (as the case may be), in such manner as the Registrar, and Euroclear and/or Clearstream, Luxembourg (as the case may be) may approve for this purpose.

16. MEETINGS OF HOLDERS OF THE CAPITAL SECURITIES AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of the holders of the Capital Securities to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities or any of the provisions of the Agency Agreement or the Deed of Covenant. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by holders of the Capital Securities holding not less than 10 per cent. in nominal amount of the Capital Securities for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in aggregate not less than 50 per cent. in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of the Capital Securities whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities (as specified in the Agency Agreement, and including (without limitation) modifying any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Capital Securities, altering the currency of payment of the Capital Securities or modifying the provisions concerning the quorum required at any meeting of holders of the Capital Securities or the majority required to pass the Extraordinary Resolution), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of the Capital Securities shall be binding on all the holders of the Capital Securities, whether or not they are present at the meeting, and whether or not they voted on the resolution.

The Agency Agreement provides that a written resolution signed by or on behalf of all the holders of the Capital Securities shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of the Capital Securities duly convened and held. Such a written resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the holders of the Capital Securities. Such a written resolution will be binding on all holders of the Capital Securities whether or not they participated in such written resolution.

The Fiscal Agent and the Issuer may agree, without the consent of the holders of the Capital Securities, to:

(a) any modification (except as mentioned above) of the Capital Securities, the Agency Agreement or the Deed of Covenant which is not prejudicial to the interests of the holders of the Capital Securities (as determined by the Issuer in its sole opinion); or

(b) any modification of the Capital Securities, the Agency Agreement or the Deed of Covenant which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law (as determined by the Issuer in its sole opinion).

In addition, the Fiscal Agent shall be obliged to agree to such modifications of the Capital Securities, the Agency Agreement or the Deed of Covenant as may be required in order to give effect to Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) in connection with any variation of the Capital Securities upon the occurrence of a Tax Event or a Capital Event (as applicable).

Any such modification shall be binding on the holders of the Capital Securities and any such modification shall be notified to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND DISPUTE RESOLUTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant and the Capital Securities, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Capital Securities, are governed by, and shall be construed in accordance with, English law.

18.2 Arbitration

Subject to Condition 18.3 (*Governing Law and Dispute Resolution – Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Capital Securities (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute, claim, difference or controversy relating to any non-contractual obligations arising out of or in connection with the Capital Securities) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 18.2 (*Governing Law and Dispute Resolution – Arbitration*). For these purposes:

(a) the seat, or legal place of arbitration will be London, England;

(b) the language of the arbitration shall be English;

(c) there shall be three arbitrators, each of whom shall be disinterested in the arbitration and shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and

(d) the governing law of the arbitration shall be English.

18.3 Option to Litigate

Notwithstanding Condition 18.2 (*Governing Law and Dispute Resolution – Arbitration*), any holder of the Capital Securities may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

(a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any holder of the Capital Securities gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 18.4 (*Governing Law and Dispute Resolution – Effect of Exercise of Option to Litigate*) and, subject as provided below, any arbitration commenced under Condition 18.2 (*Governing Law and Dispute Resolution – Arbitration*) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to such terminated arbitration.

If any notice to terminate the arbitration in accordance with this Condition 18.3 (*Governing Law and Dispute Resolution – Option to Litigate*) is given after service of any Request for Arbitration in respect of any Dispute, the holder of the Capital Securities must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(ii) his entitlement to be paid his proper fees and disbursements; and

(iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

18.4 Effect of Exercise of Option to Litigate

In the event that a notice pursuant to Condition 18.3 (*Governing Law and Dispute Resolution – Option to Litigate*) is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;

(b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 18.4 (*Governing Law and Dispute Resolution – Effect of Exercise of Option to Litigate*) is for the benefit of the holders of the Capital Securities only. As a result, and notwithstanding paragraph (a) above, any holder of the Capital Securities may take proceedings relating to a Dispute ("**Proceedings**") in any other court with jurisdiction. To the extent allowed by law, any holder of the Capital Securities may take concurrent Proceedings in any number of jurisdictions.

18.5 Service of Process

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom as its agent for service of process and agrees that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will immediately (and in any event within 30 days of the event taking place) appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Failure by a process agent to notify the person that appointed it of any process will not invalidate the relevant proceedings. Nothing herein shall affect the right to serve process in any other manner permitted by law.

18.6 Waiver of Immunity

The Issuer hereby irrevocably and unconditionally waives, with respect to the Capital Securities, any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings or Disputes.

USE OF PROCEEDS

The proceeds from the issue of the Capital Securities will be U.S.$100,000,000 and will be paid gross to the Issuer on the Issue Date. The proceeds will be applied by the Issuer for its general corporate purposes and to further strengthen its capital base.

The estimated commissions, fees and expenses to be paid by the Issuer in connection with the issue of the Capital Securities will be U.S.$946,000.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the Bank's and its subsidiaries' (the "**Group**") selected consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020, and as at and for the nine-month period ended 30 September 2020 and 2021, all of which has been derived from the Financial Statements.

The following selected consolidated financial information should be read in conjunction with, and is qualified in its entirety by reference to, the information contained in the section headed "*Financial Review*", the Financial Statements and the related notes thereto incorporated by reference in this Prospectus.

Consolidated Statement of Financial Position

The table below shows the Bank's selected consolidated statement of financial position data as at 31 December 2018, 2019 and 2020 and as at 30 September 2021.

	As at 31 December			As at 30 September
	2018	2019	2020	2021 (unaudited)
	Jordanian Dinar			
ASSETS				
Cash and balances with central banks	237,778,658	205,186,455	295,853,517	337,556,872
Bank and financial institutions' balances	81,646,989	98,268,335	142,537,265	243,754,301
Bank and financial institutions' deposits	-	403,875	-	-
Financial assets at fair value (statement of income)	3,729,007	3,054,812	-	-
Financial assets at fair value (other comprehensive income)	49,818,663	61,550,820	89,577,134	197,217,890
Loans valued at fair value (income statement)	-	108,831,500	112,529,504	97,787,643
Direct credit facilities, net amortised cost	890,959,403	983,024,041	1,302,958,951	1,907,441,536
Financial assets at amortised cost	540,993,467	482,827,092	563,884,457	925,572,707
Pledged Financial Assets	-	47,490,484	32,599,621	-
Net property, plant and equipment	32,105,667	29,444,459	34,940,997	64,322,520
Net intangible assets	10,649,739	3,351,178	11,180,010	27,850,773
Deferred tax assets	14,791,131	14,845,952	15,562,847	21,961,923
Other assets	102,285,300	144,399,907	143,237,975	144,980,171
Leased assets	-	3,695,089	3,943,039	9,568,974
Total Assets	**1,964,758,024**	**2,186,373,999**	**2,748,805,317**	**3,978,015,310**
EQUITY AND LIABILITIES				
Liabilities				
Bank and financial institutions' deposits	44,638,873	113,793,443	138,058,853	343,894,190
Customers' deposits	1,247,883,147	1,306,022,582	1,674,212,806	2,482,644,082
Margin accounts	143,540,333	169,009,566	151,723,382	231,253,042
Loans and borrowing	124,552,032	165,319,524	329,991,227	406,540,944
Income tax provision	6,500,757	6,850,303	4,887,737	3,573,956
Deferred tax liabilities	1,212,993	2,616,165	2,815,978	2,567,299
Sundry provisions	8,783,281	4,922,010	3,518,481	2,776,273
Expected credit losses provision against off balance sheet items	3,923,935	3,606,009	4,360,854	5,692,094
Other liabilities	29,165,346	34,607,470	51,204,957	75,251,115
Leased assets	-	3,787,881	3,983,732	10,538,221
Subordinated loans	17,725,000	28,360,000	28,360,000	28,360,000
Total liabilities	**1,627,925,697**	**1,838,894,953**	**2,393,118,007**	**3,593,091,216**
Equity attributable to the Bank's shareholders				
Paid in capital	200,000,000	200,000,000	200,000,000	200,000,000
Additional paid in capital	709,472	709,472	709,472	709,472
Statutory reserve	38,588,144	41,201,491	44,186,425	44,186,425
Treasury Stocks	-	-	(2,707,491)	-
Foreign currency translation adjustments	(5,223,143)	(5,223,143)	(16,540,837)	(16,540,837)
Fair value reserve	20,961	1,636,797	3,619,029	1,917,741
Retained earnings	52,694,717	55,404,849	78,096,479	54,965,504
Net equity attributable to the Bank's shareholders	**286,790,151**	**293,729,466**	**307,363,077**	**334,618,538**
Non-controlling interest	**50,042,176**	**53,749,580**	**48,324,233**	**50,305,556**
Net equity	**336,832,327**	**347,479,046**	**355,687,310**	**384,924,094**
TOTAL EQUITY AND LIABILITIES	**1,964,758,024**	**2,186,373,999**	**2,748,805,317**	**3,978,015,310**

Consolidated Statement of Income

The table below shows the Group's selected consolidated statement of income for the years ended 31 December 2018, 2019 and 2020 and for the nine-month periods ended 30 September 2020 and 2021.

	Year Ended 31 December			Nine-Month Period Ended 30 September	
	2018	**2019**	**2020**	**2020 (unaudited)**	**2021 (unaudited)**
			Jordanian Dinar		
Interest income	104,795,285	114,725,887	130,286,038	96,335,865	130,508,179
Less: Interest expense	52,567,426	59,831,061	61,216,002	45,709,299	57,512,228
Net interest income	**52,227,859**	**54,894,826**	**69,070,036**	**50,626,566**	**72,995,951**
Commission income	24,239,348	26,854,658	27,612,010	19,784,760	21,716,829
Less: commission expense	1,887,101	1,808,679	3,198,108	1,893,477	3,929,689
Net commission income	**22,352,247**	**25,045,979**	**24,413,902**	**17,891,283**	**17,787,140**
Gain from foreign currencies	654,959	2,541,112	11,648,029	3,276,021	3,765,752
Gain/Loss from financial assets at fair value (income statement)	(163,746)	305,547	-	-	-
Dividends income from financial assets at fair value through other comprehensive income	251,929	230,086	233,577	213,327	291,395
Gain from sale of financial assets at fair value through other comprehensive income-debt instruments	32,337	608,362	1,070,702	125,522	21,019
Other income	4,980,680	10,035,130	4,224,694	3,149,908	3,554,518
Net income	**80,336,265**	**93,661,042**	**110,660,940**	**75,282,627**	**98,415,775**
Employees' expenses	23,018,122	23,492,944	21,508,460	15,631,198	22,231,335
Depreciation and amortization	4,993,075	6,056,762	6,347,745	4,364,565	6,983,258
Other expenses	16,652,639	18,091,797	18,945,164	13,138,932	17,222,460
Donations due to COVID-19	-	-	1,178,739	1,178,739	-
Loss on sale of seized property	98,036	528,369	116,202	17,108	373,535
Expected credit losses	784,461	7,009,726	24,545,414	16,076,619	16,126,219
Impairment on seized assets	916,182	1,253,887	(16,038)	41,613	748,354
(Return from) Sundry provisions	(3,525,243)	98,700	27,740	-	41,237
Total expenses	**42,937,272**	**56,532,185**	**72,653,426**	**50,365,548**	**63,726,398**
Income before tax	**37,398,993**	**37,128,857**	**38,007,514**	**24,917,079**	**60,065,895**
Less: Income tax expense	7,050,717	8,312,080	7,705,436	4,864,817	7,379,751
Net profit for the year	**30,348,276**	**28,816,777**	**30,302,078**	**20,052,262**	**52,686,144**
Attributable to:					
Bank's shareholders	**30,798,175**	**25,100,836**	**25,956,079**	**17,342,189**	**49,380,233**
Non-controlling interest	**(449,899)**	**3,715,941**	**4,345,999**	**2,710,073**	**3,305,911**

Selected Consolidated Statement of Cash Flows Data

The table below shows selected data from the Group's consolidated statement of cash flows for the years ended 31 December 2018, 2019 and 2020 and for the nine-month periods ended 30 September 2020 and 2021.

	Year Ended 31 December			Nine-Month Period Ended 30 September	
	2018	**2019**	**2020**	**2020 (unaudited)**	**2021 (unaudited)**
			Jordanian Dinar		
Cash generated from operations	39,009,086	55,587,175	59,999,740	58,633,090	55,325,122
Net cash flow (used in) from operating activities	108,442,178	(83,555,007)	67,309,796	8,741,952	109,047,880
Net cash flow used in investing activities	(126,199,544)	(14,814,346)	(108,197,683)	(189,434,321)	(222,383,373)
Net cash flow (used in) from financing activities	(18,537,990)	31,762,584	158,826,716	162,846,096	47,059,251
Cash and cash equivalents at the beginning of the year	270,305,137	231,548,826	164,728,916	164,728,916	263,032,649
Cash and cash equivalents at the end of the year	231,548,826	164,728,916	263,032,649	133,499,016	198,107,801

Selected Financial Figures and Ratios

The table below shows selected financial figures and ratios as calculated or taken from the Group's Financial Statements as at and for the years ended 31 December 2018, 2019 and 2020 and for the nine-month periods ended 30 September 2020 and 2021.

	As at and for the Year Ended 31 December			As at and for the Nine-Month Period ended 30 September	
	2018	**2019**	**2020**	**2020 (unaudited)**	**2021 (unaudited)**
Direct Credit Facilities	JD 980,532,288	JD 1,046,813,583	JD 1,393,366,884	JD 1,401,188,497	JD 2,075,261,693
Customer Deposits	JD 1,247,883,147	JD 1,306,022,582	JD 1,674,212,806	JD 1,619,335,206	JD 2,482,644,082
Loan-to-Deposits Ratio	78.58%	80.15%	83.23%	86.5%	83.59%
Non-performing Loans ("**NPLs**") Ratio	8.61%	7.25%	5.07%	6.91%	8.17%
NPLs Coverage Ratio	79.17%	52.76%	73.9%	64.3%	83.9%
Net interest Income	JD 52,227,859	JD 54,894,826	JD 69,070,036	JD 50,626,566	JD 72,995,951
Net Income after tax	JD 30,348,276	JD 28,816,777	JD 30,302,078	JD 20,052,262	JD 52,686,144

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Selected Consolidated Financial Information" and the Financial Statements included elsewhere in this Prospectus. The financial information of the Group set forth below as at and for the years ended 31 December 2018, 2019 and 2020 and as at and for the nine-month periods ended 30 September 2020 and 30 September 2021 has been derived from, and should be read in conjunction with, the Financial Statements.

Historical results may not indicate future performance. This discussion contains forward-looking statements that involve risks and uncertainties, and actual future results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in the section headed "Risk Factors" in this Prospectus. See "Selected Consolidated Financial Information" for a discussion of the source of the numbers presented in this section and certain other relevant information, and also "Risk Factors" for a discussion of certain factors that may affect the business, results of operation and financial condition of the Issuer.

Overview

The Bank is one of the leading commercial banks in Jordan, offering a wide range of corporate and retail banking services and products to its customers in the country and more broadly across the Middle East region (the "**MENA region**") through its various subsidiaries.

Since its incorporation in 1995, the Group has established itself across the Middle East through its strategic investment and establishment of various entities. The Group maintains a strong presence in Jordan through the Bank and the operation of its investment banking subsidiary Capital Investment and Brokerage Company ("**Capital Investments**") and in Iraq through the Bank's subsidiary, the National Bank of Iraq ("**NBI**"), which is complemented by the Group's investment banking offering in the Dubai International Financial Centre ("**DIFC**"), UAE through Capital Investments (Dubai International Financial Center) Ltd. ("**Capital Investments (DIFC)**"). The Group's presence in Jordan and Iraq was further developed earlier this year through the acquisition of Bank Audi's business in Jordan and Iraq, underlining an intent to expand and diversify its operations (See "*Description of the Bank and the Group – Strategy – Geographical Expansion*" below).

The Group's primary operations are in Jordan, and it reports its financial results under four major business segments namely:

- Retail Banking;
- Corporate Banking;
- Corporate Finance; and
- Treasury.

The Group's mission is to provide innovative, simplified, and holistic financial solutions through enhanced products and an elevated level of customer service and experience in the Jordanian and Iraqi markets, and forms its strategy on the following four cornerstones:

- Digital Convenience – to build its digital capabilities and introduce digital banking, with the aim of becoming a fully digitalised bank;
- Service Quality – to transform the Group's product and service offerings through continuous innovation, into a holistic value proposition that meets the banking and investment needs of its clients and elevates the customer experience;

- Geographical Expansion – to expand its footprint across the MENA region, maintaining its base in Jordan but expanding its sizeable presence, through its subsidiaries, in Iraq and the UAE; and

- Organic Growth – to grow organically through executing and delivering on a well-defined plan that will enable the Group to position itself as one of the top consumer banking groups and the number one gateway for institutions conducting business in Jordan and Iraq.

As at 30 September 2021, the Group's direct credit facilities amounted to JD 2.08 billion and its total customer deposits were JD 2.48 billion, with a net operating income of JD 98.42 million and net profit of JD 52.69 million, of which JD 49.38 million was attributable to shareholders of the Bank. The Bank was one of the largest five banks in Jordan in terms of: (i) total assets; (ii) total direct credit facilities; and (iii) total customer deposits.

As at 31 December 2020, the Group's direct credit facilities amounted to JD 1.40 billion and its total customer deposits were JD 1.67 billion, with a net operating income of JD 110.66 million and net profit of JD 30.30 million, of which JD 25.96 million was attributable to shareholders of the Bank.

As at 31 December 2019, the Group's direct credit facilities amounted to JD 1.05 billion and its total customer deposits were JD 1.31 billion, with a net operating income of JD 93.66 million and net profit of JD 28.82 million, of which JD 25.10 million was attributable to shareholders of the Bank.

Significant Factors Affecting Results of Operations

The Group's results of operations are driven by a combination of factors, many of which affect the banking industry and regional financial markets as a whole. The Group's results of operations and cash flow are also affected by company-specific structural and operational factors.

The Bank believes that the following factors have had, and will continue to have, a material effect on the Bank and the Group's business, financial condition and results of operations. As many of such factors are beyond the control of the Group and may be volatile in nature, past performance will not necessarily be indicative of future performance, and it is difficult to predict future performance with any degree of certainty. For further important factors, including the ongoing COVID-19 pandemic, that could cause the Group's actual operations or financial conditions to differ materially from those expressed or implied below, please see the section headed "*Risk Factors*" in this Prospectus.

Impact of acquisition of Bank Audi's business in Jordan and Iraq

In March 2021, the Group completed its purchase of Bank Audi's businesses in Jordan and Iraq, incorporating Bank Audi's branches and ATMs in these two countries within the Group's brand and network. As at the date of acquisition, the Group's asset valuation increased from JD 2.7 billion to JD 3.4 billion, its shareholder equity to JD 384 million, and Bank Audi's businesses contributed JD 234 million and JD 388 million to the Group's direct credit facilities and customer deposits. Post-acquisition, for the nine-month period ended 30 September 2021, Bank Audi contributed JD 9.2 million to the Group's net revenues.

Economic conditions

The Group is a network of regional banks focused on lending to, and accepting deposits from, institutions, companies and residents in Jordan, Iraq and the wider MENA region. As a result, its revenues and results of operations are affected by economic and market conditions in Jordan and, to a lesser extent, in certain other MENA region countries, including Iraq and the UAE.

In addition to economic conditions in the region, the Group is also exposed to the risk of external changes, such as an increase in global financial market volatility, which could pose funding, market and credit risks for investment companies and banks. For a discussion of economic conditions in 2020, in particular within Jordan and the MENA region, see the section headed "*Description and Overview of the Kingdom of Jordan*".

Movements in provision charge for credit losses

The Group's provisions charge for credit losses for the year ended 31 December 2020 was JD 24.6 million compared to JD 7.0 million and JD 0.8 million for the years ended 31 December 2019 and 2018, respectively.

In accordance with IFRS, as adopted by Jordan for financial services institutions regulated by the CBJ, the Group is required to recognise impairment allowances for credit facilities at an amount equal to the higher of expected credit losses ("**ECL**") under IFRS 9. In accordance with the CBJ's instructions No. (47/2009) of 10 December 2009, the credit losses against credit exposures calculated based on IFRS 9 instructions for each stage are compared with the calculations conducted in accordance with CBJ instructions, and the stricter results are taken.

For the year ended 31 December 2020, the Group's provision charge for credit losses comprised JD 23.7 million in specific provisioning, JD 1.6 million in general provisioning against cash and balances and a release of JD 0.7 million provided against non-cash facilities (including bonds, treasury bills and direct credit facilities). The change in provision charges for credit losses as compared to the corresponding period in 2019 primarily related to the adoption of IFRS 9, which led to additional provisions being required to be taken of approximately JD 5 million (across both stage 1 and 2 ECL), with the remaining increase due to the Group taking additional provisions for problem loans in order to increase the Group's coverage ratio.

Notwithstanding the introduction of the IFRS 9 requirements relating to impairment as adopted by the CBJ and the existing CBJ regulations related to provisions, banks in Jordan continue to be permitted to make precautionary general provisions. The amount of the Group's precautionary general provision reflects its policy of maintaining the overall provision level at a level perceived as appropriate by the Board of Directors and senior managers of the Bank.

Significant Accounting Policies

The Annual Financial Statements have been prepared in accordance with IFRS, as amended by the CBJ. For a discussion of the significant accounting policies used by the Group and changes in accounting policies and disclosures between each of the years ended 31 December 2018, 2019 and 2020, see note 3 to each of the Annual Financial Statements. Save as disclosed in note 3 to each of the Annual Financial Statements, the policies have been applied consistently throughout the Annual Financial Statements.

Significant Accounting Estimates, Assumptions and Judgments

In preparing the Group's financial statements, the Group's management is required to make certain judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. These affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases its judgments, estimates and assumptions on historical experience and other factors that it believes to be reasonable and relevant under the circumstances, and the estimates and judgments are evaluated on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. Significant areas where management has used estimates, assumptions or exercised judgments include:

- impairment of seized assets;

- tangible and intangible assets useful lives;

- income tax provisions;
- legal provision;
- provision for end of service indemnity
- assets and liabilities that are stated at cost;
- provision for expected credit loss;
- business model assessment; and
- significant increase in credit risk.

For a more detailed discussion of these estimates, judgments and assumptions, see note 4 to each of the Annual Financial Statements and note 3-2 of the Interim Financial Statements.

Description of Principal Statement of Income Items

Interest income and interest expense

Interest income is the Group's principal source of income. The Group earns interest income on the direct credit facilities made by it, on its portfolio of debt investment securities and on its deposits with the CBJ and other banks. The Group also incurs interest expense on its various customer, bank and other financial institution deposits and its debt instruments. Both interest income and interest expenses are recognised in the income statement using the effective method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income over the relevant period.

The effective interest rate is the rate at which the estimated future cash flows of a financial instrument are discounted during the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Future cash flows are estimated by taking into account all contractual terms of the instrument.

Interest income and expense in the Group's consolidated statement of income also includes the effective portion of fair value changes to derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. In this, the fair value changes to the specific risk for the hedged item are also included in interest income and expense, and interest expense also includes the value of interest versus rental contract obligations.

Net commission income

Fee income earned from services provided over a period of time is recognised over the period of service. Fees and commissions arising from providing a transaction service are recognised on completion of the underlying transaction. Certain portfolio and management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Net commission income and expense includes all such fees other than the fees that are an integral part of the effective interest rate, and also include commissions charged for loan service, non-use commissions related to loan obligations when it is unlikely to result in a specific arrangement for lending and co-financing of loans.

Net trading income (gains on financial assets at fair value through income statement)

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading by the Group. The Group has elected to display the full fair value movement of its trading assets and liabilities in the trading income, including any related revenue, expenses and dividends.

Net income from other financial instruments at fair value through income statement

Net income from other financial instruments at fair value through the statement of income includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through income statement, except for assets held for trading. The Group has elected to present the transaction at full fair value of the assets and liabilities at fair value through the income statement, including interest income, expenses and dividends.

Dividend income

Dividend income is recognised when the right to receive payment is established, which is the preceding date for listed dividends, and usually the date on which shareholders agree to unquoted dividends. Dividends is distributed in the financial statements depending on the classification and measurement of investment in shares. For equity instruments held for trading, dividend income is included in the statement in within the statement of financial assets (losses) at fair value; whereas for equity instruments classified at fair value through other comprehensive income, dividends are included in the item of dividends from financial assets at fair value through other comprehensive income. Finally, for equity instruments not classified at fair value through other comprehensive income and not held for trading purposes, dividend income is recognised as net income from other instruments at fair value through the income statement.

Expected credit losses

The Group recognises loss allowances for expected credit loss on the following financial instruments: (i) balances and deposits with banks and banking institutions; (ii) direct credit facilities (i.e. loans and advances to customers); (iii) financial assets at amortised cost (i.e. debt instrument securities); (iv) financial assets at fair value through the statement of other comprehensive income (i.e. debt instruments); and (v) exposures off the balance sheet subject to credit risk (i.e. financial guarantee contracts issued). No impairment loss is recognised in equity instruments. For more detail on expected credit losses recognition and assessment, see the section headed "*Risk Management*" and note 2-12 to each of the Annual Financial Statements.

Results of Operations

Net Interest Income

The table below shows the breakdown of the Group's interest income for the years ended 31 December 2018, 2019 and 2020, as well as for the nine-months ended 30 September 2020 and 2021.

	Year Ended 31 December			**Nine-Months Ended 30 September**	
	2018	**2019**	**2020**	**2020 (unaudited)**	**2021 (unaudited)**
			(Jordanian Dinar)		
Direct Credit Facilities					
Retail[(1)]	9,072,947	9,830,472	13,214,829	8,857,298	20,872,924
Real estate mortgages	10,552,795	11,456,396	9,764,398	7,309,695	9,002,295
Corporate[(2)]	36,268,789	37,836,966	51,606,591	39,001,034	55,896,388
Small and medium enterprises[(3)]	14,671,369	17,190,706	14,658,519	10,823,495	9,136,575
Government and public sectors	3,800,505	2,577,745	2,877,171	2,069,165	-
Other interest income[(4)]	30,428,880	35,833,602	38,164,530	28,275,178	35,599,997
Total interest income	**104,795,285**	**114,725,887**	**130,286,038**	**96,335,865**	**130,508,179**

Notes:

(1) The Retail line item consists of retail overdraft facilities, loans and bills and credit card issued to retail customers.

(2) The Corporate line item consists of overdraft facilities granted and loans and bills issued to large corporates.

(3) The Small and Medium Enterprises ("**SMEs**") line item consists of overdraft facilities granted and loans and bills issued to SMEs.

(4) Other interest income includes balances at central banks, balances at banks and financial institutions, financial assets at fair value through other comprehensive income – debt instruments, interest on pledged financial assets, financial assets at amortised cost and loans and advances at fair value through other comprehensive income.

The Group's total interest income for the year ended 31 December 2020 amounted to JD 130.3 million compared to JD 114.7 million for the year ended 31 December 2019 and JD 104.8 million for the year ended 31 December 2018.

The increase of JD 15.6 million in interest income, or 13.6 per cent., in 2020 reflected the 34.4 per cent. and 36.4 per cent. increases in income from retail direct credit facilities and corporate direct credit facilities, respectively, as a result of the Bank's changing strategy to focus on consumer banking in addition to maintaining its position in institutional banking, which offset the 14.7 per cent. decrease in SMEs direct corporate facilities income as a result of account reclassification.

The increase of JD 9.9 million in interest income, or 9.5 per cent., in 2019 reflected the 17.2 per cent. increase in income from SMEs direct credit facilities and 17.8 per cent. increase in other interest income sources, as a result of government initiatives relating to SMEs businesses during 2019 and an increase in interest from various financial assets, and which partially offset the 32.2 per cent. decrease in interest income from direct credit facilities granted to government and public sector entities, which decreased due to lower balances in 2019 as compared to 2018 as a whole.

The Group's total interest income for the period ended 30 September 2021 amounted to JD 130.5 million compared to JD 96.3 million for the period ended 30 September 2020. The increase of JD 34.2 million, or 35.5 per cent. reflected the growth of the Bank's interest bearing assets as well as the contribution of Bank Audi to the Group's interest income following its acquisition by the Group.

The table below shows details of the Group's interest expense for the periods/years indicated.

	Year Ended 31 December			Nine Months Ended 30 September	
	2018	**2019**	**2020**	**2020 (unaudited)**	**2021 (unaudited)**
			(Jordanian Dinar)		
Banking and financial institutions deposits	415,675	2,346,256	4,020,107	3,185,864	3,846,992
Customers deposits[(1)]	43,488,396	47,517,920	46,224,953	34,419,082	43,631,405
Interest on leased asset obligations	-	191,903	246,839	148,404	367,318
Margin accounts	957,373	1,046,821	1,122,585	860,178	1,752,381
Loans and borrowings	5,650,522	6,575,196	8,096,014	6,010,936	5,966,101
Deposits guarantee fees	2,055,460	1,47,687	1,505,504	1,084,835	1,948,031
Total	**52,567,426**	**59,831,061**	**61,216,002**	**45,709,299**	**57,512,228**

Notes:

(1) Customers deposits includes current accounts and deposits, saving deposits, time and notice deposits and certificates of deposits.

The Group's total interest expense for the year ended 31 December 2020 amounted to JD 61.2 million compared to JD 59.8 million for the year ended 31 December 2019 and JD 52.7 million for the year ended 31 December 2018.

The increase of JD 1.4 million in total interest expense, or 2.3 per cent., in 2020 reflected an increase in both banking and financial institutions balances and customer deposits.

The increase of JD 7.3 million in total interest expense, or 13.8 per cent., in 2019 reflected an increase in banking and financial institution balances as well as loans and borrowings, leading to higher balances as a whole.

The Group's total interest expense for the period ended 30 September 2021 amounted to JD 57.5 million compared to JD 45.7 million for the period ended 30 September 2020. The increase of JD 11.8 million, or 25.8 per cent. reflected the increase in various sources of funds including customers deposits, bank deposits and financial institution funds and placements.

Reflecting the above, the Group's net interest income in 2020 amounted to JD 69.1 million, an increase of JD 14.2 million, or 25.8 per cent., from the JD 54.9 million net interest income recorded in 2019 which, in turn, was an increase of JD 2.7 million, or 5.1 per cent., from the JD 52.2 million net interest income recorded in 2018. The Group's net interest income as at 30 September 2021 amounted to JD 73.0 million, an increase of JD 22.37 million, or 44.2 per cent. from the JD 50.3 million net interest income recorded as at 30 September 2020.

Net Commission Income

The following table shows the Group's net commission income for the years ended 31 December 2018, 2019 and 2020, and for the nine months ended 30 September 2020 and 2021.

	Year Ended 31 December			Nine Months Ended 30 September	
	2018	2019	2020	2020 (unaudited)	2021 (unaudited)
			(Jordanian Dinar)		
Direct credit facilities................	2,294,472	3,284,657	3,069,398	2,100,987	2,438,956
Indirect credit facilities	11,356,818	15,032,056	12,550,747	9,393,972	11,533,213
Other commission.....................	10,588,058	8,537,945	11,991,865	8,289,801	7,744,660
Less: Commission expense	(1,887,101)	(1,808,679)	(3,198,108)	(1,893,477)	(3,929,689)
Net Commission Income.........	**22,352,247**	**25,045,979**	**24,413,902**	**17,891,283**	**17,787,140**

The Group's net commission income for the year ended 31 December 2019 of JD 25.0 million was an increase of JD 2.7 million, or 12.1 per cent., from JD 22.4 million for the year ended 31 December 2018. This increase principally reflected an increase in commission income from both direct and indirect credit facilities and direct credit facilities, which offset the decrease in income received from other types of commissions including transfer commissions.

The Group's net commission income for the year ended 31 December 2020 amounted to JD 24.4 million, a decrease of JD 0.6 million, or 2.5 per cent., from the JD 25.0 million net commission income recorded for the year ended 31 December 2019. The decrease reflected a significant 76.8 per cent. increase in commission expense between the years ended 31 December 2019 and 2020.

The Group's net commission income for the period ended 30 September 2021 amounted to JD 17.8 million compared to JD 17.9 million for the period ended 30 September 2020. The decrease of JD 0.1 million, or 0.6 per cent. principally reflected an increase in commission expenses and decrease in income from other types of commission, which more than offset the increases in commission income from direct and indirect credit facilities during this period.

Gain from Foreign Currencies and Other Income

The following table shows the Group's gain from foreign currencies and other income sources for the years ended 31 December 2018, 2019 and 2020 and for the nine-months ended 30 September 2020 and 2021.

	Year Ended 31 December			Nine Months Ended 30 September	
	2018	2019	2020	2020 (unaudited)	2021 (unaudited)
			(Jordanian Dinar)		
Gain from Foreign Currencies					
Revaluation of foreign currencies .	924,702	(213,141)	5,253,774	(13,383,627)	1,351,394
Revaluation trading in foreign currencies	(269,743)	2,754,253	6,394,255	16,659,648	2,414,358
Total..	**654,959**	**2,541,112**	**11,648,029**	**3,276,021**	**3,765,752**
Other Income					
Recovery from written-off debt.....	441,338	3,014,526	341,685	321,764	325,959
Income from loans at fair value through income statement	-	2,481,500	-	-	-
Income and commission from investments and securities............	2,210,962	1,864,785	2,620,255	1,986,408	2,387,933

Collection against auction price swaps	2,084,140	2,013,688	615,369	394,358	137,156
Others	244,240	660,631	647,385	447,378	703,470
Net Commission Income	**4,980,680**	**10,035,130**	**4,224,694**	**3,149,908**	**3,554,518**

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions.

Exchange differences are generally recognised in the consolidated statement of income in the period in which they arise, except for foreign currency exchange differences on transactions made in order to hedge foreign currency risk or differences on monetary items required to/from a foreign operation that are not planned or unlikely to be settled in the near future.

The Group's gain from foreign currencies for the year ended 31 December 2020 amounted to JD 11.6 million compared to JD 2.5 million for the year ended 31 December 2019. The significant increase of JD 9.1 million principally reflected the significant increases in gains from the revaluation of foreign currencies and revaluation trading in foreign currencies. The Group's gain from foreign currencies for the year ended 31 December 2019 amounted to JD 2.5 million compared to JD 0.7 million for the year ended 31 December 2018, with the significant increase of JD 1.9 million the result of a significant increase in gains from revaluation trading in foreign currencies, which offset the losses from revaluation of foreign currencies.

The Group's other income includes recovery from written-off debts, income from loans at fair value through income statement, income and commission from investments and securities and collection against auction price swaps. The Group's other income for the year ended 31 December 2020 amounted to JD 4.2 million compared to JD 10.0 million for the year ended 31 December 2019. The decrease of JD 5.8 million principally reflected a significant 88.7 per cent. decrease in recovery from written-off debts and no income received from loans at fair value through income statement in 2020 (as compared to the JD 2.5 million received in 2019), as well as a decrease in collection against auction price swaps of JD 615,369 from NBI customers which represents the differences imposed by the Central Bank of Iraq during 2020, compared to JD 2.0 million during 2019. The Group's other income for the year ended 31 December 2019 was JD 10.0 million, compared to JD 5.0 million for the year ended 31 December 2018, with the JD 5.0 million increase principally due to the significant amounts recovered from written-off debt in 2019 and income received from loans at fair value through income statement.

The Group's gain from foreign currencies and other income for the period ended 30 September 2021 amounted to JD 3.8 million and JD 3.6 million compared to JD 3.3 million and JD 3.2 million for the period ended 30 September 2020. The increase of JD 0.5 million of gain from foreign currencies was a result of foreign exchange transaction volumes in Jordan and Iraq as a result of revaluations of various currencies between September 2020 and September 2021, which offset the decrease in gains from the Group's revaluation trading in foreign currencies. The increase of JD 0.4 million in other income was principally a result of increased income and commission from investments and brokerage activities, which offset the reduced collection against auction price swaps.

Total expenses

The table below shows the breakdown of the Group's total expenses in each of the years ended 31 December 2018, 2019 and 2020 and each of the nine months ended 30 September 2020 and 2021.

	Year ended 31 December			Nine months ended 30 September	

	2018	2019	2020	2020 (unaudited)	2021 (unaudited)
			(Jordanian Dinar)		
Employees' expenses............	23,018,122	23,492,944	21,508,460	15,631,198	22,231,335
Depreciation and amortization..........................	4,993,075	6,056,762	6,347,745	5,364,565	6,983,258
Other expenses......................	16,652,639	18,091,797	18,945,164	13,138,932	17,222,460
Donations due to COVID-19 .	-	-	1,178,739	1,178,739	-
Loss on sale of seized property	98,036	528,369	116,202	17,108	373,535
Expected credit losses on financial assets......................	784,461	7,009,726	24,545,414	16,076,619	16,126,219
Impairment on seized assets, net..	916,182	1,253,887	(16,038)	16,076,619	748,354
(Return from) Sundry provisions	(3,525,243)	98,700	27,740	-	41,237
	42,937,272	**56,532,185**	**72,653,426**	**50,365,548**	**63,726,398**

The Group's principal expense is employees' expenses, which is comprised of comprise salaries and benefits, Bank's contribution in social security, medical expenses, employees' training, paid vacations, Bank's contribution to social activities fund and others. Despite the COVID-19 pandemic and changing circumstances over the years, employees' expenses have remained largely unchanged, with a slight decrease of JD 2.0 million in 2020 from JD 23.5 million for the year ended 31 December 2019 to JD 21.5 million for the year ended 31 December 2020.

Total expenses of the Group have increased by 31.7 per cent. from 2018 to 2019, and 28.5 per cent. from 2019 to 2020, primarily as a result of losses on sale of seized property, which increased from JD 0.1 million to 0.5 million from 2018 to 2019, expected credit losses on financial assets, which increased from JD 0.8 million in 2018 to JD 7.0 million and JD 24.5 million in 2019 and 2020 respectively. The Group's total expenses in the nine months ended 30 September 2021 were JD 63.7 million compared to JD 50.4 million in the nine months ended 30 September 2020, with such increase primarily a result of increased employees' expenses due to the acquisition of Bank Audi, increased losses on sale of seized property and other sundry expenses such as one-off expenses incurred relating to the acquisition and which will not be incurred in the future, which collectively were more than the decrease in net impairment made on seized assets.

Segmental analysis

The tables below shows certain statement of income and statement of financial position line items of each of the Group's reporting segments for the years ended 31 December 2018, 2019 and 2020, and the nine-month periods ended 30 September 2020 and 30 September 2021.

	Year ended 31 December 2018					
	Retail Banking	**Corporate Banking**	**Corporate Finance**	**Treasury**	**Other**	**Total**
			Jordanian Dinar			
Total revenue	25,367,373	60,913,083	650,809	43,770,414	4,482,534	135,184,214
Impairment losses on direct credit facilities	(2,611,801)	(5,276,635)	-	7,183,704	(79,728)	(784,460)
Segment results	851,837	25,388,432	650,809	48,257,920	4,402,806	79,551,804
Segmental assets	**260,905,810**	**630,053,593**	**-**	**913,966,784**	**159,831,837**	**1,964,758,024**
Segmental liabilities	**733,803,962**	**657,619,518**	**-**	**186,915,905**	**49,586,313**	**1,627,925,698**

	Year ended 31 December 2019					
	Retail Banking	**Corporate Banking**	**Corporate Finance**	**Treasury**	**Other**	**Total**
			Jordanian Dinar			
Total revenue	28,220,242	68,147,763	328,898	53,283,766	5,320,113	155,300,782
Impairment losses on direct credit facilities	4,828,191	(12,712,332)	-	896,545	(22,129)	(7,009,725)
Segment results	8,904,815	22,094,244	328,898	50,025,376	5,297,984	86,651,317

Segmental assets	**145,407,738**	**943,966,303**	**-**	**901,263,372**	**195,736,586**	**2,186,373,999**
Segmental liabilities	**796,852,816**	**678,173,332**	**-**	**307,472,967**	**56,389,838**	**1,838,894,953**

Year ended 31 December 2020

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total
			Jordanian Dinar			
Total revenue	28,196,483	77,367,136	7,090	65,920,922	3,583,419	175,075,050
Impairment losses on direct credit facilities	(4,697,809)	(18,951,043)	-	(54,806)	(841,756)	(24,545,414)
Segment results	(523,602)	25,242,474	7,090	58,647,901	2,741,663	86,115,526
Segmental assets	**337,267,423**	**1,078,221,032**	**-**	**1,124,451,994**	**208,864,868**	**2,748,805,317**
Segmental liabilities	**942,340,720**	**883,595,468**	**-**	**496,410,080**	**70,771,739**	**2,393,118,007**

Nine-month period ended 30 September 2020 (unaudited)

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total
			Jordanian Dinar			
Total revenue	20,19,615	57,411,902	50,651	42,785,075	2,438,158	122,885,901
Impairment losses on direct credit facilities	(3,478,128)	(12,670,462)	-	(33,346)	105,317	16,076,619
Segment results	(1,138,355)	20,077,848	50,651	37,672,388	2,543,476	59,206,608
Segmental assets	307,923,800	1,117,383,065	-	1,162,597,120	216,145,764	2,804,049,749
Segmental liabilities	870,823,272	918,955,732	-	587,247,999	61,486,915	2,438,513,918

Nine-month period ended 30 September 2021 (unaudited)

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total
			Jordanian Dinar			
Total revenue	34,093,061	70,844,056	13,545	52,248,712	2,658,318	185,234,210
Impairment losses on direct credit facilities	4,500,297	(20,458,044)	-	(1,153,834)	26,361,880	(16,126,719)
Segment results	16,208,232	19,473,220	13,545	43,318,197	28,652,880	107,666,074
Segmental assets	613,631,211	1,391,597,968	-	1,704,101,770	268,684,361	3,978,015,310
Segmental liabilities	1,439,346,486	1,274,550,636	-	778,795,134	100,398,958	3,593,091,214

Retail Banking

Retail banking segmental revenue for the year ended 31 December 2020 amounted to JD 28.2 million, which remained largely unchanged compared to the JD 28.2 million for the year ended 31 December 2019. However, segment result for retail banking for the year ended 31 December 2020 was a loss of JD 0.5 million, compared to a profit of JD 8.9 million for the year ended 31 December 2019, with the significant decrease principally reflecting higher provisions for losses on direct credit facilities taken in the year ended 31 December 2020 to cater for potential deterioration in the retail credit portfolio as a result of the COVID-19 pandemic and reflecting the adoption of IFRS 9.

Retail banking segmental revenue for the year ended 31 December 2019 amounted to JD 28.2 million compared to JD 25.4 million for the year ended 31 December 2018. The 11.2 per cent. increase in revenue, principally reflected higher lending balances and lower provisions for expected credit loss due to an improvement in lending quality during the year 2019. The retail banking's segment result was a profit of JD 8.9 million for the year ended 31 December 2019, compared to a profit of only JD 0.9 million for the year ended 31 December 2018. The significant increase in results principally reflected an improvement in the Group's consumer banking portfolio.

Retail banking segmental revenue for the period ended 30 September 2021 amounted to JD 34.1 million compared to JD 20.2 million for the period ended 30 September 2020. The 68.8 per cent. increase in revenue principally reflected the increase in consumer assets by JD 306 million, of which JD 153 million was the result of the acquisition of Bank Audi. The retail banking segment result was a profit of JD 16.2 million for the period ended 30 September 2021, compared to a loss of JD 1.1 million for the period ended 30 September 2020. The change from loss to profit in results principally reflected the increase in consumer assets by JD 306 million, of which JD 153 million was the result of the acquisition of Bank Audi.

Corporate Banking

Corporate banking segmental revenue for the year ended 31 December 2020 amounted to JD 77.4 million compared to JD 68.1 million for the year ended 31 December 2019. The 13.5 per cent. increase in revenue, principally reflected growth in the Group's institutional banking portfolio. Corporate banking segment result for the year ended 31 December 2020 was a profit of JD 25.2 million, which was a 14.2 per cent. increase compared to the profit JD 22.1 million for the year ended 31 December 2019. The increase in profit for corporate banking was principally due to a shift in management strategy of lending to top corporate clients with a high credit rating.

Corporate banking segmental revenue for the year ended 31 December 2019 amounted to JD 68.1 million compared to JD 60.9 million for the year ended 31 December 2018. The 11.9 per cent. increase in revenue, principally reflected growth in corporate activities. Corporate banking segment result for the year ended 31 December 2020 was JD a profit of 22.1 million, which was a 13.0 per cent. decrease compared to the profit of JD 25.4 million for the year ended 31 December 2018. Despite higher segmental revenue, the decrease in profit for corporate banking was principally due to higher provisions booked for problem loans and stage 1 and 2 ECL as a result of IFRS 9.

Corporate banking segmental revenue for the period ended 30 September 2021 amounted to JD 70.8 million compared to JD 57.4 million for the period ended 30 September 2020. The 23.3 per cent. increase in revenue principally reflected growth in portfolios and businesses acquired in Jordan and Iraq from the Bank Audi transaction. The corporate banking segment result was a profit of JD 19.5 million for the period ended 30 September 2021, compared to a profit of JD 20.1 million for the period ended 30 September 2020. The 3.0 per cent. decrease in results was primarily the result of an increase in provision for credit losses during 2021.

Corporate Finance

Corporate finance segmental revenue for the year ended 31 December 2020 was JD 7,090, which was a significant 97.8 per cent. decrease as compared to JD 0.3 million for the year ended 31 December 2019, which was itself a 49.4 per cent. decrease from JD 0.7 million for the year ended 31 December 2018. Such continuous decrease over the years 2018 to 2020 was primarily a result of lower customer activities during the recent years, in line with the changing regional economic and financial situation.

The total revenue for corporate finance was JD 13,545 for the period ended 30 September 2021, which was a 73.3 per cent. decrease from JD 50,651 for the period ended 30 September 2020, which was also a result of continuous fall of customer activities in line with the regional economic and financial situation.

Treasury

Treasury segmental revenue for the year ended 31 December 2020 amounted to JD 65.9 million compared to JD 53.3 million for the year ended 31 December 2019. Treasury segment result for the year ended 31 December 2020 was JD 58.6 million, which was a 17.2 per cent. increase compared to the JD 50.0 million for the year ended 31 December 2019. The 23.7 per cent. increase in revenue and the increase in profit for the treasury segment was principally due to higher income from foreign exchange and continuous increase in income from financial assets and investments.

Treasury segmental revenue for the year ended 31 December 2019 amounted to JD 53.3 million compared to JD 43.8 million for the year ended 31 December 2018. Treasury segment result for the year ended 31 December 2020 was JD a profit of 50.0 million, which was a 3.7 per cent. decrease compared to the profit of

JD 48.3 million for the year ended 31 December 2018. The 21.7 per cent. increase in revenue and the increase in profit for the treasury segment was a result in growing income from foreign exchange and from financial assets and investments.

Treasury segmental revenue for the period ended 30 September 2021 amounted to JD 52.2 million compared to JD 42.7 million for the period ended 30 September 2020. The 22.2 per cent. increase in revenue principally reflected continued income from foreign exchange activities and financial assets and investments. The treasury segment result was a profit of JD 43.3 million for the period ended 30 September 2021, compared to a profit of JD 37.7 million for the period ended 30 September 2020. The 14.4 per cent. increase in results principally reflected an increase in booked provisions.

Other

The "Other" category includes the following: recovery from written-off debts, income from loans at fair value through income statement, income and commission from investments and securities, collection against auction price swaps, etc. Such total revenue for the year ended 31 December 2020 was JD 3.6 million, compared to JD 5.3 million for the year ended 31 December 2019, with the 32.6 per cent. decrease in revenue principally due to lower collection of bad debts by NBI between 2019 and 2020. The segment result for the year ended 31 December 2020 was a profit of JD 2.7 million, as compared to a profit of JD 5.3 million for the year ended 31 December 2019, with the 48.3 per cent. decrease a result of higher provisions for credit losses.

Total revenue for the year ended 31 December 2019 was JD 5.3 million, compared to JD 4.5 million for the year ended 31 December 2018. The segment result for the year ended 31 December 2019 was a profit of JD 5.3 million, as compared to a profit JD 4.4 million for the year ended 31 December 2018, with the 18.7 per cent. increase in such total revenue and the 20.3 per cent. increase a result of higher collection of bad debts by NBI between 2018 and 2019.

Segmental revenue for the period ended 30 September 2021 amounted to JD 2.7 million compared to JD 2.4 million for the period ended 30 September 2020. The segment result was a profit of JD 28.7 million for the period ended 30 September 2021, compared to a profit of JD 2.5 million for the period ended 30 September 2020. The 9.0 per cent. increase in revenue and significant increase in results principally reflected an increase in income and commission from investments and securities related to Capital Investments.

Geographical information

The Group operates primarily in Jordan, but also internationally in the Middle East, Europe, Asia, America and the Far East. The following table shows the distribution of the Group's operating income and capital expenditure within and outside of Jordan:

	For the year ended 31 December					
	2018		**2019**		**2020**	
	(Jordanian Dinar)					
	Inside Jordan	***Outside Jordan***	***Inside Jordan***	***Outside Jordan***	***Inside Jordan***	***Outside Jordan***
Total revenue	115,732,795	19,057,997	131,535,663	23,765,119	151,478,242	23,596,808
Total assets	1,808,412,329	156,345,695	1,844,623	342,319,376	2,318,485,256	430,320,061
Capital expenditure	9,127,513	3,047,315	10,335,093	5,121,659	18,459,899	2,528,979

Net Profit for the Year

Reflecting the above, the Group's net profit for the year ended 31 December 2020 amounted to JD 30.3 million, representing a return to 2018 profit levels, and was an increase of JD 1.5 million, or 5.2 per cent., from the JD 28.8 million net profit recorded for the year ended 31 December 2019 which was a decrease of 1.5 million, or 5.0 per cent., from the JD 30.3 million net profit recorded for the year ended 31 December 2018. The Group's net profit for the nine months ended 30 September 2021 amounted to JD 52.7 million, an increase of JD 32.6 million, or 162.2 per cent. from the JD 20.1 million net profit recorded for the nine months ended 30 September 2020.

Funding

Overview

The Group's liquidity needs arise primarily from making loans and advances to customers, the payment of expenses and investments in securities. The Group's liquidity needs have been funded primarily through deposits and operating cash flow, including interest and profit income received on its direct credit facilities portfolio and portfolio of debt investment securities. The Group also holds significant liquid assets to cover short term liquidity needs.

The Group's principal sources of funding are its customer deposits and, to a lesser extent, interbank deposits and margin account dealings. The Group also has access to a pool of unencumbered and liquid securities in the form of treasury bonds, government debt securities as well as other corporate debt securities it can access to meet its liquidity needs, in addition to its cash and balances with central banks and other banks and financial institutions.

The Group's customer deposits as at 31 December 2020 were JD 1.7 billion, representing 70.0 per cent. of its total liabilities. Customer deposits consist of a variety of accounts and deposits, including current and demand deposits, saving accounts, time and notice deposits and certificates of deposit, and are utilised by the Group's customers from the retail, corporate, SMEs and government and public sectors. Deposits from the Jordanian Government and its related agencies have contributed 6.3 to 8.9 per cent. of the Group's total funding over the period from 1 January 2018 to 31 December 2020, while non-interest bearing deposits across all sectors have contributed 32.5 per cent., 19.8 per cent. and 25.5 per cent. of the Group's total deposits as at 31 December 2018, 2019 and 2020.

Other borrowed funds in the form of loans and borrowings from central banks and various banks and financial institutions, and bank and financial institution deposits as at 31 December 2020 were JD 330.0 million and JD 138.1 million respectively. Bank and financial institutions deposits include current and demand deposits as well as term deposits of under 3 months and those maturing between 3 and 6 months The table below shows the Group's funding in the form of customer deposits, bank and financial institution deposits and loans and borrowings as at 31 December 2018, 2019 and 2020.

	As at 31 December					
	2018		2019		2020	
	(Jordanian Dinar, except percentage contribution columns)					
	Amount	*Percentage*	*Amount*	*Percentage*	*Amount*	*Percentage*
Customer deposits......................	1,247,883,147	76.7	1,306,022,582	71.0	1,674,212,806	70.0
Bank and Financial Institutions deposits......................................	44,638,873	2.7	113,793,443	6.2	138,058,853	5.8
Margin accounts.........................	143,540,333	8.8	169,009,566	9.2	151,723,382	6.3
Loans and Borrowings	124,552,032	7.7	165,319,524	9.0	329,991,227	13.8

The Group's principal sources of funding constitute both short- and long-term capital resources of the Group. The table below shows the maturity profile of the Group's principal forms of funding as at 31 December 2020. This analysis is based on undiscounted cash flows and maturity data.

	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	3 years or more	Total
	(Jordanian Dinar)						
As at 31 December 2020							
Customer deposits	574,869,123	206,358,057	266,904,949	439,326,438	225,811,248	3,764,592	1,717,034,407
Bank and Financial Institutions deposits.......	118,251,207	20,028,338	-	-	-	-	138,279,545
Margin accounts	23,324,315	11,584,111	11,304,706	16,381,852	49,635,877	44,152,206	156,383,067
Loans and Borrowings...	79,459,853	36,293,866	3,376,180	26,092,573	140,675,029	62,865,522	348,762,023

The Group takes active steps to diversify its funding sources by targeting new funds from regional and international avenues. The Group's deposit base remains (and is expected to remain in the near future) relatively dependent on consumer banking. Such deposits are booked for varying tenors, including long tenor deposits for long-term fund management, and are well spread across different maturity dates so early signs of deposit withdrawals should provide the Group with sufficient time to consider other alternatives. The Group also has a significant base of deposits with varying maturities from retail, corporate and SME clients, which reduces the concentration risk measured in terms of deposits from top clients to the total funding pool.

Cash flows

The table below summarises the Group's cash flow from operating activities, investing activities and financing activities for each of the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021.

	Year ended 31 December			Nine months ended 30 September	
	2018	**2019**	**2020**	**2020 (unaudited)**	**2021 (unaudited)**
			(Jordanian Dinar)		
Net cash flow (used in) from operating activities	108,442,178	(83,555,007)	67,309,796	8,741,952	109,047,880
Net cash flow used in investing activities	(126,199,544)	(14,814,346)	(108,197,683)	(189,434,321)	(222,383,373)
Net cash (used in) from financing activities	(18,537,990)	31,762,584	158,826,716	162,846,096	47,059,251
Cash and cash equivalents at beginning of year/period..	270,305,137	231,548,826	164,728,916	164,728,916	263,032,649
Cash and cash equivalents at end of year/period..	231,548,826	164,728,916	263,032,649	133,499,016	198,107,801

Net cash flow (used in) from operating activities

The Group's net cash generated from operating activities was JD 108 million in 2018 compared to net cash used in operating activities of JD 83.6 million in 2019 and net cash flow generated from operating activities of JD 67.3 million in 2020. The Group's net cash generated from operating activities increased from JD 8.7 million for the nine months ended 30 September 2020 to JD 109.0 million for the nine months ended 30 September 2021, representing a 1152.9 per cent. increase.

The principal contributors to net cash flow from operating activities were the operating profit and changes in operating assets and liabilities. While the change in net profit before tax was minimal between 2018, 2019 and 2020, the fluctuations in net cash inflow (outflow) from operating activities being driven by changes in customer deposits and borrowed funds.

Net cash flow used in investing activities

The Group's net cash used in investing activities decreased drastically from JD 126.2 million in 2018 to JD 14.8 million in 2019, before increasing to JD 108.2 million in 2020, representing a 88.3 per cent. decrease in 2019 compared to 2018, and a 630.4 per cent. increase in 2020 as compared to 2019. The Group's net cash used in investing activities increased from JD 189.4 million for the nine months ended 30 September 2020 to JD 222.4 million for the nine months ended 30 September 2021, representing a 17.4 per cent. increase.

The principal investment activities of the Group were investing in primarily government bonds as well as strategic investments in equities and sales or redemptions of investment securities. Such activities are highly dependent on market conditions, and a principal reason for the fluctuations in such net cash used in investing activities was due the maturity and repurchasing of bonds. As described further in the "*Description of the Bank and the Group – Business Activities*", the Treasury, Investment and Financial Institutions Department (the "**TIFI Department**") is responsible for the Group's investment activities, which includes investing in debt instruments issued and guaranteed by the Jordanian Government, Jordanian, regional or international companies with high financial and credit worthiness; buying shares in local, regional and international companies with high growth opportunities and good investment returns; investing in investment funds within acceptable risk levels and investing in structured securities in line with the Bank's needs. Despite the COVID-19 pandemic, for the year ended 31 December 2020 the Group has maintained its focus of investing in international bonds.

Net cash (used in) from financing activities

The Group's financing activities comprise cash inflows and outflows in relation to funding from the CBJ and other financial agencies.

The Group's net cash used in financing activities was JD 18.5 million in 2018, compared to net cash from financing activities of JD 31.8 million in 2019 and JD 158.8 million in 2020. The Group's net cash inflow from financing activities was JD 162.8 million for the nine months ended 30 September 2020, compared to net cash inflow of JD 47.1 million for the nine months ended 30 September 2021. Such continuous increase in cash inflow from financing activities was primarily a result of borrowing funds from financial institution agencies.

Related Party Transactions

The Group's principal related party transactions are with its subsidiaries, shareholders, directors and senior management, all of which were conducted within the normal activities of the Group and using commercial interest rates and commissions, and do not involve an amount of risk that is higher than the amount of risk taken in comparable transactions with unrelated parties. The Group adheres to the CBJ and its own internal guidelines on lending to related parties. Further information on the Group's related party transactions is set out in note 44 of the 2019 Financial Statements and note 45 of the 2020 Financial Statements. As at the date of this Prospectus, the Group is not expecting and is not in the process of concluding any potential transactions of a material nature to be made with its related parties, other than those activities conducted in the normal course of business.

Dividend policy

Distribution of any dividends by the Group is subject to the approval of the Group's Board, the CBJ and its shareholders. For the year ended 31 December 2018, approval was given by the Group's shareholders to distribute cash dividends equivalent to 10 per cent. of JD 20 million of the Bank's authorised and paid-in capital. For the year ended 31 December 2019, pursuant to an announcement by the CBJ on 9 April 2020 (announcement No. 1/1/4693), the Group followed the CBJ's request not to distribute any cash dividends to shareholders on the results for the year ended 31 December 2019. For the year ended 31 December 2020, the Group's Board of Directors approved the distribution of cash dividends at a value of 12 per cent. of the paid-in capital, which is subject to the approval of the CBJ and its shareholders.

Disclosures about Financial Risks

The Group is exposed to a number of financial risks, principally interest rate, price, liquidity, credit and foreign exchange risk, and takes steps to mitigate these risks as described in note 46 to the 2019 Financial Statements and note 47 to the 2020 Financial Statements.

Contingencies and commitments

As at 31 December 2020, the Group was contingently liable for bank guarantees, letters of credit issued, acceptances and foreign currency forwards and interest rate forward contracts entered into during the normal course of the Group's business. The table below shows these commitments and contingent liabilities as at 31 December 2018, 2019 and 2020:

	As at 31 December		
	2018	**2019**	**2020**

		(Jordanian Dinar)	
Letters of credit	125,824,493	49,170,268	65,796,460
Confirmed Export Letters of credit	1,500,912	1,386,789	23,157,779
Acceptances	70,605,243	148,091,743	71,392,889
Letters of guarantee (payments, performance or others)	135,048,308	136,633,582	146,285,015
Foreign currency forward	76,176,286	138,205,319	94,673,245
Interest rate forward contracts	-	106,350,000	106,350,000
Unutilised direct credit limits	105,924,931	140,437,573	128,039,834
Total	**515,080,173**	**720,275,274**	**635,695,222**

Letters of guarantee issued represent irrevocable assurances that the Group will make payment in the event that a customer fails to meet its performance-related or financial obligations to third parties.

Confirmed export letters of credit include commitments to extend credit which are undrawn and which are irrevocable over the life of the facility or are revocable only in response to a material adverse change. Unutilised direct credit limits represent unused portions of authorisations to extend credit in the form of loans.

Letters of credit, which are written undertakings by the Group on behalf of a corporate customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, generally relate to trade and may be collateralised by the underlying shipments of goods to which they relate, by cash deposits or otherwise.

Acceptances represent a type of irrevocable credit that is payable under a time draft on or after a specific date, if the terms of the credit have been complied with.

The total outstanding contractual amount of guarantees, undrawn credit lines, letters of credit, and acceptances does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

The table below shows the Group’s commitments and contingent liabilities based on contractual repayment arrangements as at 31 December 2020:

	Up to 1 year	1-5 years	Total
As at 31 December 2020		*(Jordanian Dinar)*	
Acceptances and Letters of credit	90,761,408	69,585,720	**160,347,128**
Unutilised credit limits	626,053	127,413,781	**128,039,834**
Letters of guarantee	146,285,015	-	**146,285,015**
Foreign currency forward	94,673,245	-	**94,673,245**
Interest rate forward contracts	-	106,350,000	**106,350,000**
Total	**332,345,721**	**303,349,501**	**635,695,222**

The table below shows the Group’s other contractual commitments as at 31 December 2020:

	As at 31 December 2020
	(Jordanian Dinar)
Intangible assets contracts	15,348,491
Fixed assets contracts	434,512
Construction contracts	1,242,484
Total	**17,025,487**

DESCRIPTION OF THE BANK AND THE GROUP

OVERVIEW

The Bank is one of the leading commercial banks in Jordan, offering a wide range of corporate and retail banking services and products to its customers in the country and more broadly across the MENA region through its various subsidiaries.

Since its incorporation in 1995, the Group has established itself across the Middle East through its strategic investment and establishment of various entities. The Group maintains a strong presence in Jordan through the Bank and the operation of its investment banking subsidiary Capital Investment and in Iraq through the Bank's subsidiary, the NBI. These are complemented by the Group's additional investment banking offering in the DIFC, UAE through Capital Investments (DIFC). The Group's presence in Jordan and Iraq was further developed earlier this year through the acquisition of Bank Audi's business in Jordan and Iraq, underlining an intent to expand and diversify its operations (See "*Strategy – Geographical Expansion*" below).

Summary of Assets

As at the date of this Prospectus the Bank operates 28 branches and 86 ATMs in Jordan, and also offers investment banking access to its clients through its subsidiary Capital Investments (DIFC) in the UAE, while its subsidiary NBI operates 18 branches and 103 ATMs in Iraq.

Date of Incorporation and Legal Form

The Bank is a public shareholding company incorporated in Jordan on 30 August 1995 in accordance with the Jordanian Companies Law No 1 of 1989 (with institution number 200011979) and registered with the Ministry of Industry and Trade of Jordan under the name "Export and Finance Bank". The Bank was listed on the ASE on 24 January 1998 and changed its name to "Capital Bank of Jordan" in 2006.

Registered Office

The registered office of the Bank is at Al Abdali, Boulevard Suliman Al Nabulsi Street, Building number 26, Amman, Jordan. Its telephone number is +962 65100200.

Purpose and Areas of Business

The objects of the Bank is set out in its Articles of Association, which allows it to carry out all types of banking business allowed for banks under Jordan's Banking Law, other banking legislation and regulations and the effective instructions of the CBJ.

Geographic markets

The Group principally carries on business in three geographic markets (Jordan, Iraq and the UAE) and in various business segments as described below.

- Jordan – the Bank operates a banking business in Jordan under the name "Capital Bank of Jordan". Additionally, the Bank also provides investment banking services in the country through its wholly-owned subsidiary Capital Investments. In 2021, the Bank also acquired the assets and liabilities of Bank Audi in Jordan and Iraq, thereby expanding its operations in these regions;

- UAE – the Bank maintains a presence in Dubai through its wholly-owned subsidiary Capital Investments (DIFC), offering investment banking services for the Bank's clients to enter the GCC states and beyond, as well as providing a platform for international investors and UAE companies to access Jordanian and Iraqi markets; and

- Iraq – as at 31 December 2020, the Bank is a 61.85 per cent. shareholder in NBI, a publicly traded entity founded in 1995 and listed on the Iraq Stock Exchange since 2004, which operates a banking business in Iraq. NBI offers retail and commercial banking services to individuals and corporations in Iraq, and through the Group's entities in Jordan and Dubai, works with regional and international commercial enterprises and correspondence banks. As mentioned above, in 2021, the Bank also acquired the assets and liabilities of Bank Audi in Iraq, resulting in an expansion of its operations in the country.

Business segments

The Group's primary operations are in Jordan, which are organised into four major business segments:

- Retail Banking – which provides a broad range of conventional retail banking services and products to individual customers in Jordan and Iraq, including the handling of individual customers' deposits, credit facilities, credit card and other services;

- Corporate Banking – which provides a broad range of conventional commercial banking services and products to all corporate clients (ranging from large enterprises to small and medium sized enterprises ("**SMEs**")), including accepting and monitoring deposits, credit facilities and other banking facilities provided to corporate customers, as well as granting of other specialised banking services to such corporate customers;

- Corporate Finance – which principally concerns the provision of corporate financing service to the Group's corporate clients, including the arranging of structured financing, and providing services relating to privatisations, initial public offerings ("**IPOs**") and mergers and acquisitions; and

- Treasury – which principally concerns providing money market, trading and treasury services in support of the needs of the Group's retail and wholesale customers, as well as the management of the Bank's funding and liquidity operations.

HISTORY

History

Since its inception in 1995, the Bank has grown to become one of the leading financial institutions in Jordan, offering the Jordanian market a comprehensive set of commercial and investment banking services and solutions tailored to the needs of individuals and corporate clients alike.

The Bank was first incorporated under the name "Export and Finance Bank" in 1995, with an initial authorised capital of JD 20 million. The Bank's offering was initially based upon two key yet diverse areas of focus: Treasury and Money Market Operations and Investment Banking and Capital Markets, primarily servicing corporate clients. Over the last two decades, the Bank has gradually expanded its services to commercial and retail banking and its target consumer base now includes SMEs, as well as the general public.

During the 1990s and early 2000s the Bank sought to increase its capital base in anticipation of an increase in regulatory capital requirements. As a result of this policy, the Bank's authorised capital has steadily increased over the years to reach JD 200 million as at 30 September 2021.

The Bank was listed on the ASE on 24 January 1998, and was renamed "Capital Bank of Jordan" in 2006. In May 2005, the Bank divested its investment banking and capital markets division into the wholly-owned subsidiary Capital Investments, which is managed independently of the Bank and offers asset management, capital raising and advisory services.

Expanding its operations outside of Jordan, in 2005 the Group acquired a majority stake in the NBI, giving it management control of NBI. At the time of acquisition, the Bank acquired 59.2 per cent. of NBI's paid in capital (approximately JD 12.1 million as at 31 December 2005). The shareholding was subsequently increased to 72.3 per cent. in 2009, before decreasing to 61.9 per cent. following several share sales to the Cairo Amman Bank, Palestinian Telecommunications Company ("**PalTel**") and Al-Fursan investment Group in 2013. As at 30 September 2021, the Group continues to retain a 61.9 per cent. shareholding in NBI.

In 2015, the Bank established another wholly-owned subsidiary in Dubai, Capital Investments (DIFC), which became operational at the start of 2015. As at 30 September 2021, Capital Investments and Capital Investments (DIFC) collectively manages approximately U.S.$ 440 million of assets and has expanded its offering to include *Shari'a*-compliant, as well as structured and specialised, products.

Within Jordan, in September 2007, the Bank received a U.S.$ 30 million investment from the International Finance Corporation (part of the World Bank Group) (the "**IFC**"), with IFC acquiring a 7.02 per cent. equity stake in the Bank and providing investment to provide long-term financing to businesses and affordable housing for young Jordanians. The IFC also included an advisory services package, assisting the Bank in building its operational capacity, internal systems and improving corporate governance, risk management and mortgage lending skills. In 2009, the Bank partnered with Temenos (a global integrated core banking systems provider) to expand into the retail banking sector in Jordan.

As part of its digitalisation strategy, in 2014 the Bank launched its national electronic billing and payment system in partnership with eFAWATEERcom, allowing users to pay their bills from computers, ATMs and points of sale terminals. More recently, the Group as a whole has entered into various strategic partnerships with online platforms, FinTech companies and telecom companies to improve digital access to banking services, including OpenSooq, an Arab online platform to market and promote the Group's corporate client product and services online, and with Backbase to drive digital transformation in Jordan. The Group's latest digital collaboration was announced in June 2021, in which the Bank, through a partnership with Codebase Technologies, intends to launch new digital bank branches in Jordan (the first one launched also in June 2021). All such relationships are intended to further the Group's aims for digital transformation and to improve digital solutions and services offered to clients.

Recent Developments

Acquisition of Bank Audi's Jordanian and Iraqi businesses

Aside from holding a majority stake in NBI since 2005, in March 2021 the Group completed its purchase of Bank Audi's businesses in Jordan and Iraq, incorporating Bank Audi's branches and ATMs in these two countries within the Group's brand and network. Such acquisition was due in part to Bank Audi's desire to exit the Jordanian and Iraqi markets, but was also a perfect opportunity for the Group to implement its expansion strategy and its plans to further reinforce its competitive position. As a result of the acquisition, the Bank's branches in Jordan increased from 14 to 28 and NBI's branches in Iraq from 13 to 18. This acquisition also increased the Group's asset valuation to JD 3.4 billion and its shareholder equity to JD 384 million (as at 31 March 2021 post-acquisition).

Acquisition of SGBJ

On 25 December 2021, the Bank made a legally binding offer to acquire 100 per cent. of the issued shares of SGBJ from its majority shareholder, SGL, who hold 87.67 per cent. shares of SGBJ and the other shareholders of SGBJ. On 27 January 2022, the Board of the Bank approved the Proposed Acquisition. The transaction is subject to the completion of a satisfactory legal and financial due diligence exercise and the entering into of definitive agreements. As at the date of this Prospectus, the Bank is negotiating a share purchase agreement with SGL, with the power to compel the sale of all of the shares through an extraordinary general meeting of SGBL's shareholders. The Bank intends to complete the Acquisition by the end of March 2022.

SGBJ was established in 1965 and provides banking services for corporations, conducts investment banking activities in the private and public sectors, provides retail banking services, and also offers brokerage services to its clients through its subsidiary Société Générale - Jordan Brokerage and leasing solutions through its subsidiary, SGBJ Leasing Company. As at 31 December 2021, SGBJ operates 19 branches and 27 ATMs in Jordan.

As at 30 September 2021, SGBJ had total assets of JD 1,681 million, total liabilities of JD 1,522 million and total owners' equity of JD 158.9 million. In the nine-month period ended 30 September 2021, SGBJ's gross income was JD 26 million and net income for the year was JD 3.7 million.

Equity

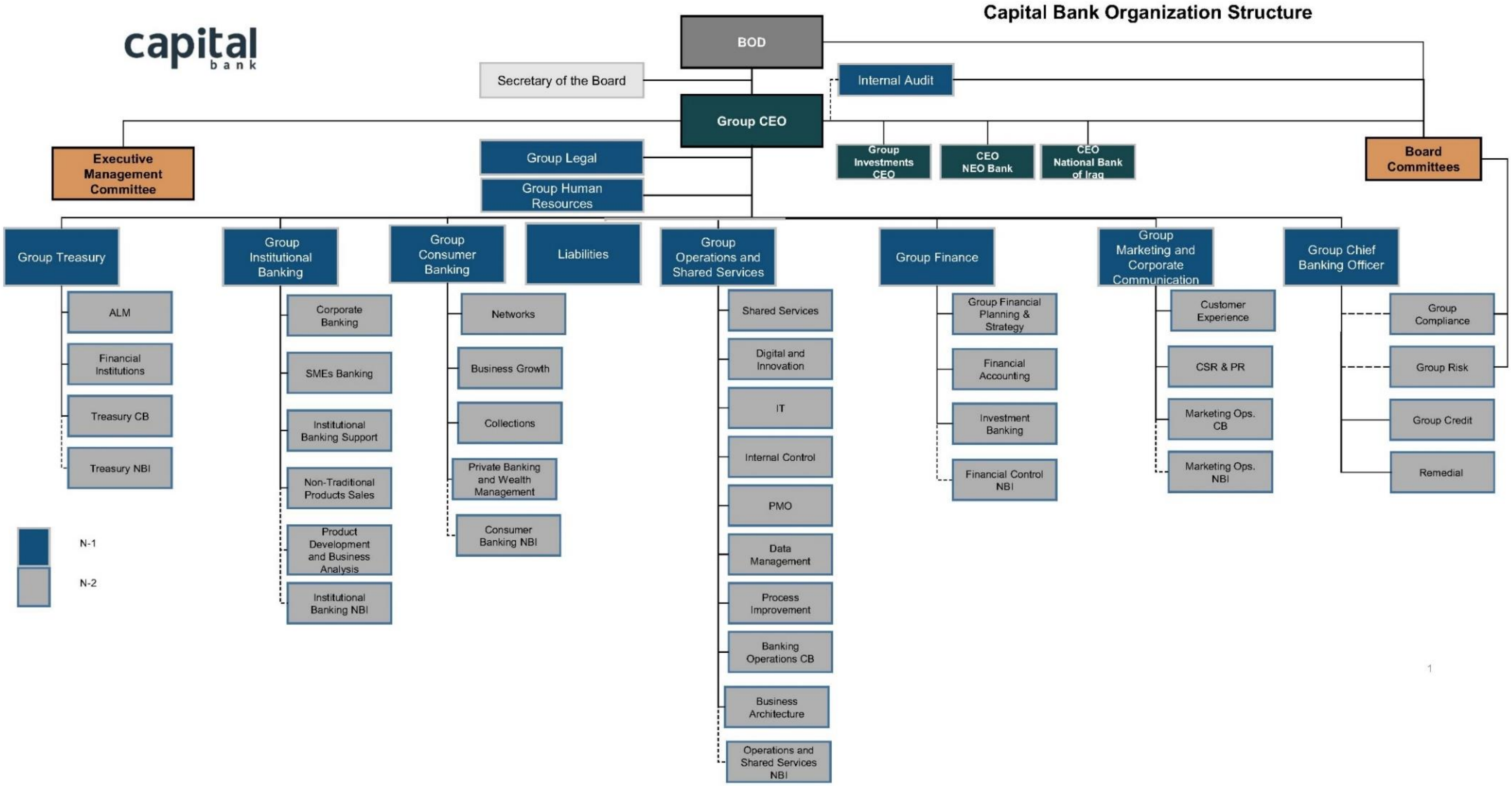
The Bank has been listed on the ASE since 24 January 1998. As at 30 September 2021, the Bank's paid in capital amounted to JD 200 million and its additional paid in capital amounted to JD 709,472. As at 30 September 2021, 63.3 per cent. of the total number of shares in the Bank were held by Jordanian nationals (whether individuals or entities) and 23.2 per cent. by Iraqi nationals.

The following table sets out shareholders who hold more than 5 per cent. of shareholding in the Bank as at 30 September 2021:

Name	Nationality	Number of Shares	Percentage
Saad Assim A. Aljanabi	Iraqi	19,524,105	9.8 per cent.
Social Security Corporation	Jordanian	18,920,939	9.5 per cent.
Abdullah S.A. Aljanabi	Iraqi	11,483,787	5.7 per cent.
Asem S.A. Aljanabi	Iraqi	11,483,787	5.7 per cent.
Said Samih Taleb Darwazeh	Jordanian	10,981,066	5.5 per cent.
Sara International Holdings Ltd	Cayman Islands	10,064,669	5.0 per cent.
Bassem Khalil Salem Al Salem	Jordanian	10,035,420	5.0 per cent.

CORPORATE STRUCTURE

The Group's corporate structure as at 30 September 2021 is as follows:



STRATEGY

The Group's mission is to provide innovative, simplified, and holistic financial solutions through enhanced products and an elevated level of customer service and experience in the Jordanian and Iraqi markets. The Group periodically sets out its long- and short-term strategy (the last review of its three-year strategy being conducted during the course of 2020), and has identified the following strategic priorities:

Digital Convenience

The Group intends to build its digital capabilities and introduce digital banking, with the aim of becoming a fully digitalised bank. The Group is currently working with various service providers and organisations to improve its digital capabilities. In June 2021, the Group partnered with Codebase Technologies to develop and launch Neobank, the first independent, digital-only bank for individuals and SMEs in Jordan and Iraq. Other initiatives include strategic partnerships with Backbase, a leading engagement banking platform to drive digital transformation in Jordan, with Jordanian FinTech company Liwwa United Company to automate SME digital lending, and with the Equiti group to improve foreign exchange and commodity trading in Jordan and Iraq. In Iraq, the Group has also collaborated with telecom companies Zain and Asia Cell to provide e-wallet functionality and point of sales cash transaction.

The Group has also continuously launched digital and mobile applications to streamline banking and trading services, including CapInvest Trader and CapInvest Forex. In Jordan, the Bank has worked to upgrade its online banking platforms (SwitchOn), improving its call centre services and also introducing support services on social media platforms. The Bank was the first domestic Jordanian bank to have completed full integration with Jordan Payments & Clearing Company with the object to provide an instant payment system through the SwitchOn platform. In Iraq, NBI is the first bank in the country to launch one-time password ("**OTP**") services, issue instant debit card and grant personal loans directly to eligible clients.

The Group believes that such initiatives will strengthen customer acquisition, increase income streams and rationalise expenses across the Group. This is especially crucial as around 55 per cent. of Jordan's population is between 15 to 50 years of age, with a younger population more disposed towards utilising technology in their daily lives (including banking services), and the Group believes digital initiatives offering seamless digital onboarding, user-friendly workflows and convenient smartphone access will give it first mover advantage in acquiring more customers.

Service Quality

The Group intends to transform the Group's product and service offerings through continuous innovation, into a holistic value proposition that meets the banking and investment needs of its clients and elevates the customer experience.

The Group is constantly looking for ways to innovate and improve on its product and service offerings, and has not only innovated its service offerings through digitalisation and acquisitions, but has also partnered with several supranational organisations that offer loan guarantees to regional economies impacted by the refugee crisis (including Jordan and Iraq). In July 2020, the Bank entered into an agreement with the European Investment Bank (the "**EIB**"), pursuant to which the EIB would provide EUR 70 million to the Bank to on-lend to SMEs., which is instrumental to the Bank maintaining its exposure towards the SMEs sector (approximately 14 per cent. for the year ended 31 December 2020).

Geographical Expansion

The Group is focused on expanding its footprint across the MENA region, maintaining its base in Jordan but expanding its sizeable presence, through its subsidiaries, in Iraq and the UAE. The Group views the expected post-pandemic recovery in the Jordanian and Iraqi markets in the next few years (over 5 per cent. and 6 per cent. in nominal GDP growth based on IMF figures) as a key driver of credit growth for the Group over the long term. As part of its growth strategy, the Group completed the acquisition of Bank Audi's operations in Jordan and Iraq for JD 41.8 million in March 2021, doubling its branch network in Jordan (from 14 to 28 branches) and also strengthening its presence in Iraq (from 13 to 18 branches). Post-transaction, the Group also increased its loan and deposit market shares in Jordan from 4.0 per cent. to 4.9 per cent. (loan) and from 4.2 per cent. to 5.1 per cent. (deposit) respectively, and in Iraq from 10.9 per cent. to 12.7 per cent. (loan) and from 6.9 per cent. to 9.2 per cent. (deposit) (Source: Initiation of Coverage Report on the Capital Bank of Jordan dated 8 August 2021).

In particular, the Group believes that the Iraqi banking sector is an underpenetrated market, with only 25 per cent. of Iraqi adults having bank accounts, and only 30 per cent. of such accountholders having deposited their money into accounts in the past 12 months (Source: Initiation of Coverage Report on the Capital Bank of Jordan dated 8 August 2021). Iraqi banking regulators have been taking steps to promote financial inclusion in recent years, including public sector organisations planning to transfer salaries to employees through select private banks, and regulator plans to launch a deposit guarantee fund to reinstate confidence in the country's banking services. With its presence in the country since 2005 through NIB, the Group could benefit from upcoming growth opportunities in Iraq.

The Group is also exploring other growth opportunities in the MENA region, including Bahrain, where it has incorporated the Capital Investment Fund Company with a view of setting up and managing investment and mutual funds through the entity (although, as at the date of this Prospectus, this entity has yet to commence operations).

Organic Growth

The Group intends to grow organically through executing and delivering on a well-defined plan that will enable the Group to position itself as one of the top consumer banking groups and the number one gateway for institutions conducting business in Jordan and Iraq.

The Group has in place defined long- and short-term strategies and business plans, which it has executed with success despite the COVID-19 pandemic. The Group has achieved double digit growth in business volumes in 2019, maintained a lean cost structure (with a view of further improving this through digital initiatives) and resilient asset quality throughout the COVID-19 period. See the sections headed "*Selected Consolidated Financial Information*" and "*Financial Review*" for further information.

STRENGTHS

The Group benefits from a number of business strengths. In particular:

Strong local and regional network together with good international partnerships

As at the date of this Prospectus the Bank operates 28 branches and offices in Jordan (including Capital Investments), and also offers investment banking access to its clients through its subsidiary Capital Investments (DIFC) in the UAE, while its subsidiary NBI operates 18 branches in Iraq. The geographical footprint of the Group within the MENA region provides opportunities for the Group to grow its product and service offering, in addition to developing its existing client base and leveraging the Group's well-established domestic operations. The Bank, through its TIFI Department, also develops and manages strategic agreements and partnerships with other international institutions, such as the EIB, which supports the Bank's on-lending to Jordanian SMEs to participate in local reconstruction and development projects and reinforces commercial operations of the Bank.

Strong asset management and investment banking capability

The Group conducts its investment banking and asset management business through its wholly-owned subsidiaries Capital Investments and Capital Investments (DIFC) as well as the Bank's own TIFI Department.

The Group believes that each of its subsidiaries and the Bank's TIFI Department has unique strengths that allows it to offer services to the Group's large client base above and beyond similar teams in the region, as reflected by the innovative mentality of the teams even during the course of the COVID-19 pandemic. During the year ended 31 December 2020, the TIFI Department successfully launched the first stage of its automated treasury system, reducing operational risk and allowing the department to continue to provide outstanding and seamless services to its clients even during the COVID-19 pandemic. The TIFI Department also opened up new channels for dealing with other banks and financial institutions, establishing new relationships and offering increased flexibility for covering global markets during the year 2020, through expanding the Bank's database of high-rated correspondent banks.

In the same way, during the year ended 31 December 2020 Capital Investments introduced a new application, CapInvest Forex, allowing users to trade in currencies and precious metals on mobile applications; continued to increase the level of managed assets during the year (from JD 280 million for the year ended 31 December 2020 to JD 430 million as at 30 September 2021) and signed eight agreements in the corporate financing sector. Capital Investments' strong capabilities are reflected in its market position, with the company's local brokerage department ranking third in terms of trading volume in the ASE in 2020, with a market share of 5.5 per cent., thus maintaining its position amongst brokerage firms despite the COVID-19 pandemic.

Solid consumer and corporate banking base with good market position

As at 30 September 2021, the Group had total assets of JD 4.0 billion, total direct credit facilities of JD 1.9 billion and total customer deposits of JD 2.5 billion, and is one of the top five banks in Jordan on all three metrics. The Group is one of the leading banks in Jordan and Iraq with a broad portfolio of consumer and corporate product offerings, an extensive network of branches and ATMs in both Jordan and Iraq and well-established relationships with its client base. With more than 1,240 corporate customers as at 31 December 2020, the Group has one of the largest customer bases in Jordan and believes that, as at 30 September 2021, it had 6.8 per cent. market share in Jordan's consolidated banking assets, and through its management control of NBI, 8.7 per cent. market share in Iraq's consolidated banking assets among the private banks.

The Group also maintains a large domestic distribution network in Jordan and Iraq, offering significant opportunities to attract additional clients and expanding the Group's range of products and services to existing clients. As a result of its acquisition of Bank Audi's branches in Jordan and Iraq, as at 30 September 2021, the Group had 28 branches in Jordan, and 18 in Iraq, in addition to the Group's mobile banking, internet banking and other digital platforms.

The Group's strong position in consumer and corporate banking enables the Group to benefit from economies of scale and provides a solid platform for increasing and sustained profitability in the Jordanian and Iraqi banking market. The Group's market position and strong brand recognition throughout Jordan, Iraq and the MENA region reflect the Group's focus on service quality, focusing on high-quality customer service and the provision of innovative and relevant products and services to its clients, its aim to achieve organic growth and geographical expansion at the same time.

Public brand recognition and strong, experienced Board and executive management team

The Bank has been listed on the ASE since 24 January 1998, and is a well-recognised, established financial institution in Jordan, offering the Jordanian market and wider MENA region a comprehensive set of commercial and investment banking services and solutions, which addresses the specific needs of individuals and corporate clients.

The Group is managed by a strong and stable board of directors (the "**Board**"), comprising market leaders, ex-government officials, etc., all of whom have multiple years of experience in the financial services sector in Jordan, the MENA region and internationally. The Board is supported in its work by a long-serving executive management team (the "**Senior Managers**") with extensive service experience and knowledge in Jordan.

The Group's strategy (see "*Strategy*" above) is devised by the Board, which adheres to best industry practices and customer service, and reflects the Group's ambition to be a market leader in providing innovative, simplified, and holistic financial solutions through enhanced products and an elevated level of customer service and experience in the Jordanian and Iraqi markets. The strategy is also supported and implemented by the Group's Senior Managers, which has broad expertise in the region and a proven record for implementing industry leading initiatives, both in Jordan, the MENA region and abroad. The Group's Board and Senior Managers adhere to a set Corporate Governance Guide, which ensures stable succession plans and operations conducted in accordance with the highest industry standards and best market practices. For further details of the Group's Board and Senior Managers, please see the section headed "*Management*" below.

Strong capital base and liquidity

Since the introduction of the Basel III regime and CBJ requirements, the Bank has adhered to the regulatory requirements on capital adequacy and liquidity, maintaining ratios above and beyond the regulatory minimum. As at 31 December 2020, the Bank's CAR was 16.31 per cent., well above the CBJ requirement of 14.0 per cent. and Basel III requirement of 10.5 per cent. In compliance with CBJ regulations, the Bank has a leverage ratio of 8.2 per cent. (as at 31 December 2020), above the CBJ requirement of 6.0 per cent..

The Bank has maintained a strong liquidity position with a cash and semi-cash liquidity ratio of 130.25 per cent. and 123.93 per cent. for the years ended 31 December 2020 and 2019 respectively, and a LCR above 100 per cent. since 1 January 2018. The Group believes its adherence to regulatory requirements ensures it is well-equipped to absorb any unanticipated systemic shocks to the Jordanian and MENA economies or banking sectors.

Sound and consistent financial performance

The Group has a long history of profitability and strong financial performance and has remained profitable despite the recent COVID-19 pandemic. The Group's income before tax was JD 38.0 million and its net profit attributable to the Bank's shareholders was JD 26.0 million for the year ended 31 December 2020 despite the impact of the COVID-19 pandemic (as compared to JD 37.1 million and JD 25.1 million for the year ended 31 December 2019). The Group has maintained its continued growth of its total assets, which grew by 40.0 per cent. from 2018 to 2020 (from JD 2.0 billion in 2018 to JD 2.7 billion in 2020). The Bank also has one of the best operating efficiencies among all listed Jordanian banks, with its cost-to-income ratio of 43.8 per cent. as the second lowest and far below the average level of 54.1 per cent. (as at 31 March 2021) (Source: Initiation of Coverage Report on the Capital Bank of Jordan dated 8 August 2021).

The Group also benefits from low-cost funding due to its strong liquidity position and believes it is well positioned with sufficient loan loss reserves, capital base and strong asset quality, as reflected in its financial results in the previously exceptionally challenging year of 2020. This is particularly evident in the Bank's falling NPL ratio, decreasing from 9 per cent. in 2018 to 5 per cent. in 2020, and NPLs coverage ratio of 79.2 per cent. in 2018 and 73.9 per cent. in 2020. Despite asset quality deteriorating post-acquisition of Bank Audi's branches (with NPL ratio at 8.2 per cent. as at 30 September 2021), the Group expects this to improve over the long term as the Bank Audi operations become fully integrated with the Group's business.

BUSINESS ACTIVITIES

The Bank's activities, which are organised through the four business segments described above, are managed and operated by the following four departments – Transaction Banking Department, Treasury, Investments and Financial Institutions Department, Institutional Banking Department and Consumer Banking Department.

- Transaction Banking – provides a broad range of conventional banking services, products and channels to both retail and corporate customers in Jordan, including current and deposit accounts, precious metals saving accounts, mortgage lending, personal and vehicle loans and credit and other card services; in addition, Transaction Banking has responsibility for the provision of commercial banking, private banking and credit facilities banking services to SMEs in Jordan, such as auto, personal and real-estate loans.

- Treasury, Investments and Financial Institutions – monitors the liquidity requirements of the Bank and contributes to the Bank's revenues through its investment and management activities. These include purchasing shares in local, regional and international companies that represent high growth opportunities, investing in debt instruments, investment funds and structured securities and managing foreign exchange centres. Additionally, it provides the suite of treasury products to support the needs of retail, corporate and institutional customers.

- Institutional Banking – provides a broad range of conventional commercial banking services and products as well as cutting-edge services and banking solutions to large corporations, commercial and SMEs, including corporate lending, trade finance, customer deposits, letters of credit and guarantees to regional customers and financial institutions.

- Consumer Banking – provides a variety of banking services to retail clients, often incorporating the latest technological developments to enhance customer experience.

Treasury, Investments and Financial Institutions

The TIFI Department is responsible for asset-liability management, capital and financial market investments, trading and treasury sales of the Bank, and also managing and developing the Bank's strategic relationships with international institutions. One of the department's functions is to manage the overall funding and liquidity requirements of the Bank. This includes management of operational and strategic liquidity requirements, as well as accessing the international debt capital markets for funding needs.

The department's investment mandate is to ensure the Bank's funding base is proactively managed in a cost efficient manner while ensuring the balance sheet is managed in accordance with the expectations of rating agencies, regulators, the Board of Directors and shareholders. The department seeks to maintain a stable cost of funding, managing the duration of the Bank's liabilities in a volatile interest rate environment while seeking diversification of funding channels together with maintaining key liquidity ratios and related business regulatory ratios above the minimum ratios required by the CBJ. This efficiency was demonstrated during the initial outbreak of the COVID-19 global pandemic, when the TIFI Department successfully maintained the Bank's liquidity in both Jordanian Dinars and foreign currencies despite reductions in the interest rates on loans and treasury bills. All investments conducted by the TIFI Department are carried out in line with the Bank's investment strategy and risk appetite as determined by the Board regularly.

Aside from managing the Bank's funding base, the TIFI Department is also responsible for maintaining the Bank's strategic relationships with international and regional institutions. The department has developed a wide network of trusted correspondent banks, which enables the Bank and the Group as a whole to engage in foreign trade, treasury operations and credit facilities within global markets. The TIFI Department was essential to the Bank's performance in 2020, maintaining, the partnership with EIB, cumulating in the extension of a €70 million loan by the EIB to support financing to Jordanian SMEs.

The TIFI Department also advises upon, facilitates and carries out transactions on behalf of the Bank's clients in the money and capital markets, spot exchange markets and future and derivatives instruments. This includes offering competitive spot and forward rates for foreign exchanges against the Jordanian Dinar, performing swap operations and carrying out future commodities contracts for the purposes of hedging. The TIFI Department has continued to implement a flexible approach to structured products, offering derivative instruments that are compatible with specific client needs, such as hedging against exchange rate risks. Complementing the Group's digitalisation initiatives, and in an effort to improve its client services and reduce operational risk, the Group launched the first stage of an automated treasury system in 2020 and it is in the process of developing an electronic platform for standardising currency exchange rates across the Bank's different departments.

Institutional Banking

The Institutional Banking Department encompasses both corporate and SMEs and commercial banking services, and is one of the key focus points for the Bank. The Institutional Banking Department's corporate banking arm provides innovative services, products and banking solutions to the Jordanian and Iraqi corporate sectors.

In 2020 the department focused primarily on large corporate clients through its SwitchOn electronic services app, salary rebate products and electronic wallet service (in collaboration with Dinarak). These products, coupled with the expansion of the Bank's hedging and financial derivative services, reinforced the Bank's position as one of the leaders in financial and banking solutions in Jordan.

In addition to catering for larger corporate clients, the department also provides financing for low-risk government and public sectors, including those also funded by the CBJ, such as tourism, agriculture, information technology, renewable energy and industry, in support of government initiatives to stimulate economic growth and to help meet the needs on improving all parts of the Jordanian economy. These activities are also supported by an ongoing agreement with the EIB, signed in July 2020, to facilitate corporate financing through the Bank at competitive interest rates.

The department also places great importance on the SMEs sector, recognising it as one of the main drivers of the Jordanian economy providing job opportunities and contributing economic growth. The SMEs sector was heavily impacted by the onset of COVID-19, and in 2020 the Bank partnered with the Jordan Loan Guarantee Corporation on the national loan guarantee programme launched by the CBJ, to extend and guarantee loans to companies operating in different sectors affected by the COVID-19 pandemic.

In addition, the Institutional Banking Department has, on behalf of the Bank, forged relationships with various foreign institutions, notably entering into an agreement Proparco Group AFD and DEG in October 2021 for Proparco Group AFD and DEG to provide U.S.$ 75 million worth of funding to support the Bank's SME lending activities. Furthermore, it has launched a series of banking products and services designed specifically for start-ups and the unique economic challenges they face, under the name "Capital Start". These products and services include corporate credit cards, cash management solutions, salary rebate, call accounts and multiple types of credit facilities. As well as SMEs, the Institutional Banking Department has a dedicated team to serve financial technology ("**FinTech**") companies so as to broaden the Bank's client base and align its interests with those of companies at the forefront of modern technological innovation.

Transaction Banking

The Transaction Banking Department focuses on the retail and corporate sectors, taking into account client needs, satisfaction levels and loyalty to devise and market new product offerings.

In 2020, the Transaction Banking Department developed a number of new retail products targeting specific subsections of the Bank's customer base. These include:

- the Capital Choice programme for salary clients, which facilitates highly secure saving and borrowing by users and features a gold savings account (the first of its kind in Jordan), which allows the storing and purchase of virtual gold, a premium savings account (with one of the highest interest rates in Jordan of 1.5 per cent.); and a variety of credit cards;
- the Capital Select programme for VIP clients, which provides bespoke, personalised investment and wealth management services to select clients; and

- the Capital Wealth programme for elite clients, providing specialised wealth management services to other elite clients of the Bank.

In addition to these specialised product offerings, at the end of 2020 the Transaction Banking Department developed a series of new corporate products and services in line with the needs of the Bank's major corporate and SME clients. These include loans against goods warehoused at bonded stores (whereby the Bank issues letters of credit against goods stored in specified warehouses) and consulting services for Jordanian companies seeking to enter the Iraqi market. The department has also, on behalf of the Bank, entered into a cooperation agreement cooperation agreement with Liwwa United Company (a Jordanian FinTech lending platform) to automate SME application for credit facilities. The department was also responsible for the release of the Bank's SwitchOn applications and Chat Bot service (see "*Digital Banking*" below).

Consumer Banking

The Consumer Banking Department focuses on retail clients and seeks to enhance the competitiveness of the Bank's offerings by incorporating the latest technological developments into its products and services. In line with this objective, 2020 saw the Consumer Banking Department provide banking services on the Bank's social media pages (including Facebook, Messenger and WhatsApp), partner with Capital Investments to develop a special management bundle for high net worth clients, and also develop new deposit products, saving accounts and other lending products to provide optimum and innovative value for the Bank's retail clients. Furthermore, in September 2021, the Bank liaised with Proven Solution to launch Jordan's first humanoid robot personal assistant, "Pepper", with the aim of improving and distinguishing its customer service. Pepper robots are currently operating in the Al-Madinah, Dabouq, Taj Mall and Abdoun branches, reflecting the Bank's overarching digital transformation goal.

PARTICULAR SERVICE OFFERINGS

Credit, debit and pay cards

The Bank has a prominent position in Jordan as a provider of credit cards, debit cards and pay cards. As at 31 December 2020, the Bank's net direct credit facilities totalled approximately JD 1.4 billion, of which JD 7.75 million was attributable to retail credit cards. As at 30 September 2021, the Bank's net direct credit facilities further increased to approximately JD 1.9 billion, of which JD 14.3 million was attributable to retail credit cards. Additionally, for the year ended 31 December 2020, the Bank received JD 1.04 million in retail credit card interest, a significant increase from JD 774,100 received for the year ended 31 December 2019.

In October 2021 the Group began releasing Visa (including Platinum and Signature) business credit and debit cards for both corporates and SMEs in Jordan and Iraq. This collaboration aligns with the Bank's commitment to Jordanian and Iraqi SME economic development. Visa credit cardholders will be able to manage their cash flows and payments through subsidiary cards with limits for particular purposes. Meanwhile, debit cardholders will be able to deposit funds instantly into their accounts through the Bank's ATMs.

Digital Banking

A key cornerstone of the Group's strategy is digitalisation, and the Group provides both digital solutions and e-services to its clients. In addition to the various initiatives and products launched as discussed above, in 2020 the Bank launched an iCa chatbot, which gives users access to a range of financial and non-financial services through their existing Facebook Messenger and WhatsApp accounts. These services include real-time financial transactions, bill payments, payment and deactivation of credit cards and account transfer facilities. The Bank and NBI also offers SMS banking services, whereby customers receive instant mobile notifications in relation to their banking activities (such as remittances, cheque transactions and interest payments). Meanwhile SwitchOn Business Service allows corporates and home business owners to transfer money domestically and internationally, pay bills through the Bank's supplementary eFAWATEERcom service, apply for loans and view summaries of their accounts.

In addition to providing digital access to accounts, the Bank launched Cliq in June 2020, which facilitates free, instant local transfers of up to JD 10,000. This also supports the payment of merchants via QR codes and credit transfers using recipients' names, mobile numbers or IBANs rather than requiring account details to be shared.

Further digital innovation is at the forefront of the Bank's business vision and strategy. In June 2021, the Bank entered into a partnership with Codebase Technologies to develop the first independent, digital-only bank branches (Neobank) for individuals and SMEs in Jordan and Iraq. Codebase Technologies is a Global API Banking solution provider, which is recognised across four continents for its award-winning technology. Its awards include: "Best Fintech Innovation of the Year 2020" by Faster Community, "Top 10 Technology Companies in UAE of Year 2020" by CIOReview Magazine and "Company of the Year 2019" by SI (Middle East Award). Through this alliance, the Bank intends to create an offering that provides customers with fully integrated digital banking services, allowing customers to have ultimate control over their financial decisions.

SUBSIDIARIES

Capital Investment and Brokerage Company

Capital Investments was established on 16 May 2005 as the Bank's regional investment arm, providing select groups of local and regional clients (enterprises, government agencies and authorities, and high net worth individuals) with an array of corporate finance, research, asset management and brokerage services. Despite the challenges posed by COVID-19, Capital Investments maintained good growth and has since 2017, increased its net profit before taxes from JD 530,000 for the year ended 31 December 2017 to JD 2.5 million for the year ended 31 December 2020 and return on shareholders' equity from 2.6 per cent. to 10.5 per cent over the same period. As at 31 December 2020, Capital Investments managed U.S.$ 270 million in assets, and has reduced its cost ratio from 86 per cent. for the year ended 31 December 2017 to 54 per cent. for the year ended 31 December 2020.

Capital Investments' operations are conducted under the following departments:

Financial Brokerage

Capital Investments provides financial brokerage services and acts as an intermediary between its clients and most major stock exchanges around the globe. As part of its service offerings, Capital Investments facilities client transactions and also provides its clients with expert market and technical analysis on its investment decisions.

Financial brokerage services are conducted across its local, regional and international departments, and as part of its product offerings, Capital Investments launched a stock trading application in 2017 named "CapInvest Trader", which allows clients to buy and sell stocks in both regional and international markets using their smartphones. The company subsequently released a complementary application "CapInvest Forex" in 2020 enabling clients to trade currencies, precious metals and stock indexes on the CapInvest platform. Capital Investments not only undertakes the buying and selling of global stocks and derivatives (including options and exchange traded funds ("**ETFs**")), but, on behalf of its clients, in 2020 has also expanded into providing commodities trading, purchase and forward contracts, and contracts for differences through its CapInvest platform.

For the year ended 31 December 2020, Capital Investments' local brokerage department was ranked third in terms of trading volume on the ASE, maintaining a market share of 5.5 per cent. In the same year, its regional brokerage department leveraged the CapInvest Trader application to expand its trading services into all GCC markets and the value of trades conducted by the international brokerage department across 24 global financial markets exceeded US$ 1.2 billion.

Asset Management

The Asset Management Department provides asset management services, covering portfolio management, investment consulting, wealth management and solutions-based services (such as fixed income solutions, investment funds and ETF solutions, *Shari'a*-compliant, structured and specialised product offerings). As at 31 December 2020, Capital Investments manages around U.S.$ 300 million of assets across a range of asset categories including capital markets instruments, fixed income, public shares, real estate and ETFs.

Corporate Finance

Capital Investments' Corporate Finance Department offers consulting and investment services to clients in the Jordanian, Iraqi and Arab Gulf markets (also through colleagues in Dubai). It targets both public and private institutions and assists clients on a broad range of matters including equity placements and debt instruments structuring, mergers and acquisitions and project financing. Capital Investments' Corporate Finance Department also offers advisory services to government agencies and financial institutions in relation to their strategic and commercial objectives.

Capital Investments (Dubai International Financial Center) Ltd.

Capital Investments (DIFC) is a wholly-owned subsidiary of the Bank incorporated on 23 February 2015, operating as an extension of Capital Investments in its banking investment services. Capital Investments (DIFC) serves as a gateway for Capital Investments' clients to access the GCC markets. Capital Investments (DIFC) connects the Group's clients in Jordan and Iraq with international companies and investors in the MENA region, providing access to quality investment opportunities and projects. Conversely, Capital Investments (DIFC) also helps to connect UAE companies with opportunities to access the Jordanian and Iraqi markets.

Capital Investments (DIFC) benefits from the reliable, well-recognised and solid framework provided by the DIFC to investment banks, allowing the company to serve as a stable regional centre enjoying strong relationships with its contacts and which enables the company to have sustained growth and access to the various GCC markets. The company's main areas of operation cover corporate financing and business development and marketing of the Group.

Corporate Finance Department

The Corporate Finance Department provides financial consultancy and services designed to enable Capital Investments' clients to achieve their strategic objectives through the provision of investment and financing opportunities (leveraging the company's extensive network of investors, private equity funds, sovereign wealth funds and strategic investors in the GCC and other global markets).

The Corporate Finance Department works closely with its equivalent department in Capital Investments in Jordan, operating on a unified strategy to provide integrated and innovative solutions on mergers and acquisitions, consulting, financial evaluation and modelling, capital growth, deal structuring, debt restructuring and arranging project financing.

For year ended 31 December 2020, the department has, throughout the COVID-19 pandemic, maintained its growing client base and worked selectively in the defence and strategic sectors (including education and natural resources), and has also turned its focus on securing opportunities in Iraq, and also worked closely with the asset management and Capital Select teams at the Bank to offer specialised real estate opportunities from UAE funds.

Business Development and Marketing

Leveraging its unique position in the marketplace (as a gateway for UAE companies and multi-national corporations to access commercial banking services and investment opportunities in Iraq and Jordan), the Business Development and Marketing Department has successfully built an extensive network of corporate clients that work with NBI and the Bank through a wide range of commercial transactions and commercial financing. The department also provides consultation services to a number of key clients who are new to using banking services in Jordan and/or Iraq.

National Bank of Iraq

On 1 January 2005, the Bank acquired a majority stake of 59.2 per cent. stake in NBI, a publicly listed company in Iraq. In 2009, the Bank increased its share in NBI to 72.3 per cent., before selling 10 per cent. of its shares in NBI to the Cairo Amman Bank, 5.0 per cent. to Paltel and 3.5 per cent. to the Al-Fursan Investment Group in 2011. The Bank is the single largest shareholder of NBI, with a 61.9 per cent. shareholding as at 30 September 2021. The acquisition was an important step in the Bank's strategy to expand its retail and commercial banking practice to Iraq and differentiates it from its Jordanian competitors. The Bank nominates two members to the seven-member NBI board of directors.

NBI is a publicly traded entity, founded in 1995 and listed on the Iraq Stock Exchange since 2004, offering retail and commercial banking services to individuals and corporations in Iraq, as well as to regional and international commercial enterprises through its wide network of regional and international correspondence banks (assisted by the Group's operations in Jordan and Dubai). Such services include the full range of customer accounts, card services (such as Visa Electron and pre-paid credit cards), credit facilities and online banking services. As at 30 September 2021, NBI operates 18 branches in key locations across Iraq.

NBI trades on behalf of its clients on regional and international markets through Capital Investments, and also offers trading and brokerage services for its clients on the Iraq Stock Exchange through NBI's wholly-owned brokerage services company Palm Oasis.

As at 30 September 2021, NBI had total assets of IQD 1.5 trillion, total direct credit facilities of IQD 678 billion and total customer deposits of IQD 836 billion (as compared to total assets of IQD 863.9 billion, total direct credit facilities of IQD 320 billion and total customer deposits of IQD 478.5 billion as at 30 September 2020). In the year ended 31 December 2020, NBI made a net profit before taxes of IQD 14.5 billion and return on shareholders' equity of 10.4 per cent. (as compared to net profit before taxes of IQD 16.9 billion and return on shareholders' equity of 6.7 per cent. as at 31 December 2019).

INFORMATION TECHNOLOGY AND OPERATIONS

The Bank's IT Department is responsible for the Bank's IT strategy and planning and all related technical services throughout the Bank, both internal and external. The Bank's IT Department supports the Group's overall digitalisation initiatives, focusing on innovation and transformation of the Bank, and by doing so, also enhances the services and the tools that IT provides to the Bank's customers. Amongst its main objectives, the IT Department is focused on maintaining the stability and effectiveness of digital and online services provided by the Bank and to provide an integrated service platform to enable internal and external systems to interact with each other effectively, rapidly and safely in accordance with applicable international standards.

The Bank is in compliance with all relevant instructions issued by the CBJ on information technology, among which is the application of global best practices in the governance and management of information and accompanying technology (COBIT 2019), and ensuring regular updates to the Bank's electronic service offerings. The Bank's credit card information security also meets the requirements set by the Payment Card Industry Data Security Standard's Compliance Certification.

The Bank's operations team regularly interacts with the Transaction Banking and Consumer Banking Departments, with the aim of automating time consuming processes and redesigning work process in order to better serve the Bank's customers. Key examples include updating the Bank's letters of credit and bank guarantee request forms in order to improve the quality and efficiency of services offered to clients. The Bank's operations team is currently divided into the corporate and retail operations. The former has recently focused upon continuous staff training to ensure employees are aware of new technological developments, through in-house training courses and discussion groups. Retail operations, on the other hand, focuses on improving the level of services provided to clients from all sectors and works to ensure the smooth and rapid delivery of services. The retail operations team has recently automated a number of processes, including the posting of client salaries, comparing and extracting signatures, electronic cheque clearing and processing, tax withholding and linkage with the Income and Sales Tax Department of Jordan, with work on implementing the same mechanism with the Social Security Corporation, the Ministry of Justice and other government departments ongoing as at the date of this Prospectus.

PROPERTY

The Bank's land and buildings portfolio in Jordan, including Issam Aljouni Street, the Bank's Main Office, had a net book value of approximately JD 385 million as at 30 September 2021.

CORPORATE SOCIAL RESPONSIBILITY

The Group as a whole places great importance on contributing to the societies and communities in which it operates, and as part of its corporate social responsibility strategy, the Group provided maximum support to government and civil authorities engaged in combating and lessening the effects of the COVID-19 pandemic on local communities. During the year 2020, the Bank's Board, Senior Managers and employees donated JD 1 million to the Himmat Watan Fund, a further JD 1 million in support of the Government's fight against COVID-19, and a further JD 50,000 to a campaign launched on the Naua platform, a Crown Prince Foundation initiative to support day labourers and their families who have been significantly impacted by the COVID-19 pandemic. As part of its concern for the safety of its employees and customers, in May 2021 the Bank organised a COVID-19 vaccination campaign for its employees in collaboration with the Jordanian Ministry of Health and the National Center for Security and Crisis Management. The Bank also regularly organises blood drives to support the Jordanian Blood Bank, including recently on World Blood Donation Day (24 June 2021). During the period of Ramadan every year, the Bank, in cooperation with its strategic partner Tkiyet Um Ali, also distributes food packages to less fortunate families in the Amman, Zarqa, Madaba and/or Irbid governorates in Jordan.

The Bank is also committed to the development of future talent, and has signed memoranda of understanding with a number of Jordanian universities (namely the American University of Madaba, the Al-Hussein Technical University, the German-Jordanian University and the Middle East University) in March 2021 to enhance and develop the skills of students and fresh graduates. Through this programme, specialised training sessions will be provided to university students and fresh graduates in order for them to develop skills and practical expertise in modern banking techniques, and also gives participants the opportunity to shadow Bank employees in the areas of information technology, digital marketing, data analysis and industrial engineering.

The Bank also runs a Financial Literacy Programme, with the aim of maintaining open lines of communication with the communities it serves. In September 2021, the Bank partnered with Jordanian character Madam Fidda on a series of humorous videos which aim to expand and raise banking awareness by offering simple and easy-to-understand information on financial banking products and services. In the same month, the Bank signed a cooperation agreement with the Charity Clothing Bank, a project of the Jordan Hashemite Charity Organization, which will see the Bank placing in-kind donation boxes in its Shmeisani and Abdali branches to give employees the opportunity to donate clothes, shoes and toys to be distributed to families in need in Jordan.

LITIGATION

The Group is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on its financial position or profitability.

INSURANCE

The Group maintains various insurance policies and coverage, including standard property coverage for its assets (premises and contents), bankers' blanket bond coverage, general liability insurance, crime insurance coverage, cybercrime and cybersecurity coverage, staff private medical insurance coverage and professional indemnity insurance coverage. The Group also maintains a limited terrorism insurance cover (based on commercial viability) for its assets in Jordan, Iraq and other locations. The Group's assets are generally insured on a reinstatement cost basis. The Group's aim and policy is to maintain market standard insurance coverage. As at the date of this Prospectus, the Group has no material outstanding insurance claims.

INDEPENDENT AUDITORS

The 2020 Financial Statements and the 2019 Financial Statements of the Bank, as incorporated by reference in this Prospectus, have been audited by PwC - (Jordan Branch), independent auditors, as stated in their reports incorporated by reference herein.

The registered office of PwC – (Jordan Branch) is Third Circle, Jabal Amman, 14 Hazza' Al-Majali Street, PO Box 5175, Amman 11183, Jordan. The Interim Financial Statements, as incorporated by reference herein, have been reviewed by PwC – (Jordan Branch), independent auditors, as stated in their review report incorporated by reference herein.

MANAGEMENT

Board of Directors

The Board is responsible for the overall direction, supervision, operations and financial stability of the Bank. The Board defines the Bank's strategic goals and exercises control over its executive management, which is delegated to the Bank's Senior Managers under the leadership of the Chief Executive Officer.

The Board meets regularly at least six times a year (during 2020, the Board met 15 times). The Board is comprised of 13 members, as elected by the Bank's General Assembly by a secret ballot based on a cumulative voting system, each for a term of four years. The Board then elects a chairman and a vice chairman from amongst the Board members.

In accordance with the Bank's Corporate Governance Guide (as defined below), one-third of the Board are required to be independent (rounded to the nearest full digit in the event of any fraction in calculation), and, in any event, the number of independent members on the Board must not be less than four. As at the date of this Prospectus, six of the 13 members are independent Board members.

As at the date of this Prospectus, the Board is comprised of the 13 members listed below:

Name	Position(s)	Independent Member	Year of appointment
H.E. Bassem Khalil Salem Al-Salem	Chairman	Not Independent	2010
H.E. Said Samih Taleb Darwazah	Vice Chairman	Not Independent	2021
Mr. "Mohammed Ali" Khaldoun Sati Al-Husry	Member	Not Independent	2009
H.E. Abubaker Seddiq Mohamed Hussain Al-Khoori	Member	Independent	2021
Mr. Yousef Ali Yousef Ensour	Member	Independent	2021
Mr. Khalil Hatem Khalil Al-Salem	Member	Not Independent	2009
Mr. Sultan Mohammed M. Elseif	Member	Not Independent	2009
Mr. Omar M.I. Shahrour	Member	Not Independent	2009
Mr. Omar Akram Omran Bitar	Member	Independent	2015
Ms. Reem Haitham Jamil Goussous	Member	Independent	2015
Mr. Khalid Walid Hussni Nabilsi	Member	Independent	2017
Mr. Mohammad Hasan Subhi (AlHaj Hasan)	Member	Independent	2017
Ms. Shaden ZiyadNabih Darwish Alhaji	Member	Not Independent	2009

The business address of each of the directors is 26 Sulaiman Alnabulsi Street, Al Abdali, PO Box 941283, Amman, 11194, Jordan.

There are no potential conflicts of interest between the private interests or other duties of the directors of the Bank listed above and their duties to the Bank.

Biographies

H.E. Bassem Khalil Salem Al-Salem, Chairman

H.E. Bassem Khalil Salem Al-Salem is one of the founders of the Bank and has been Chairman of the Board since April 2010. He previously served as the Jordanian Minister of Labour and Minister of Finance from 2005 to 2009. In addition to his duties as Chairman of the Board, Mr. Al-Salem is chairman of the Association of Banks in Jordan and currently sits on the boards of several private and publicly listed companies, including the General Mining Company PSC. He has previously served as chairman of King's Academy, executive chairman of the Social Security Corporation (from 2005 to 2009) and was a member of the Jordanian Senate from 2010 to 2011. Mr. Al-Salem holds a bachelor's degree (with honours) in Chemical Engineering from Imperial College London, United Kingdom.

H.E. Said Samih Taleb Darwazah

H.E. Said Samih Taleb Darwazah was appointed vice chairman of the Board in June 2021. As well as holding this position, he is the executive chairman of Hikma Pharmaceuticals, a multinational pharmaceutical group which is listed on the London Stock Exchange and part of the FTSE 100 Index, a position that he has held since 2007. He is also chairman of the board of Royal Jordanian, Jordan's flagship airline, a position he has held since 2016. He also serves as chairman of the board of the Queen Rania Foundation, which seeks to improve national educational resources in Jordan as a means of furthering social development. He is also the founder of the Health Care Accreditation Council, a non-profit organisation that works to advance medical standards across the MENA region. Between 2003 and 2006 he held the post of Minister of Health in Jordan, and from 2012 until 2021, he was a board member of the CBJ. Mr. Darwazah has a bachelor's degree in Industrial Engineering from Purdue University, U.S.A. and an MBA from INSEAD Business School, France.

Mr. "Mohammed Ali" Khaldoun Sati'Al-Husry

Mr. "Mohammed Al" Khaldoun Sati' Al-Husry is one of the founders of the Bank, serving as chairman and chief executive officer from its establishment in 1995 to 2007, leading the Bank's investment banking activities in Jordan, and now represents Hitaf Investment Company on the Board. He currently also serves as a non-executive director of Hikma Pharmaceuticals and is chairman of the board of directors of Endeavor Jordan. Additionally, he sits on the boards of the MicroFund for Women, Jordan Museum and Alcazar Energy. Mr. Al-Husry holds a bachelor's degree in Mechanical Engineering from the University of Southern California, U.S.A. and an MBA from INSEAD Business School, France.

H.E. Abubaker Seddiq Mohamed Hussain Al-Khoori

H.E. Abubaker Seddiq Mohamed Hussain Al-Khoori became an independent member of the Board in April 2021, and is also the CEO of Abu Dhabi Capital Group-United Arab Emirates, a position he has held since 2018. H.E. Al-Khoori has 25 years of experience in the fields of finance, international investment and real estate, and holds the chairmanship of a number of companies, namely Iridium Services, Logistics Consulting and Al Dhabi Asset Management Sole Properties. He was previously chairman of The National Investor Company, Khidma Company, Abu Dhabi Airports Company and Aldar Properties Company and vice chairman of the boards of Al Waha Capital and Senaat and Emirates Steel. H.E. Al-Khoori has also served as a board member of many other companies, such as Abu Dhabi Ports Company, Shuaa Capital, Abu Dhabi Stock Exchange, Abu Dhabi Chamber of Commerce, Khalifa Fund for Enterprise Development and Abu Dhabi Retirement Pensions and Benefits Fund. H.E. Al-Khoori has also served as managing director and board member of Sorough Real Estate Company and assistant director of the Abhu Dhabi Investment Authority. H.E. Al-Khoori holds a bachelor's degree in Finance from Linfield College, Oregon, U.S.A. and is a certified Chartered Financial Analyst ("**CFA**") as well as a member of AIMR (now known as the CFA Institute).

Mr. Yousef Ali Yousef Ensour

Mr. Yousef Ali Yousef Ensour joined the Board as an independent member in April 2021. He has held many positions during his long career in banking, most notably the position of regional director (general manager) of Bank Audi-Jordan Branches (from 2006 until 2021). He was also head of the Corporate and Institutional

Banking Department at Standard Chartered Bank from June 2004 to February 2006, having previously worked in various positions at HSBC Bank Middle East and Amman Bank for Investments. He holds a bachelor's degree in Business Administration from the University of Jordan and a master's degree in Business Administration from Bowling Green State University, U.S.A.

Mr. Khalil Hatem Khalil Al-Salem

Mr. Khalil Hatem Khalil Al-Salem represents Al-Khalil Company for Investments on the Board and joined in August 2009. He currently also serves as deputy chief executive officer of Iraq Logistics Services and finance manager at Field Energy Services. In these roles, he is responsible for business development and financial growth within the banking sector. He previously served as the director of the office of HRH Prince Ali Bin Hussein, where he supported the Prince's bid to become the FIFA vice president representing Asia. and secretary general of the Jordan Football Association ("**JFA**"), where he collaborated with the Fédération Internationale de Football Association (FIFA) and the Asian Football Confederation to implement strong financial operating procedures to support JFA's structure, strategy and operations. Mr. Al-Salem still serves as secretary general for the West Asian Football Federation. He started his career as a financial analyst at JPMorgan Chase in New York, before taking on the role of director of business development at Capital Investments. He earned his bachelor's degree in Economics from Columbia University, U.S.A.

Mr. Sultan Mohammed M. Elseif

Mr. Sultan Mohammed M. Elseif represents Al-Jadara Company for Real Estate Investment on the Board and joined the Board in August 2009. He also serves on the boards of several other companies, including Oman Medical Projects Company, Saudi Medicare Company, Allied Medical Group and United Medical Enterprises Group. He is currently also the general manager of Elseif Corporation. He previously served as deputy director general and office manager to the chairman at Saudi Medicare in Riyadh, and was also a financial analyst at UME Investment and Morgan Stanley. Mr. Elseif earned his bachelor's degree in Finance from Roger Williams University, U.S.A.

Mr. Omar M.I. Shahrour

Mr. Omar M.I. Shahrour has over 20 years of financial management experience and represents the Investment and Integrated Industries Company Plc on the Board, having joined the Board in August 2009. He previously worked as chief financial officer at Nuqul Group, where he was responsible for providing strategic financial leadership, implementing financial processes and controls, as well as financial planning, auditing and investor relations. He holds a bachelor's degree in Accounting from the University of Jordan and a master's degree in Business Administration from Wayne State University, Michigan, U.S.A.

Mr. Omar Akram Omran Bitar

Mr. Omar Akram Oman Bitar has been an independent member of the Board since June 2015. He was previously a partner and head of business advisory Services in the Middle East at PricewaterhouseCoopers ("**PwC**"), where he was responsible for leading the company's management consultancy and corporate finance practice in the Middle East. Prior to that, he led PwC's operations across Jordan, Iraq, Libya, Syria and Palestine. Mr. Bitar has extensive experience in operations and financial advisory, auditing, privatisation and corporate restructuring across numerous industries, including banking and financial services, hospitality, construction, manufacturing and oil and gas. He began his career with Arthur Andersen LLP in 1984, where he gained auditing experience and later transitioned to financial management and consulting work. In 1997, Bitar set up Arthur Andersen's consulting practice in the Middle East. He holds a bachelor's degree in Finance and Banking from the University of Missouri-St Louis, U.S.A.

Ms. Reem Haitham Jamil Goussous

Ms. Reem Haitham Jamil Goussous joined the Board as an independent member in June 2015. Ms. Goussous is currently the managing director of Endeavor Jordan; a global organisation that works to promote long-term economic growth by establishing and accelerating the development of startups and SMEs. Ms. Goussous has also worked as senior manager and lead economist at Al Jidara, a regional consultancy firm that provides institutions and organisations within the public and private sectors with economic, development and management consulting services. With over 20 years of industry experience, she has established a strong track record in economic impact analysis, economic development policy formulation, strategies, market research and intelligence and investment and export development. She also spearheaded the establishment of several research and reporting units as well as worked as a policy advisor for the Minister of Planning and International Cooperation in Jordan. Ms. Goussous holds a bachelor's degree in Economics and a master's degree in Economic Development and International Trade from Boston University, U.S.A.

Mr. Khalid Walid Hussni Nabilsi

Mr. Khalid Walid Hussni Nabilsi has been an independent member of the Board since May 2017 and is a board member of the King Hussein Business Park as well as chief financial officer at Hikma Pharmaceuticals. Prior to assuming his latter role, he held several senior finance positions at Hikma and played a key part in taking the company public in 2005, and has experience in mergers and acquisitions from working for the Atlas Investment Group-AP Invest. In addition, he has held a variety of roles in management, financial accounting and consulting, managing several international audits at Arthur Andersen in Amman, Jordan. He holds an MBA from the University of Hull, United Kingdom and a bachelor's degree in Economics and Administrative Sciences from the University of Jordan, and is a certified public accountant.

Mr. Mohammad Hasan Subhi (AlHaj Hasan)

Mr. Mohammad Hasan Subhi AlHaj Hasan joined the Board as an independent member in May 2017. Mr. Hasan is a partner and founder of two startups in the MENA region: Jawaker, a social online gaming company specialising in card games, and Akhtaboot, an online recruitment solutions provider. He has also served as vice president of quantitative analysis at Rasmala Investments in Dubai as well as a financial analyst at Dresdner Kleinwort Wasserstein, a global financial institution operating a boutique investment banking unit in the United States. Mr. Hasan holds an MBA/master of arts in Education from the Stanford Graduate School of Business and a bachelor's degree in Finance and Microeconomics from the Massachusetts Institute of Technology, U.S.A.

Ms. Shaden ZiyadNabih Darwish Alhaji

Ms. Shaden ZiyadNabih "Darwish-Alhaji" represents the Social Security Corporation on the Board and joined the Board in August 2009. She is currently the head of portfolio management in the Public Equity Department at the Social Security Investment Fund ("**SSIF**"). She has extensive experience in the field of investments and financial analysis, and has held a variety of positions at SSIF over the course of her career, including as a financial analyst and senior financial analyst in the Public Equity Department. She also delivers lectures on the CFA certification at accredited training centres in Jordan. Ms. Al Haji received her bachelor's degree in Finance and Banking from the University of Jordan and holds a CFA certificate from the CFA Institute in the United States in addition to her board of directors' certification from the Jordan Institute of Directors. She is a member of the CFA Society Jordan.

Senior Management

The day-to-day management of the Bank's business is conducted by the following Senior Managers who regularly report to the Board.

Name	**Position(s)**
Mr. Dawod Mohammad Al Ghoul	Chief Executive Officer – Capital Bank Group

Name	Position(s)
Mr. Yasser Ibrahim Kleib	Chief Institutional Banking Officer
Dr. Ali Mohammad Abu Swai	Chief Treasurer
Mr. Rafat Abdullah Khalil	Chief Auditor
Mr. Falah Hasan Kokash	Chief Risk Officer
Mr. “Mohammed Hafeth” Abdel Kareem Mu’az	Legal Advisor-Head of Legal Affairs
Ms. Manar Mohammad Al Nsour	Chief Financial Officer
Mr. Munis Haddadin	Group Chief Compliance
Ms. Zein Malhas	Chief Digital Officer
Mr. Mohammad Ragheb Othman	Chief Consumer Banking Officer
Ms. Haya Abuata	Chief Human Resources Officer
Ms. Manar Aabidi	Chief Credit Officer
Ms. Touleen M. Barto	Chief Marketing Officer

The business address for each of the Senior Managers is 54 Issam Ajlouni Street, Shmeisani Area, PO Box 941283, Amman, 11194, Jordan.

There are no potential conflicts of interest between the private interests or other duties of the Senior Managers listed above and their duties to the Bank

Biographies

Mr. Dawod Mohammad Al Ghoul , Chief Executive Officer – Capital Bank Group

Mr. Dawod Mohammad Al Ghoul was appointed chief executive officer of the Group in March 2020, and has over 26 years of experience in financial and strategic planning, investments and financial restructuring in both regional and international financial institutions. Before joining the Bank, he served as group chief financial officer of the Arab Bank Group between 2012 and 2016 and also held senior roles in Abu Dhabi Capital Group and Amanat Holding. Mr. Al Ghoul previously sat on the Board as deputy chairman and served as head of the Audit and Risk Management Committees, member of the Strategy and Remuneration Committees, and was also a member of the Credit Committee at the NBI. He has also served as board member in other regional financial institutions, such as Arab Tunisian Bank, International Islamic Arab Bank (also as member of its Strategy and Audit Committees) and Wahda Bank (also as member of its Strategy, Audit and Remuneration Committees). Mr. Al Ghoul is a U.S.-Certified Public Accountant and holds a BSc in Accounting from the University of Jordan and an MSc in Accounting and Finance from the University of Colorado, U.S.A.

Mr. Yasser Ibrahim Kleib, Chief Institutional Banking Officer

Mr. Yasser Ibrahim Kleib was appointed Chief Institutional Banking Officer in September 2012, having joined the Bank’s Department of Banking and Credit Facilities in 2004. He has over 20 years of experience in commercial and corporate development, having also previously worked at Arab Bank. Mr. Kleib obtained a bachelor’s degree in Business Administration from Yarmouk University, Jordan and holds the Certified Lender Business Banker certification from the American Bankers Association.

Mr. Ali Mohammad Abu Swai, Chief Treasurer

Mr. Ali Mohammad Abu Swai was appointed as Chief Treasurer in March 2009, having joined the Bank in August 1997. He has over 24 years of experience in financial markets, banking operations, treasury and investments and has assisted the Bank in partnering with the CBJ and other regional and international organisations to finance Jordanian imports and exports. Mr. Abu Swai has been the President of the Financial Markets Association since 2010 and is the Jordanian representative to the Interarab Cambist Association.

Mr. Rafat Abdullah Khalil. Chief Auditor

Mr. Rafat Abdullah Khalil has served as the Bank's Chief Auditor since March 2017. He has over 29 years of experience in the banking sector, having previously served as chief internal audit executive and chief support officer at the Bank and chief control officer at the NBI. Prior to this, Mr. Khalil worked at Oman Arab Bank as chief audit executive and at the CBJ as both internal auditor and head of the Internal Organisational Department. Mr. Khalil holds a bachelor's degree in Accounting from Yarmouk University, Jordan and is certified by the Banking Business Institute in Chicago, U.S.A. as a certified bank auditor and a certified internal control auditor. He is also a member of the Institute of Internal Auditors in Chicago, U.S.A. and the World Union of Arab Bankers.

Mr. Falah Hasan Kokash, Chief Risk Officer

Mr. Falah Hasan Kokash has served as the Bank's Chief Risk Officer since September 2013. He has over 21 years of experience in the financial industry, having worked for a variety of banks in various leadership positions in risk management and credit analysis, including the Bank of Jordan, Al Ahli Bank, Invest Bank and Bank Al Bilad. Mr. Kokash holds a bachelor's degree in Finance and Banking Science and a master's degree in Financial Management from Yarmouk University, Jordan.

Mr. "Mohammed Hafeth" Abdel Kareen Mu'az, Legal Advisor-Head of Legal Affairs

Mr. Mohammed Hafeth Abdel Kareen Mu'az has been Head of the Legal Affairs Department and in-house legal counsel at the Bank since March 2003, having joined from the international division of Arab Bank's legal department. Mr. Mu'az previously worked at Dajani & Associates Law Firm and has been a member of the Jordanian Bar Association since 1997. Mr Mu'az has a bachelor's degree in Law from the University of Jordan and also holds a postgraduate diploma in International Law and a master of laws in Commercial Law from Staffordshire University, United Kingdom.

Ms. Manar Mohammad Al Nsour, Chief Financial Officer

Ms. Manar Mohammad Al Nsour was appointed the Bank's Chief Financial Officer in June 2016. She has over 16 years of experience in financial management and has held numerous management positions at the Bank, having previously served as the Bank's head of the Financial Control Department until mid-2016. Ms. Nsour holds a bachelor's degree in Accounting from the University of Jordan.

Mr. Munis Haddadin, Group Chief Compliance

Mr. Munis Haddadin was appointed the Bank's Group Chief Compliance in December 2021. Mr. Munis has around 22 years of experience in the banking sector and has held various positions in banks in Jordan and abroad, including Ahli Bank, the Central Bank of Jordan, Bank Al Etihad and Royal Bank of Canada, where his last position was Manager, Global Financial Crime & Economic Sanctions Risk Assessment. Mr. Munis holds a bachelor's degree in Banking and Finance Services from Hashemite University, Jordan and a global master's degree in Business Administration from the Lancaster University Management School, Lancaster, United Kingdom.

Ms. Zein Malhas, Chief Digital Officer

Ms. Zein Malhas was appointed the Bank's Chief Digital Officer in June 2018. She has over 12 years of experience in the banking industry, and joined the Bank from Standard Chartered Bank-Jordan, where she had managed the Global Subsidiaries business of Standard Chartered Bank-Jordan. She has also previously worked in the Corporate and Investment Banking Department of the Housing Bank for Trade and Finance. Ms. Malhas has BAs in International Banking and Finance and International Management from Franklin University, Switzerland an MBA with a concentration in Banking and Finance from Talal Abu Ghazaleh Graduate School of Business, Jordan.

Mr. Mohammad Ragheb Othman, Chief Consumer Banking Officer

Mr. Mohammad Ragheb Othman has been Chief Consumer Banking Officer at the Bank since 26 November 2020, having previously worked at Bank al Etihad as chief retail banking officer and head of retail product development and direct sales. Prior to this, he has served as Rajhi Bank's head of assets for the retail section and senior product development manager in EastNets' Compliance Department, head of retail product development and management and appraisal and pricing systems manager at Jordan Ahli Bank, and as credit and collection officer and card development and profitability officer at Arab Bank. Mr. Othman holds a bachelor of arts degree in Accounting from the Hashemite University and a masters in Management Information Systems from the Arab Academy for Banking and Financial Services.

Ms. Haya Abuata, Head of Human Resources

Ms. Haya Abuata has led the Bank's Human Resources Division since March 2020, having joined the Bank in December 2011 as organisational development officer as part of the Human Resources Department. She has 10 years of experience in human resource management, and holds a number of globally accredited human resource certifications, including the Senior Professional in Human Resources-International certification and the Human Resource Business Partner certification, both from the Human Resource Certification Institute of the U.S.A. and Institute of Organizational Development of the U.S.A. Ms. Abuata also holds two bachelor's degrees in Human Resources Management, industrial relations and communication culture and information technology from the University of Toronto, Canada.

Ms. Manar Aabidi, Chief Credit Officer

Ms. Manar Aabidi has served as the Bank's Chief Credit Officer since April 2020 and has over 20 years of banking experience, with particular expertise in credit, risk, corporate finance and commercial banking. She was previously the Bank's head of credit review for institutional banking and SMEs for Jordan and Iraq, and vice president and head of commercial banking, country business sponsoring officer and Level 2 Credit Officer at Citibank Jordan. Prior to this, Ms. Aabidi also worked for the Housing Bank as credit review centre manager for Corporate and Investment Banking and HSBC Middle East as Head of the Corporate Banking Unit. Ms. Aabidi holds a bachelor of science in Accounting with a minor in Economics from the University of Jordan, as well as a master of science in Finance and Investment from the University of Edinburgh, United Kingdom.

Ms. Touleen M. Barto, Head of Marketing and Corporate Communications Officer

Ms. Touleen M. Barto was appointed the Bank's Head of Marketing and Corporate Communications Officer in 2021, having previously been the brand and communications director for Orange Jo. Having begun her career at Fastlink (now Zain Jordan), Ms. Barto also previously served as the head of the marketing, corporate communications and corporate sustainability divisions of HSBC Jordan. She holds a bachelor's degree in Business Administration from the University of Jordan and a master's in Advertising and Marketing from the University of Leeds Business School, United Kingdom.

Corporate Governance

The Bank's Board and Senior Managers are committed to developing and monitoring an internal control system that ensures the accuracy and integrity of its financial statements, as well as the Bank's compliance with all applicable laws, regulations and instructions. The Bank has in place a corporate governance guide (the "**Corporate Governance Guide**"), which is regularly reviewed and updated by the Board to ensure its compliance with the corporate governance requirements issued by the CBJ and the Securities Commission of Jordan.

To increase efficiency and enhance decision making, the Board has set up eight Board committees on which various Board members are a part of:

1. *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee is formed of three members, with the majority required to be independent members (including the committee chairman). The Nomination and Remuneration Committee is responsible for (among others):

- ensuring there are fit and proper policies for Board members and Senior Managers;
- identifying and nominating qualified persons to join the Board or be appointed as Senior Managers;
- creating a system to assess and to continuously assess the performance of the Board and the Senior Managers against Board-approved key performance indicators ("**KPIs**");
- determining a remuneration policy for Board members and financial incentives policy for the Bank's administrative staff, and recommending salary and bonuses of the Senior Managers to the Board; and
- determining and maintaining a Board-approved succession policy for the Senior Managers and staff, and monitoring the implementation of various human resources policies.

As at the date of this Prospectus, the members of the Nomination and Remuneration Committee are Reem Haitham Jamil Goussous, Said Samih Taleb Darwazeh, and Abubaker Seddiq Mohamed Hussain AlKhoori.

2. *Corporate Governance Committee*

The Corporate Governance Committee is formed of three members, one of whom is the Chairman of the Board, and with at least two members being independent members. The Corporate Governance Committee is primarily responsible for:

- supervising the preparation of the Corporate Governance Guide and monitoring its implementation, including annual reviews and updates; and
- preparing the Corporate Governance Report and submitting it to the Board.

As at the date of this Prospectus, the members of the Corporate Governance Committee are Yousef A.Y. Ensour, Bassem Khalil Salem Al-Salem and Omar Akram Omran Bitar.

3. *Audit Committee*

The Audit Committee is formed of five members, the majority of whom must be independent members (including the chairman of the committee). Pursuant to the Corporate Governance Guide, the chairman of the Audit Committee cannot be the Chairman of the Board or the chairman of any other Board committee. All members of the Audit Committee are required to have adequate qualifications in accounting, finance or any other similar specialisations. The Audit Committee is responsible for (among others):

- reviewing the scope, outcome and adequacy of the Bank's internal and external auditing functions;

- making recommendations to the Board regarding the appointment, replacement, termination, dismissal or resignation of the external auditor and internal audit managers (including external auditor fees and other terms of engagement);

- reviewing, monitoring and ensuring that the Bank has appropriate and effective whistleblowing procedures in relation to its financial statements or any other matters; and

- reviewing and monitoring all related party transactions and informing the Board of such transactions.

As at the date of this Prospectus, the members of the Audit Committee are Omar Akram Omran Bitar, Mohammad Hasan Subhi (AlHaj Hasan), Reem Haitham Jamil Goussous, Khalil Hatem Khalil Al-Salem, and Shaden Ziyad Nabih Darwish Alhaji.

4. *Risk Management Committee*

The Risk Management Committee is formed of at least three members of the Board, with the chairman of the committee being an independent Board member. Senior Managers may also join the Risk Management Committee. The Risk Management Committee is responsible for (among others):

- monitoring the implementation of the Bank's approved risk strategy by Senior Managers;

- reviewing the adequacy of the Bank's risk management framework and monitoring any events that may affect the Bank (such as political changes and changes in local investment policies); and

- identifying the Bank's "Liquidity Risk Tolerance Level", being the Bank's accepted ability to acquire financing and capacity to manage its liquidity in different conditions, as well the Bank's risk appetite.

As at the date of this Prospectus, the members of the Risk Management Committee are Khalid Walid Hussni Nabilsi, Khalil Hatem Khalil Al-Salem and Shaden ZiyadNabih Darwish Alhaji.

5. *Compliance Committee*

The Compliance Committee is formed of three members of the Board, the majority are independent members. The Compliance Committee is responsible for (among others):

- reviewing and controlling the adequacy and effectiveness of the Bank's compliance programmes and ensuring compliance with applicable legislations and policies and procedures of the Group; and

- overseeing the Compliance Department and receiving reports issued by it directly.

As at the date of this Prospectus, the members of the Compliance Committee are Omar M. I. Shahrour, Khalid Walid Hussni Nabilsi and Reem Haitham Jamil Goussous.

6. *Credit Facilities Committee*

The Credit Facilities Committee is formed of the Chairman of the Board and four other members. It is responsible for taking suitable decisions regarding facilities recommended for approval by the Strategy Committee.

As at the date of this Prospectus, the members of the Credit Facilities Committee are Bassem Khalil Salem Al-Salem (as Chairman of the Board), Said Samih Taleb Darwazeh, "Mohammed Ali" Khaldoun Sati' Al-Husry, Omar M. I. Shahrour, and Yousef A.Y.Ensour.

7. *Information Technology Governance Committee*

The Information Technology Governance Committee is formed of five members of the Board, each with the requisite academic qualifications and professional experience in the field of information technology. The Information Technology Governance Committee may, if necessary, employ the services of outside experts at the Bank's expense, in coordination with the Chairman.

As at the date of this Prospectus, the members of the Information Technology Governance Committee are Mohammad Hasan Subhi (AlHaj Hasan), Khalil Hatem Khalil Al-Salem, Khalid Walid Hussni Nabilsi, Sultan Mohammed M. Elseif, and Abubaker Seddiq Mohammed Hussain AlKhoori.

8. *Strategy Committee*

The Strategy Committee is formed of six members, headed by the Chairman of the Board. The Strategy Committee members must have suitable academic qualifications and various professional experience in business management, information technology or any fields closely related to the committee's work. The committee meets once a year or when needed. The Strategy Committee chairman, or any of the Strategy Committee members, may request a meeting when the need arises. It may invite any of the Bank's employees to attend its meetings if the need arises. The Strategy Committee is responsible for:

- directing the Senior Managers to prepare a strategy for the Bank to achieve its strategic goals as specified by the Board and recommending approval of the strategy;
- overseeing all matters related to the Bank's and the wider Group's strategies and ensuring that there are general policies to implement these strategies effectively;
- monitoring and discussing the efficiency and effectiveness of the Senior Managers' implementation of the Board's strategic decisions relating to corporate governance, operations, and investments, and information technology;
- recommending that the Board approves policies to monitor and review the Senior Manager's performance by setting KPIs;
- recommending the draft budget to the Board for approval; and
- approving and recommending matters relating to new investments, mergers and acquisitions to the board.

As at the date of this Prospectus, the members of the Strategy Committee are Bassem Khalil Salem Al-Salem, "Mohammed Ali" Khaldoun Sati' Al-Husry, Khalil Hatem Khalil Al-

Salem, Mohammad Hasan Subhi (AlHaj Hasan), Reem Haitham Jamil Goussous, and Abubaker Seddiq Mohammed Hussain AlKhoori.

The Bank's Senior Managers are also involved in the various management committees of the Bank, established to provide more direct decision making and governance over specific functions of the Bank. The seven management committees are:

1. Asset Liability Committee (the "**ALCO**");
2. Investment Committee;
3. New Products and Services Committee;
4. IT Steering Committee;
5. Internal Risk Committee;
6. Procurement Committee; and
7. Properties & Real Estate Committee.

Employees

The total number of the Group's full-time employees as at 31 December 2020 was 1,047 compared to 979 as at 31 December 2019. The Bank is committed to the training and development of new and existing staff in order to ensure that the Bank continues to be supported by the skills required for its planned growth. The training approach on development of individual skills focusses on providing on-the-job training, or in-house training by the Bank's own training centres, or subsidising employees to take part in international workshops or obtaining specialised professional certifications (covering, among other things, risk management and information security, finance, managing audits, control, compliance and anti-money laundering, behavioural and qualitative skills, leadership skills and information technology and systems).

RISK MANAGEMENT

OVERVIEW

The Bank and the Group as a whole is exposed to different types of risks in its normal course of business, including credit risk, liquidity and funding risk, market risk, equity investment risk, interest rate risk, concentration risk, business continuity risk, information security risk, operational risk including fraud risk and compliance and/or reputational risk from its use of financial instruments.

The role of the Group's Risk Management Department is to safeguard the Bank's profitability and financial position by ensuring its business activities and transactions provide return for the risks assumed while remaining within the Group's risk appetite. Importantly, identifying, managing and mitigating risk, and complying with the instructions of regulatory authorities and the Basel Committee is not viewed as the sole responsibility of the Risk Management Department, but is assumed by several entities, including the Board of Directors, the Board's Risk Management, Audit and Compliance Committees, as well as other internal senior management committees including the Internal Risk Management Committee, Assets and Liabilities Committee and various Credit Committees. This ensures that the Group's Board and Senior Managers are proactive in their assessment of risks relevant to the Group.

The Risk Management Department is headed by the Group's Chief Risk Officer, and reports to the Board's Risk Management Committee as well as the Group's Chief Executive Officer. The Risk Management Department is recognised as an independent entity within the Group that identifies existing and potential financial and non-financial threats. It is also responsible for designing and devising Group methods and policies to tackle these risks, submitting regular reports to relevant regulatory authorities and responding to instructions issued by the CBJ and the Basel Committee. Furthermore, the department helps to evaluate Bank's capital adequacy as well as the effectiveness of its capital deployment. It is therefore responsible for managing the overall quality of the Bank's assets, continuously monitoring its portfolios and taking corrective action as and when required.

The Risk Management Department is comprised of the following four sub-departments:

- Financial Risk Department – responsible for managing credit and credit concentration risks at all levels, managing and planning the Group's capital to ensure its efficient use, and gauging the impact of stress testing on the Bank and the Group;

- Market and Liquidity Risk Department – responsible for managing market, liquidity and interest rate risks, this sub-department also measures and controls risks in accordance with the Group's risk management policies to preserve the Group's financial position;

- Operational Risk Department – responsible for managing the internal and external operation risks the Group may encounter, including setting the necessary controls to control or lessen the effect of such risks, and ensuring the implementation of business continuity plans of the Bank and the Group as a whole; and

- Information Security Department – responsible for maintaining the confidentiality, availability and accuracy of all information within the Bank and the Group, including setting the necessary controls and means to avoid or manage cybersecurity risks in accordance with the Group's risk management policies and international best practice or guidelines. This sub-department also holds regular awareness workshops for the Group's management and employees to ensure compliance with various information security programmes.

The Compliance Department works closely with the Risk Management Department as an independent evaluation body within the Group to ensure the Group's compliance with laws, regulations and instructions issued by the relevant monitoring authorities. Additionally, it seeks to ensure the effective implementation of best practices issued by international institutions within the banking sector and to deal with market developments that could affect the Bank and its subsidiaries. It therefore acts as a buffer, shielding the Bank from potential liability and mitigating potential impacts on its reputation.

The Internal Audit Department liaises with the Board of Directors and the Audit Committee, providing these bodies with assurances regarding the efficiency and effectiveness of internal monitoring systems, other departments' levels of adherence to applying internal policies and the extent of these procedures' effectiveness. It conducts its activities in accordance with the Bank's Internal Audit Charter, based on international audit standards issued by the CBJ and the Institute of Internal Auditing and approved by the Board), which encapsulates the principles of integrity, objectivity, confidentiality and efficiency that an internal auditor should hold. The Internal Audit Department constantly reviews and evaluates internal monitoring, risk management and corporate governance regulations and cooperates with both regional and international institutes to deliver high quality training.

In addition to the above departments, the Control Department also plays a significant role in the Bank's management of risk by assessing the efficiency of operations and sufficiency of current control measures through the use of control tools (such as monthly reports on reviewing high-risk items and conducting regular operation assessments). It frequently works with the Operational Risk Department within the Risk Management Department to evaluate risk matrices and identify ways in which operational incidents could be better addressed in the future.

The Group believes that the measures adopted to monitor and control credit and counterparty risks have enabled it to contain these risks within acceptable limits and ensure that its portfolio does not, as at the date of this Prospectus, contain any counterparty, obligor or other similar exposure that may result in a loss that is above the acceptable level approved by the Board of Directors.

The Risk Management Department operates within the general principles of the Bank's Corporate Governance Guide, which is reviewed on a regular basis to keep them current and compliant with the CBJ's instructions, international best practices and appropriate to the Group's size, complexity of operations and risk limits. The Board of Directors, working in tandem with the Risk Management Committee, has overall responsibility for the review and approval of the Group's risk appetite considerations, and the updating and implementation of the Group's risk management policies are done by the Risk Management Department, headed by the Group's Chief Risk Officer.

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and causes the Group to incur a financial loss. It arises principally from the Group's loans and advances, loan commitments arising from lending activities, trade finance and treasury activities, but also from financial guarantees, letters of credit, endorsements, acceptances, investments in debt instruments, derivatives and settlement balances with market counterparties.

Credit risk is the single largest risk arising from the Group's business of extending loans and advances and carrying out investment in securities and debt, as such credit risk management and control are centralised within the Risk Management Department, which regularly reports to the Risk Management Committee.

The Bank's credit risk management framework includes:

- the establishment and maintenance of a clear policy for managing credit risk in addition to approved credit policies, including the involvement of both the Board and various credit committees to ensure that credit decisions are not made on an individual or subjective basis;

- setting clear and specific limits for acceptable credit risk levels (as set by the Board) as well as adopting clear client selection, target market and acceptable credit level criteria;

- utilising the results of Moody's RiskAnalyst system to review and assess each customer or client's risk classification;

- adopting a comprehensive and thorough financial and credit analysis covering various aspects of risk for each client and/or credit process;

- periodically reviewing and analysing the quality of the credit portfolio against specific performance indicators;

- evaluating and constantly monitoring credit risk and the Group's credit portfolio to avoid high credit concentration, and implementing any required remedial actions;

- adopting early warning indicators and recognising possible risks in credit portfolios; and

- reviewing credit facilities on an ongoing and individual basis so as to ensure safety or pre-emptive actions are not necessary in the event of changing market conditions.

The Board and the Risk Management Department are collectively responsible for approving high value credits and for the formulation of credit policies and processes in line with growth, risk management and strategic objectives.

In addition, the Bank manages its credit exposure by obtaining collaterals where appropriate, limiting the duration of exposures and proactively accumulating provisions. The Risk Management Department monitors several credit risk factors on a periodic basis through the Group Risk Appetite Framework, which is aligned with the Group's strategy, including, but not limited to, credit concentration by counterparties, economic sectors and counterparty credit ratings, to ensure the quality of the Bank's credit portfolio. Any issues are raised to the Risk Management Committee and actions plans and follow up action is taken until the issue is resolved.

Key Credit Risk Management Methods

Loans and advances

The Bank uses models to estimate the credit risk of asset portfolios as exposure fluctuates depending upon market conditions, expected cash flows and the passage of time. The main concept used is that of "Expected Loss", which incorporates the measures of "Probability of Default", "Loss Given Default" and "Exposure at Default".

Credit risk grading

This represents the Bank's internal credit rating system for customers, which is essential to the effective measurement of credit risk, assessment to the quality of credit portfolios and determining the Bank's credit risk structure. Since 2013 the Bank has implemented Moody's RiskAnalyst software ("**MRA**") to support its measurement of customer risk scores and collection and evaluation of reliable quantitative and qualitative information. This is an internal rating platform whereby all corporate customers to whom credit facilities have been extended are assigned a performing customer risk rating ranging from 1 to 7 (plus modifiers) for performing obligors. The system assigns a customer risk rating to a customer based on a number of quantitative and qualitative factors relating to that customer, such as its historical spreads, financial projections, management quality, the industry in which it operates and its standing within that industry.

The Group then translates the MRA's output into various internal risk grades in order to distinguish between customers according to their credit risk. Institutional customers have 10 risk scores with 20 sub-grades, while retail customers have 6 scores and financial institutions and countries 8 scores. For further details on the evaluation and grading of credit risk, see Note 47-1-A to each of the Annual Financial Statements.

*Expected credit loss ("**ECL**") measurement*

To measure and predict impairment, the Bank has adopted the three-stage model contained in IFRS 9 for impairment based on credit quality since the initial recognition of a facility. A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Group. If a significant increase in credit risk ("**SICR**") since initial recognition is identified, the financial instrument is moved to Stage 2 but not deemed credit-impaired. If a financial instrument is deemed credit-impaired, it is then moved to "Stage 3". For further details, please see "*Definition of default and credit-impaired assets*" below.

Significant increase in credit risk

The Group deems a financial asset to have experienced a SICR when a significant change in one year probability of default occurs between the origination date of a certain facility and the IFRS 9 ECL run date. This is determined according to various qualitative and quantitative criteria depending upon whether the asset is a corporate loan, retail portfolio or treasury instrument. Regardless of the type of asset, if a borrower fails to meet its contractual payments within 30 days of them being due, a backstop is applied and the financial asset is considered to have experienced a SICR.

Definition of default and credit-impaired assets

The Bank defines a financial corporate, retail and investment instrument as in default (or credit-impaired) either when a borrower is more than 90 days past due on its contractual payments and/or when one of the Basel III definitions for "default" is satisfied. This approach has been consistently applied together with the Expected Loss model outlined above under "*Loans and advances*" to inform the Group of its expected loss calculations.

The Bank applies a three-stage approach to measuring ECL on financial assets carried at amortised cost and fair value. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1: 12-months ECL - not credit impaired;
- Stage 2: Lifetime ECL - not credit impaired; and
- Stage 3: Lifetime ECL - credit impaired.

Exposure to credit risk and provisioning

The Group monitors concentration of credit risk by financial instruments and geographic location. The following table sets out the Group's exposures according to financial instruments subject to impairment losses as at 31 December 2020 and 31 December 2019 classified by financial instruments and geographic location:

	As at 31 December	
Financial Instruments	**2019**	**2020**
	(Jordanian Dinar)	
Financial	156,025,579	228,093,340
Industrial	230,926,600	264,011,461
Commercial	217,535,121	287,981,055

Financial Instruments	As at 31 December	
	2019	2020
	(Jordanian Dinar)	
Real estate	291,001,157	296,819,403
Agriculture	10,432,930	37,086,945
Shares	58,232,871	77,536,580
Retail	104,776,481	169,275,014
Governmental and Public Sector	760,512,821	928,738,246
Other	141,510,775	217,919,241
Total	1,970,954,335	2,507,461,285

Geographic Region	As at 31 December	
	2019	2020
	(Jordanian Dinar)	
Jordan	1,628,634,959	2,077,141,224
Other Middle Eastern countries	268,621,928	362,600,644
Europe	24,347,489	43,732,879,
Asia	6,264,245	2,970,073
Africa	299,125	298,923
America	42,657,110	20,682,610
Other countries	129,479	34,938
Total	1,970,954,335	2,507,461,285

Risk reserve

In addition to undertaking specific credit risk and impairment provisioning, the Bank maintains a risk reserve in accordance with CBJ requirements. The CBJ requires such a reserve to be established at 5 per cent. of the monthly average of daily consumer deposits. Facilities granted to or secured by the Government, or secured by cash collateral, are excluded from the financing portfolio for the purposes of assessing the required risk reserve amount. The use of the risk reserve is subject to the prior approval of the CBJ. As at 31 December 2020, the Bank's unutilised balance amounted to JD 8,840,593 (U.S.$ 12.5 million).

Write-off policy

The Bank writes-off financing assets (and any related allowances for impairment) when management determines that such financing assets are not collectable, that is, when there is no realistic prospect of recovery and after the Board of Directors and CBJ approvals are obtained. This is so determined after all possible efforts of collecting the amounts have been exhausted. The business units and their respective Credit Officers, Relationship Officers and Managers will assist in the collection process and the subsequent remedial action process of defaulting accounts.

Collateral

The Bank holds collateral against financing assets in the form of blocked deposits, pledged shares, mortgage interests over properties, guarantees from reputable local or international banks, well established local or multinational large corporates and high net-worth private individuals and legal mortgages against the financing assets. As at 31 December 2020, the fair value of the Group's collateral amounted to JD 730,845,492 as compared to JD 701,209,240 as at 31 December 2019.

Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk can arise due to market disruptions or credit downgrades which may cause immediate depletion of some financial resources. The two main categories of liquidity risk facing the bank are:

- funding liquidity risk – the inability of the Group to convert assets into cash or obtain financing to meet its commitments; and

- market liquidity risk – the inability of the Group to sell assets in the market or the sale of such assets at a large financial loss due to illiquidity or demand.

The Group's TIFI Department, in coordination with the Market and Liquidity Risk Department, is responsible for managing the Group's liquidity, while ALCO manages, measures and monitors the liquidity risk in accordance with pre-set policies and procedures as well as the Group's Contingency Funding Plan. The Group's approach to managing liquidity risk is to ensure that funding sources are diversified and matches the various maturity dates and ensuring sufficient liquid assets are maintained, which is achieved through:

- analysis and monitoring of assets and liabilities maturity dates: the liquidity of the Group's assets and liabilities as well as any possible changes are examined on a daily basis. Through ALCO's work, the Group seeks to achieve a balance between the maturity dates of the assets and liabilities, and monitors the gaps in relation to those specified by the Group's policies;

- Liquidity Contingency Plan: the ALCO maintains the Liquidity Contingency Plan, which is a set of regular recommendations regarding the liquidity risk management of the Group and its procedures, and sets necessary orders to apply the effective monitoring controls and issues reports regarding liquidity risk and the Group's ability to adhere to the relevant policies and controls;

- Geographical and sectorial distribution: the assets and liabilities of the Group are distributed regularly into local and foreign investments across multiple financial and capital markets, across several sectors and geographical regions while maintaining a balance on providing customer and corporate credit; and

- Cash reserves at the banking monitoring authorities: as at 31 December 2020, the Group maintains a statutory cash reserve at the banking monitoring authorities amounting to JD 103,687,381.

As at 31 December 2020, the Bank's cash and semi-cash liquidity ratio was 130.25 per cent. as compared to 123.93 per cent. as at 31 December 2019. The net liquid assets shown measures the maturity profile of the Bank's assets and liabilities by contractual repayment arrangements, which have been determined on the basis of the period remaining to the contractual maturity date measured at the statement of the financial position date. The maturity profile of the Bank's net liquid assets is monitored by the ALCO to ensure adequate liquidity is maintained.

Market risk

The Group assumes exposure to market risk in the ordinary course of its business from its foreign currency positions, equity investments (such as shares) and other investments arising due to general and specific market movements. In particular, the Bank is exposed to (i) interest rate risk, (ii) exchange rate risk and (iii) equity price risk. The Group's Board has set risk limits based on country concerns and/or counterparties which are closely monitored by the Group's Market and Liquidity Risk Department and reported daily to senior management and discussed monthly by the ALCO. The ALCO is also tasked with the supervision of market risk and providing advice regarding the acceptable risks and the policy that is to be followed.

The Market and Liquidity Risk Department of the Group uses methodologies such as value-at-risk, sensitivity analysis, basis point analysis, stress testing and stop-loss limit reports to measure and reduce its market risks and monitors the limits set for its market risk exposures on a regular basis. Meanwhile the Middle Office

Unit monitors, on a daily basis, all investment limits in the Group's money market and foreign exchange transactions.

Monitoring of such limits chiefly involves minimising the risk that the daily market risk exposures exceed the risk tolerance levels established by the Bank, by closely monitoring trigger levels and ensuring that breaches are promptly and appropriately reported and escalated, and that corrective action is taken. New limits are established only for any new approved business activity or for any new approved client or portfolio. Allocation of new limits is analysed by the ALCO in order to assess the contribution of additional risk or the advantages of the diversification to be brought by such changes. Any approval for changes and cancellations of existing limits is also similarly monitored as outlined above. Reallocation of limits may occur to accommodate new or existing portfolios or business lines. The reallocation is reviewed by the ALCO to ensure that it is in line with the overall market risk and limit monitoring policy.

The Bank also manages its market risk through diversification of investments in terms of geographical distribution and industry concentration. In addition, the Bank complies with Basel III requirements, as adopted by the CBJ, and CBJ regulations.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to both these risks. The Group's Assets and Liabilities Management Policy includes limits for interest rate sensitivity, which is evaluated by ALCO through periodic meetings and monitored daily by the Middle Office Unit.

Interest rate risk represents the most significant market risk exposure of non-trading financial instruments. The overall goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect its net interest income.

The Group's risk measures include monitoring of limits by the Market and Liquidity Risk Department, maturity profile analysis, duration gap management, earning sensitivity scenarios and interest rate scenarios. Risk is further mitigated through the re-pricing of assets and liabilities based on decisions taken by ALCO and primarily through the use of hedging instruments such as interest rate swaps to curb the negative impact of fluctuations in interest rates.

Exchange rate risk

Exchange rate risk, or currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the Jordanian dinar. The Board of Directors has set limits on the financial positions of each currency, which are monitored on a daily basis, and hedging strategies are used to ensure positions are maintained within the established limits (the Group's investment policy states that positions in major foreign currencies cannot exceed 5 per cent. of shareholders' equity for each currency and that gross foreign currencies position cannot exceed 15 per cent. of shareholders' equity). For further details of the Group's concentration in foreign currency risk, please see note 46-2 to each of the Annual Financial Statements.

Equity price risk

Equity price risk arises from the change in fair values of investments. More specifically, it is the risk that the fair value of the Group's equity descurities portfolio decreases due to changes in the levels of equity price indices and the value of individual stocks. The Group manages equity price risk according to its internal investment policy, which has been approved by the Board and drafted in accordance with CBJ guidelines. While the Group manages this risk by distributing its investments over various geographic and economic sectors, the majority of its equity investments are listed on the ASE. Measures such as sensitivity analysis and position limits are used to control investment activities.

Operational Risk Management

Operational risk is the risk of direct or indirect loss due to inadequate or failure of internal processes, human factor or systems, or resulting from external events. The Group's management also considers this to include legal risk, strategic risk and reputational risk. The Bank seeks to minimise actual or potential losses from operational failures through a framework of policies and procedures that are in place throughout the organisation, which aim to identify, assess, control, manage and report those risks.

Regulatory risk is the risk of negative impact to business activities, earnings or capital as a result of failure to comply with or a failure to adapt to current and changing regulations, laws, industry codes or rules, regulatory expectations, or ethical standards. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through regular examinations of issues that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate by the Board of Directors.

As a result of the continuous change in the working environment, in particular as a result of the COVID-19 pandemic, and the Group's aim to keep in pace with all technological advancements and remaining able to introduce new banking services and products, the Group has devised the Operational Risk Policy, which is devised by the Board together with the Operational Risk Department, which also adopts and implements the requirements of the Basel Committee and the CBJ. The Operational Risk Policy covers:

- People Risk: The risk of a loss intentionally or unintentionally caused by an employee, such as employee error or deliberate wrongdoing, or involving employees, such as in the area of employment disputes. This risk area covers internal organisational problems and losses and requires defining limits on decision making powers and responsibility levels;

- Process Risk: Risks related to the execution and maintenance of transactions, and the various aspects of running a business, including products and services. This requires establishing policy updates, procedure implementation, publishing regular management reports and automating processes as much as possible;

- System Risk: The risk of loss caused by piracy, theft, failure, breakdown or other disruption in technology, data or information or by technology that fails to meet business needs. This requires ensuring that systems maintenance, technology development methodologies, backup and recovery processes have been established, communicated and implemented. This risk is monitored and supported by the efforts of the Group's Information Security Department;

- External Risk: The risk of loss due to damage to physical property or assets from natural or non-natural causes. This category also includes the risk presented by actions of external parties, such as the fraud or, in the case of regulators, the execution of changes that would alter the Group's ability to continue operating in certain markets. This requires establishing policy updates, procedure implementation, complying with regulatory requirements and ensuring that systems maintenance, technology development methodologies are up to date;

- Fraud Risk: Fraud risk is result of any unethical and/or criminal act by an individual (internal/external) and/or organisation intended to gain personal or financial benefit illegally. The Group has designed effective anti-fraud controls to identify suspected fraudulently activities to mitigate fraud risk; and

- Business Continuity Management ("**BCM**"): BCM is a holistic management process that identifies potential threats to the Group's business and the impact to its critical business activities that those threats if realised might cause. It ensures effective implementation of recovery strategies and incident crises responses that safeguards the interests of its key stakeholders, reputation, brand and value creating activities. The aspects pertaining to system recovery is managed together with the Group's Information Security Department.

The Operational Risk Department is responsible for:

- establishing processes for the identification, assessment, mitigation, monitoring and reporting of operational risk that is appropriate to the Group's needs in accordance with its strategy and policy;

- reviewing the Group's internal policies and procedures to highlight any associated risks and to work on minimising such operational risks prior to implementation (known as "Remedial Actions / Recommendations Mitigations");

- raising reports to the Internal Risk Management Committee concerning any shortcomings of existing risk management procedures or violations;

- conducting regularly training courses and workshops for all departments within the Bank and the Group so as to increase organisational awareness of operational risks and create an effective dynamic between its department and other departments;

- assisting with the development of an integrated set of business continuity plans in order to ensure the Group's continued operation in the event of any disaster;

- conducting stress tests of existing internal operational risk management procedures and observing the results;

- generating appropriate and adequate management reports to monitor assessment of exposures and all types of operational risks faced, assessing quality and appropriateness of risk mitigation actions, ensuring adequate controls and systems are in place to identify and address problems at an early stage; and

- providing guidance relating to various risk management tools, monitoring risk, handling incidents and preparing reports for management and the Board of Directors.

Information Security

The Information Security Department is an integral part of the Group's risk management framework focusing on managing the cybersecurity risks impacting the Group's IT infrastructure, data and applications. The department has developed policies and procedures, including an information security programme aligned with the CBJ requirements and other leading international standards (including ISO 27k and Payment Card Industry Data Security Standards).

The Information Security Department monitors continuous security awareness of the Group's employees and ensures their compliance to its internal information security programme. The Information Security Department also manages any security incidents relating to the Group's information management systems and makes requisite recommendations to the Board and Senior Managers to ensure no such incidents occur again.

Aside from monitoring and managing information security issues, the Information Security Department works with the Operational Risk Department in developing a business continuity plan to ensure system continuity in the event of any disaster, and prepares and develops all security measures related to information systems security incidents.

DESCRIPTION AND OVERVIEW OF THE HASHEMITE KINGDOM OF JORDAN

Overview

The Hashemite Kingdom of Jordan ("**Jordan**") is bordered on the north by Syria, on the east by Iraq, on the east and south by Saudi Arabia and on the west by Israel and the occupied West Bank. Jordan's only outlet to the sea, the Gulf of Aqaba, which leads into the Red Sea, is to the south. Jordan occupies an area of 89,241 square kilometres, including its territorial waters in the Dead Sea and the Gulf of Aqaba. Amman is Jordan's capital city as well as its commercial, financial and cultural centre and is located in Jordan's north-west plateau. The official language of Jordan according to its Constitution is Arabic, although English is widely used in commerce and government.

Population and Religion

The Department of Statistics of Jordan ("**DoS**") estimated that, as at 31 December 2021, the population of Jordan was 11.08 million, compared to 10.6 million as at 31 December 2019 and 9.5 million at the same point in 2015. Population growth was estimated at 4.8 per cent. during the period 2004-2016 and estimated at 2.5 per cent. during the period 2016-2020. The 2015 census conducted by the DoS showed that the governorates of Amman and Al Mafraq recorded population growth rates of 6.2 per cent. and 7.0 per cent. respectively between 2004 and 2015, both significantly higher than the 5.3 per cent. recorded for the population growth in Jordan as a whole (between 2004 and 2015).

Jordan's population has become increasingly urbanised in recent years, leading to rapid population growth in Jordan's cities. Between 1980 and 2013, the percentage of population living in cities increased from approximately 70 per cent. to 83 per cent. (according to figures published by the DoS). After Amman, the most populous cities in Jordan are Zarqa (located in the Zarqa River basin to the north-east of Jordan) and Irbid (located north of Amman).

Increasing numbers of refugees has also contributed to the general population growth. According to Ministry of Interior statistics, Jordan was host to approximately 1.36 million Syrians as at June 2020, of which (as at 16 November 2021) 672,456 are registered with the United Nations Refugee Agency (the "**UNHCR**") (although the actual number of Syrian refugees may be higher than these estimates). Overall, the estimated population density, including Syrian refugees, as at 31 December 2020, was 121.7 people per square kilometre.

The population of Jordan is young; as at 31 December 2020, 34.3 per cent. of its population was under the age of 15 while only 3.7 per cent. was over the age of 65. As at 31 December 2020, there were more males than females in Jordan with an overall gender ratio of 53.0 per cent. male to 47.0 per cent. female.

Jordanians are predominantly Arab (approximately 98 per cent. as at the date of this Prospectus), with small communities of Circassians, Armenians and Chechens. Under the Jordanian Constitution (the "**Constitution**"), Islam is the official religion of Jordan. The vast majority of the population is Sunni Muslim, estimated at 92 per cent. in 2020 (and representing the highest percentage of Sunni Muslims in the world). A further 6 per cent. of the population is predominantly Christian, consisting primarily of Greek Orthodox Christians, and smaller numbers of Greek Catholics, Roman Catholics, Syrian Orthodox, Coptic Orthodox, Armenian Orthodox and Protestants. The remaining 2 per cent. consists of other religious minorities, including Shia Muslims and Druze.

Constitution and Political System

Jordan has a parliamentary government with a hereditary monarchy, ruled since February 1999 by King Abdullah II bin Al-Hussein (the "**King**"). His father, King Hussein bin Talal, ruled from 1952 until his death in 1999. The Constitution was adopted on 1 January 1952 and was subsequently amended in 2011, 2014, 2016 and 2022. The Constitution outlines the functions and powers of the state, the rights and duties of

Jordanians, the guidelines for interpretation of the Constitution and the conditions for constitutional amendments. The separation of powers in respect of the executive, legislative and judicial branches of government is mandated, and it outlines the framework of the budget, as well as the adoption and repeal of laws. The Constitution also guarantees the rights of Jordanian citizens, including freedom of speech, press, association, academic freedom, organisation of political parties, freedom of religion and the right to elect parliamentary and municipal representatives.

Under Article 126 of the Constitution, the Constitution may be amended by a vote in favour by two-thirds of each house of the National Assembly (as described below), and amendments take effect following ratification by the King.

National Government

The King

Pursuant to Article 28 of the Constitution, the throne of the Kingdom of Jordan is passed down through the dynasty of King Abdullah I according to agnatic primogeniture (following the direct male bloodline). Since 1921, Jordan has been ruled by four kings: King Abdullah Ibn Al-Hussein (1921-1951), son of Sharif Hussein of Mecca; King Talal bin Abdullah (1951-1952), eldest son of King Abdullah; King Hussein bin Talal (1952-1999), eldest son of King Talal; and King Abdullah II bin Al-Hussein (1999- present), eldest son of King Hussein. Under the Constitution, the King is the Head of State and the Commander-In-Chief of Jordan's armed forces. The King exercises his executive power through the Prime Minister and the Council of Ministers. Under Article 31 of the Constitution, the King ratifies laws and promulgates them and directs the enactment of such regulations, as may be necessary for their implementation.

The King appoints the speaker and the members of the Senate, subject to the eligibility criteria set forth in the Constitution. The King also appoints and dismisses the Chief Justice of the Higher Judicial Council, the chief and members of the Constitutional Court, the Chairman of the Joint Chiefs of Staff of the Jordanian Armed Forces, the Director of the General Intelligence and the Director of Public Security. The King also approves Constitutional amendments and declares war. As Head of State, the King concludes and ratifies treaties and international agreements, after the approval of the Council of Ministers and the National Assembly.

The Crown Prince

The Crown Prince of Jordan is the eldest son of King Abdullah II bin Al-Hussein. He was named Crown Prince by Royal Decree on 2 July 2009. The Crown Prince holds the rank of captain in the Jordanian Armed Forces and has been appointed as Regent several times during the King's travels abroad. The Crown Prince also accompanies the King on domestic and international visits and leads many initiatives within the country focused on youth, education, technology and entrepreneurship, among others.

The Government

The King appoints and dismisses the Prime Minister and the various ministers upon recommendation from the Prime Minister after consultation with the Chamber of Deputies (as described below). Every newly-formed Government (consisting of the Prime Minister and a cabinet (the "**Council of Ministers**")) must present a statement of the Government programme, including its key policies, to the Chamber of Deputies and request a vote of confidence on the Government programme within a month of its formation (or, if the Chamber of Deputies has been dissolved, within a month of the Chamber of Deputies' opening session). The Chamber of Deputies may consider motions of no confidence in the Government, the Prime Minister or any individual minister. If such a motion passes by an absolute majority of all members of the Chamber of Deputies, the relevant minister or ministers must resign.

The day-to-day administration of Jordan's internal and external affairs is managed by the Prime Minister and the Council of Ministers. Article 51 of the Constitution provides that each minister is accountable to the Chamber of Deputies. The current Prime Minister is Bisher Al-Khaswaneh, who was appointed in 2020 following the resignation of Omar al-Razzaz.

The National Assembly

Jordan's bicameral parliament, the National Assembly, represents the legislative branch of government and is comprised of two bodies: (i) a lower house, the Chamber of Deputies, which is comprised of 130 members, and (ii) an upper house, the Senate, which is comprised of 60 members. The most recent elections for the Chamber of Deputies were held on 10 November 2020.

Members of the Chamber of Deputies are elected in a direct election in accordance with Jordan's Electoral Law of 2016 (providing for direct universal suffrage to all Jordanian citizens over the age of 18), which also reserves 15 seats for female members, representing one from each of the 12 governorates and one from each of Jordan's *bedouin* districts. The Constitution also includes eligibility criteria for members of the Chamber of Deputies. The speaker and the members of the Senate are appointed by the King.

The term of the National Assembly is four years and may, by Royal Decree, be extended for a period of not less than one year and not more than two years. The Senate meets simultaneously with the Chamber of Deputies and is suspended in the event that the Chamber of Deputies is dissolved.

Laws must be approved by a majority of both houses of the National Assembly and although the Constitution stipulates that the King must approve laws before they can take effect, his power of veto can be overridden by a two-thirds majority in both houses of the National Assembly.

Local Government

Jordan is divided into twelve governorates, each headed by a governor who is appointed by the King on the nomination of the Minister of Interior and approval by the Council of Ministers, and which are subdivided into administrative regions. The governorates are an extension of the central government and are supervised by the Ministry of the Interior. Governors enjoy wide administrative authority and, in certain cases, can exercise the powers of ministers. There are three types of council within local governments; the governorate council, which has an extension called the executive council, and the municipal council.

The executive council in each governorate is headed by the governor, and consists of appointed members, including the deputy governor and local administrators. The executive council prepares the governorate's strategic and development plans according to its needs and priorities and ensures that its budget remains within the financial limits set by the Ministry of Finance. It also coordinates with public and private institutions that execute projects within the governorate, and prepares contingency plans for the governorate. Governorate councils in turn decide on budgets and consult on development needs for each governorate, with members generally elected for four years. Each governorate has multiple municipalities, for which each has a municipal council which provides public services. In contrast to the developmental roles of the executive and governorate councils, municipal councils are responsible for offering tenders for projects, investing financial resources in those projects, and regulating the work of businesses and public services within their municipality. Municipal councils are in turn supervised by the Ministry of Local Administration (known as the Ministry of Municipal Affairs prior to 2019).

Legal System

Article 97 of the Constitution guarantees the independence of the judiciary, stating that judges are "subject to no authority but that of the law." While under the Constitution the King must approve the appointment and dismissal of judges for the civil and religious courts, in practice such matters are supervised by the Higher Judicial Council, which independently considers nominations submitted to it by the Ministry of Justice.

Jordan's courts are divided into three categories under Article 99 of the Constitution: (i) civil courts; (ii) religious courts; and (iii) special courts.

Civil courts exercise their jurisdiction in respect of civil and criminal matters and have jurisdiction over all persons in all civil and criminal matters, including cases brought against the Government. The civil courts include the Magistrates Courts, the Courts of First Instance, the Courts of Appeal, the Administrative Court, the High Administrative Court and the Court of Cassation (i.e., the Supreme Court). The Jordanian civil legal system has its foundations in the *Code Napoleon*, the French legal code.

Religious courts include *shari'a* (i.e., Islamic law) courts and the tribunals of other religious communities, namely those of the Christian minorities. The religious courts are comprised of primary and appellate courts and deal only with matters involving personal status, such as marriage, divorce, inheritance and child custody. *Shari'a* courts also have jurisdiction over matters pertaining to the Islamic waqfs, or charitable trusts. In cases involving parties of different religions, civil courts have jurisdiction.

Special courts are courts that deal with cases outside the jurisdiction of regular and religious courts. They include the police court, military councils, the income tax and state security courts. A special State Security Court, which is composed of both military and civilian judges, tries both military personnel and civilians, and its jurisdiction includes offences against the external and internal security of Jordan, as well as certain drug-related and other offences. The findings of the State Security Court are subject to appeal in the civil court system.

The Constitutional Court was established in 2012 to oversee Jordan's legislation and its application, pursuant to Article 58 of the Constitution. This body was designed to enhance transparency and accountability in government by ruling on the constitutionality of the laws and regulations in force and, when requested, interpreting provisions of the Constitution. The Council of Ministers and each house of the National Assembly may refer questions to the Constitutional Court. The president and members of the Constitutional Court are appointed by the King for six-year terms, and members cannot be re-appointed.

National Vision

In response to external factors affecting Jordan's economy, including political unrest in the region, the influx of refugees into Jordan and the significant reduction in Jordan's natural gas supply from the Arab Gas Pipeline, as well as Jordan's exposure to international oil prices (due to a lack of domestic production) and other commodity prices and other domestic economic challenges (such as a high poverty rates), the Government announced a new vision for Jordan, known as "Jordan 2025", in May 2015. The ten-year programme, which features a long-term vision for Jordan's economy, includes over 400 policies and measures to be implemented by the Government, the private sector and civil society to support economic development.

Jordan 2025 replaced the three-phase National Agenda programme that had been implemented since 2007. It contains a baseline scenario (assuming continued regional uncertainty) and a targeted scenario (assuming an improved regional economic and political outlook), both intending to reduce the effects of regional uncertainty. The baseline scenario targets GDP to grow by 5.8 per cent. annually over the next ten years (as compared to GDP growth of 2.4 per cent. in 2015), while the targeted scenario provides for annual GDP growth to increase to 7.5 per cent. by 2025.

International Relations

Jordan has consistently maintained good diplomatic relations worldwide and has close relations with the United States. Jordan has also traditionally played a significant role in Middle Eastern diplomacy.

United States

Jordan has maintained close relations with the United States, with Jordan often acting as a broker between the United States and other western governments, on the one hand, and other Arab states, on the other. Since 1996, Jordan has recognised by the United States as a major non-NATO ally. The United States has provided economic aid to Jordan since 1951. A Qualifying Industrial Zone Agreement entered into force in 1996 between Jordan and the United States, allowing products produced within the zones to benefit from duty- and quota-free access to the United States market. There are currently thirteen Qualifying Industrial Zones in Jordan.

A Jordan-U.S. free trade agreement was signed in 2000 and entered into force on 17 December 2001, which covers trade in goods and services, protection of intellectual property rights, environment, labour and e-commerce. Trade is gradually becoming fully liberalised and as a result bilateral trade between Jordan and the United States increased from U.S.$379 million in 1999 to U.S.$3.7 billion in 2019 (source: Office of the United States Trade Representative).

In February 2018, the United States Government and the Government of Jordan signed a new memorandum of understanding (the "**MoU**") on Strategic Partnership for an exceptional assistance level of U.S.$1.275 billion (as grants) annually over the period 2018-2022. Following this, in 2018, the U.S. Congress appropriated an additional U.S.$250 million for Jordan (over and above the MoU level) in Economic Support Funds. Consequently, budget support increased from U.S.$475 million in 2017 to U.S.$745 million in 2018, increasing the total expenditure from U.S.$1.275 billion to U.S.$1.525 billion over the same period. This pattern continued in 2019, when an amount of U.S.$1.575 billion was allocated, of which at least U.S.$1,082 billion was assigned for Economic Support Funds and U.S.$425 million for Foreign Military Funds. Subsequently, more than U.S.$1.5 billion was provided over the course of 2020 and in September 2021 the first U.S.$600 million of a planned U.S. $845 million grant from the United States was transferred to the Jordanian Treasury.

European Union ("EU")

Jordan is a party to the Jordan-EU Association Agreement, which was signed in 1997 and entered into force in 2002. It aims to create a free trade area between the EU and Jordan, establishing a comprehensive framework for political, economic, trade and investment, social and financial cooperation. The Jordan-EU Association Agreement allows entry of certain Jordanian industrial exports into EU Member States free of customs duties and other charges. EU industrial exports are also similarly allowed entry into Jordan free of customs duties and charges.

Additionally, Jordan is a partner country within the European Neighbourhood Policy (the "**ENP**"), a partnership framework between the EU and 16 of its neighbours. The EU has also developed indicative programmes for Jordan, the most recent being for 2014-2020. Under the indicative programme, the EU aims to: (i) reinforce the rule of law for enhanced accountability and equity in public service delivery; (ii) employment and private sector development; (iii) promote renewable energies and energy efficiency; and (iv) assist in capacity development and institution building. The total bilateral European Neighbourhood Instrument ("**ENI**") budget allocation for Jordan for the period 2014-2020 was between €567 and €693 million.

In December 2011, the EU Council adopted negotiating directives for a Deep and Comprehensive Free Trade Agreement ("**DCFTA**") with Jordan, with the intention of extending the scope of the existing Jordan-EU Association Agreement to include trade in services, government procurement, competition, intellectual property rights and investment. This process is ongoing, and Jordan is also simultaneously preparing for an Agreement on Conformity Assessment and Acceptance of industrial products, which is expected to allow Jordanian products from selected sectors to enter the EU market without additional technical controls.

In February 2012, the EU/Jordan Task Force was convened at the Dead Sea in Jordan. At the meeting, an agreement was reached to provide Jordan with €2.7 billion in assistance and loans from various partners (including EU Member States, the European Investment Bank (the "**EIB**") and the European Bank for

Reconstruction and Development (the "**EBRD**")). This support has continued since the agreement was signed including a €100 million line of credit from EIB to support small and medium sized enterprises ("**SMEs**") impacted by the COVID-19 pandemic.

Iraq

Since the invasion of Iraq in 2003, Jordan has played a pivotal role in supporting the restoration of stability and security in Iraq. The Government of Jordan has facilitated the training of over 50,000 Iraqi police cadets and officers at a Jordanian facility near Amman, and also established the Al-Karama Free Zone, adjacent to the Iraqi border, in 2004 as a transit zone for the Middle East. The Al-Karama Free Zone has since become a major land route to and from Iraq.

Jordan also plays host to a significant Iraqi refugee population and has worked closely with donor agencies and the international community to address their humanitarian needs. According to statistics published by the UNHCR, as at 16 November 2021, 66,463 Iraqi refugees were registered with the UNHCR as residing in Jordan.

Since 2008, Jordan has appointed and sent an ambassador to Iraq in an effort to strengthen bilateral ties. As a neighbouring country, Iraq is a natural trading partner for Jordan and, accordingly, the Jordanian Government's policy is to support the regeneration and maintenance of a stable Iraq, as instability in the Anbar province connecting the two countries has an adverse effect on the security of Jordan's overland trade routes.

Trade with Iraq has fluctuated over the years as a result of regional instability and the Iraqi closure of its border with Jordan. The main border crossing between Jordan and Iraq located at Tureibil was reopened in August 2017 for the first time since 2015, enabling cross-border trade to resume. According to DoS statistics, exports to Iraq accounted for 8.5 per cent. and 8.8 per cent. of total exports in 2019 and 2020, respectively.

Trade Agreements

In addition to the agreements reached with the United States and the EU (both referenced above), Jordan has entered into free trade arrangements with the European Free Trade Association countries (being Norway, Iceland, Liechtenstein and Switzerland) in 2001, Singapore in 2004 and Turkey in 2009.

Separately, in May 2001, Jordan, Tunisia, Egypt and Morocco signed a joint declaration known as the "Agadir Declaration", with the stated objective of creating a common free trade zone amongst southern Mediterranean countries that have entered into association agreement with the EU. A free trade zone among the four countries was established in February 2004.

In July 2015, the Arab Monetary Fund ("**AMF**") extended a U.S.$58 million loan to Jordan to support structural reform of public finances. In March 2017, the AMF extended a further U.S.$56 million loan to Jordan to support its financial reform programme. As at 31 March 2020, the total amount of outstanding loans extended by the AMF to Jordan was U.S.$225.5 million.

The London Initiative

On 28 February 2019, the Government of the United Kingdom and the Government of Jordan co-hosted the London Initiative, an international conference aimed at supporting investment, growth and jobs in Jordan. The conference brought together an audience of political leaders, partners, donors and private sector leaders to discuss opportunities in Jordan. The conference focused on four sectors in which Jordan has a comparative advantage in the Middle East, namely tourism, technology, logistics and professional services. International donors pledged over $1.8 billion to Jordan as a result of the initiative, and the United Kingdom announced that it was underwriting a $250 million World Bank loan to enable Jordan to borrow at lower interest rates.

Gulf Cooperation Council ("GCC")

Jordan maintains special relations with the GCC, whose members are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. At the GCC Summit held in October 2011, the GCC created the U.S.$5 billion grant to fund economic and social development projects in Jordan to be granted over the following five years, which consists of U.S.$1.25 billion contributions from each of Kuwait, Qatar, Saudi Arabia and the UUAE. As at May 2020, Kuwait, Saudi Arabia and the UAE have made their contributions and this U.S.$3.75 billion has been invested in various capital investment projects in the following sectors: infrastructure, transport, health, education and higher education, renewable energy, water and local development. Jordan has benefited from GCC funds since 1975, and has received concessional financing totalling approximately U.S.$1.2 billion for a large number of development projects. In June 2018, at the Mecca Summit in Saudi Arabia, the UAE and Kuwait committed a U.S.$2.66 billion support package to Jordan .

International Organisations

Jordan is a member of the United Nations and several of its specialised and related agencies, including the World Trade Organization (since 2000), the World Meteorological Organization, the Food and Agriculture Organization, the International Atomic Energy Agency, the International Civil Aviation Organization and the World Health Organization.

Jordan also joined the World Bank and the International Monetary Fund (the "**IMF**") in 1952, the EBRD in 2011, the Asian Infrastructure Investment Bank (the "**AIIB**") in 2015, the World Customs Organization, the Group of 77, the International Chamber of Commerce and the Non-aligned Movement. In addition, Jordan is a member of a number of regional institutions, including the AIIB, the AMF, the Arab Fund for Economic and Social Development, the Arab League, the Organisation of Islamic Cooperation and the Greater Arab Free Trade Area.

Between January 2014 and January 2016, Jordan served a two-year term as a non-permanent member on the UN Security Council.

In August 2016, the Executive Board of the IMF approved a three-year U.S.$723 million extended fund facility ("**EFF**") for Jordan, of which U.S.$313.8 million was disbursed. The latest consultation by the IMF was concluded in 2020, approving a 48-month extended arrangement under the EFF for a further U.S.$1.3 billion.

Economic Overview

The following table sets out the principal economic indicators for Jordan as at the end of, or for, the periods indicated.

Principal Economic Indicators

	2016	2017	2018	2019	2020
Population	9.798	10.053	10.309	10.554	10.806
Unemployment rate *(%)*	15.3	18.3[(1)]	18.6[(1)]	19.1[(1)]	23.2[(1)]
GDP at current market prices *(JD million)*	28,323.7	29,400.4	30,481.8	31,597.1	31,025.3
Growth rate of GDP at constant market prices *(%)*	2.0	2.1	1.9	2.0	(1.6)
GNP at current market prices *(JD million)*	28,106.7	29,253.7	30,340.0	31,602.4	30,932.7
Change in Consumer Price Index *(%)*	(0.8)	3.3	4.5	0.8	0.3
Current account balance *(JD million)*	(2,734.8)	(3,118.9)	(2,103.6)	(672.0)	(2473.0)
Net trade balance *(JD million)*	(6,807.3)	(7,593.2)	(7,314.5)	(6,201.9)	(5,103.7)
Net foreign direct investment *(JD million)*	(1,100.3)	(1,436.4)	(683.4)	(487.3)	(496.7)
Total revenues and grants *(JD million)*	7,069.6	7,425.3	7,839.6	7,754.3	7,028.9
Foreign grants *(JD million)*	836.0	707.9	894.7	788.4	790.9
Total expenditure *(JD million)*	7,948.2	8,173.2	8,567.3	8,812.7	9,211.3

Government budget deficit					
Including foreign grants (*JD million*)	(878.6)	(747.9)	(727.6)	(1,058.4)	(2,182.4)
as % of GDP (including grants)	(3.1)	(2.5)	(2.4)	(3.3)	(7.0)

Notes:

(1) The methodology of the labour force survey has been modified since the first quarter of 2017.

Gross Domestic Product

The following table highlights the changes in Gross Domestic Product ("**GDP**") for Jordan at current and constant market prices and their respective growth rates for the periods indicated: [1] [2]

	2017	**2018**	**2019**	**2020**
GDP at current market prices *(JD millions)*	29,400.4	30,481.8	31,597.1	31,025.3
GDP at current market prices *(% change)*	3.8	3.7	3.7	(1.8)
GDP at constant market prices *(JD millions)*	28,418.4	28,969.8	29,538.9	29,584.3
GDP at constant market prices *(% change)*	2.1	1.9	2.0	(1.6)
GDP *per capita* at current market prices *(JD)*	2,925.0	2,957.0	2,994.0	2,871.0
GDP *per capita* at current market prices *(% change)*	1.2	1.1	1.3	(4.1)
GDP *per capita* at constant market prices *(JD)*	2,876.0	2,859.0	2,847.0	2,738.0
GDP *per capita* at current market prices *(% change)*	(0.5)	(0.6)	(0.4)	(3.8)

Notes:

(1) Base year is 2016.

(2) Certain figures in this table have been revised and may differ from previously published data.

Between 2015 and 2019, the Jordanian economy experienced consistent, albeit plateauing, growth levels, with the growth rate of GDP at constant market prices reaching 2.6 per cent. in 2015, 2.1 per cent. in 2016, 2.1 per cent. in 2017, 1.9 per cent. in 2018 and 2.0 per cent. in 2019. The improvement in the growth rate of GDP in 2017, as compared to 2016, was primarily due to increases in the contribution of mining and quarrying, agriculture, wholesale and retail trade, as well as, to a lesser extent, manufacturing and electricity and water. GDP growth slowed from 2018 to 2019 following continued regional and global developments, including the political unrest in certain neighbouring Arab countries and the influx of Syrian and Iraqi refugees.

The COVID-19 pandemic, however, resulted in real GDP *per capita* contracting sharply by 3.80 per cent. to reach JD 2,738.0 at constant market prices by the end of 2020. Furthermore, the overall fiscal deficit (including foreign grants) of the general budget increased by 3.7 per cent. to 7.0 per cent. of GDP, as compared to 3.3 per cent. of GDP in 2019.

Principal Sectors of the Economy

The Jordanian economy is mainly geared toward service industries, with the services sectors divided into: (i) trade, restaurants and hotels; (ii) transport and communications; (iii) finance, insurance, real estate and business services; (iv) social and personal services; (v) producers of government services; (vi) producers of private non-profit household services; and (vi) domestic household services, historically contributing approximately two thirds of GDP. The remainder is contributed by production sectors divided into: (i) agriculture (including hunting, forestry and fishing); (ii) mining and quarrying; (iii) manufacturing; (iv) electricity and water; and (v) construction. Foreign direct investment plays an important role in creating employment and raising standards of living in Jordan, as well as financing Jordan's current account deficit and building up foreign currency reserves, which are important to the maintenance of the Government's fixed exchange rate policy.

The production sectors of the Jordanian economy contributed JD 10,327.8 million to GDP at current basic prices in 2019, or 37.3 per cent. of total GDP at current basic prices. In 2018, the production sectors contributed JD 9,957.8 million to GDP, or 37.3 per cent. of total GDP at current basic prices. Moreover, despite the COVID-19 pandemic, the agriculture sector grew by 1.6 per cent. and maintained its contribution to the overall GDP growth rate. The industrial sector, however experienced a decline in its performance over the course of 2020, contracting by 2.3 per cent. (as opposed to a growth of 1.6 per cent. in 2019) and seeing its importance to GDP decreasing by 0.2 per cent. (against 2019) to reach 22.2 per cent. This can be attributed to the decline in performance of the manufacturing and mining and quarrying sectors over 2020, with the number of new, registered manufacturing companies decreasing by 20.3 per cent. and exports of potash reducing by 9.2 per cent. (compared to a growth rate of 9.0 per cent. in 2019).

The following table sets forth the composition of Jordan's GDP and gross national product ("**GNP**") at current prices by economic activity for the periods indicated.

Growth Rates of Economic Sectors at Constant Market Prices(1)(2)

	2017	2018	2019	2020
		(JD millions)		
Agriculture	4.8	3.2	2.6	1.6
Mining and quarrying	13.0	0.5	5.5	0.8
Manufacturing	1.0	1.4	1.2	(2.7)
Electricity and water	2.5	2.2	1.8	(1.4)
Construction	(1.1)	(0.3)	(0.4)	(3.8)
Total production sectors	2.2	1.5	1.6	(1.8)
Trade, restaurants and hotels	1.5	1.3	1.0	(3.2)
Transport and communications	2.7	3.2	3.2	(5.2)
Finance, insurance, real estate and business services	3.0	2.9	2.9	1.5
Social and personal services	3.8	3.8	3.3	(3.3)
Producers of government services	0.9	1.1	2.1	1.1
Producers of private non-profit services to households	3.8	2.7	2.6	(2.3)
Producers of domestic services of households	0.1	0.1	0.1	0.1
Net taxes on products	**2.2**	**2.3**	**2.4**	**(1.2)**
GDP at constant market prices	**2.2**	**2.0**	**2.2**	**(1.4)**

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Base year is 2016.

Services Sector

In 2019, the services sector accounted for 62.7 per cent. of GDP at current basic prices and grew at a nominal rate of 4.1 per cent., as compared to 3.9 per cent. in 2018. In 2020, while the financial and insurance services sector's contribution to the GDP growth rate at constant basic prices decreased by 0.1 per cent. against 2019, its relative importance to the GDP increased to 8.5 per cent. (a rise of 0.2 per cent. from the previous year). In 2015, the services sector grew at a nominal rate of 5.0 per cent., as compared to 6.7 per cent. in 2014.

Informal Economy

Jordan has a significant informal economy in terms of the production of both goods and services and is a significant source of employment. According to figures published by the IMF, the informal economy represents approximately 26 per cent. of GDP and may have increased in both size and as a percentage of GDP in recent years as a result of the arrival of large numbers of Syrian refugees, in particular, in the agriculture, construction, food services, retail trade and home-based production sectors.

Employment and Labour

As at 31 December 2020, according to statistics published by the DoS, the portion of the population between the ages of 15 and 64 was estimated at approximately 62.0 per cent.

In 2019, approximately 1.7 per cent. of Jordan's labour force worked in the agricultural sector, 81.9 per cent. in services and 10.1 per cent. in industry. The labour force consisted of 1.701 million people as at 31 December 2019, as compared to 1.734 million people as at 31 December 2018. By comparison, in 2020 the population of Jordan increased to 10.8 million, with 1.7 million participating in the labour force. Consequently, the economic participation rate for 2020 was 23.0 per cent. (compared to 23.5 per cent. in 2019), a decrease that can be primarily attributed to the impact of the COVID-19 pandemic.

Workers in any trade may organise themselves in a trade union under Jordanian law. In some professional services, membership of a trade union is mandatory.

The following table sets forth the rates of unemployment for Jordanian workers, aged 15 and over, for the years indicated.

Unemployment Rates[1]

	2016	2017	2018	2019	2020
			(%)		
Female	24.1	31.2	26.8	27.0	30.7
Male	13.3	14.7	16.5	17.1	21.2
Total	**15.3**	**18.3**	**18.6**	**19.1**	**23.2**

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

In 2020, the unemployment rate for Jordanians was 23.2 per cent. following the COVID-19 pandemic, with the highest unemployment rate being recorded amongst those aged between 15 and 19 years old (55.6 per cent.). Correspondingly, the unemployment rates for males and females were 21.2 per cent. and 30.7 per cent., respectively. Prior to 2020, Jordan 2025 had established a number of initiatives to combat unemployment in Jordan, including, among others, improving training and employment programmes, developing vocational guidance and employment services initiatives and introducing initiatives to ensure that foreign workers complement rather than replace Jordanian labour. Notwithstanding the COVID-19 pandemic, Jordan 2025 aims to reduce the unemployment rate to between 8.0 per cent. and 9.2 per cent. by 2025.

Foreign Assistance

Jordan is reliant on foreign assistance in the form of budget support and aid to finance development projects. Such support has been crucial in assisting Jordan to continue its development and reform agenda as well as tackling the impact of regional crises, including the Syrian refugee influx and the interruption of the gas supply from Egypt. The bulk of foreign aid committed in recent years was extended in the form budget support (whether budget support grants or loans) in addition to support extended to implement priority development projects across key sectors and to the successive Jordan Response Plans.

Committed foreign assistance was JD 2.8 billion and JD 3.0 billion in 2018 and 2019, respectively, while the total foreign assistance sent to Jordan in the first quarter of 2021 reached approximately U.S.$ 155.3 million. This includes committed budget support grants and loans, grant and loan funded development projects (in the sectors of water and wastewater, education, health, municipal services, agriculture, employment, among others) as well as grants extended to support priorities under the Jordan Response Plans (including its three pillars; Refugees, Resilience and Budget Support). At least 70 per cent. of committed aid in 2018 and 2019 was been extended in the form of budget support or sector budget support.

The Government's budget is dependent on foreign grants. Foreign grants amounted to JD 707.8 million in 2017 (approximately 9.5 per cent. of total public revenues), JD 894.7 million in 2018 (approximately 11.4 per cent. of total public revenues) and to reach JD 788.4 million in 2019 (approximately 10.3 per cent. of total public revenues). In 2020, foreign grants increased by 0.3 per cent. (or JD 2.5 million) to a total of JD 790.9 million. Foreign grants (under the General Budget Law) are extended principally by the following partners: the United States and the EU, which each contributing JD 599.2 million, and JD 49.9 million in 2020 respectively.

Moreover, a number of donors have been providing budgetary support loans mainly in the form of development policy loans or sector policy loans, including the World Bank, the AFD, the European Union, Germany, and Japan. Jordan has also benefited from the Global Concessional Financing Facility (managed by the World Bank) in grant amount of U.S.$595.19 million blended with the International Bank for Reconstruction and Development, EBRD and Islamic Development Bank loans of U.S.$1.55 billion.

Jordan has benefited from various assistance from the World Bank since 1961, when it received its first International Development Association credit. The World Bank's principal support to Jordan is granted through the World Bank's Country Partnership Strategy for Jordan. In July 2016, the World Bank approved its Country Partnership Strategy for Jordan for the period 2017-2022. A total of U.S.$1.4 billion of funding was available over the six years of the strategy, with the first portion, U.S.$300 million in concessional rate loans, supported by the World Bank, disbursed in October 2016. As at 31 December 2016, the World Bank's portfolio in Jordan included 13 active projects valued at U.S.$681.5 million in loans and grants, comprising municipal services, education, energy, environment, public sector governance, public administration, social services, access to finance and the private sector. Furthermore, in June 2020 the World Bank approved a U.S.$100 million project to support Jordan's efforts to address education challenges arising from the COVID-19 pandemic, which represents additional financing to the U.S.$200 million Education Reform Support Programme approved in December 2017.

Jordan's principal source of foreign assistance is the United States. The United States has committed grants over the period 2018-2022 in an aggregate amount of U.S.$1.275 billion, as economic and military aid to Jordan on an annual basis, of which at least U.S.$950 million will be extended as economic aid. The United States made additional grants of U.S.$250 million and U.S.$300 million above committed levels in 2018 and 2019, respectively.

The United States (acting through the United States Agency for International Development ("**USAID**")) has also, through the years, entered into various grant agreements with Jordan to increase trade and investment, improve social sector quality, health and education services and assist Jordanian economic development. USAID is Jordan's main development partner (donor) with an active portfolio of around U.S.$1.5 billion across a number of priority sectors excluding its annual cash transfer programme. Such development assistance includes programmes in education, water, economic development, energy, democracy, rights and governance, health, gender equality and female empowerment. Acting through USAID, the United States has also provided Jordan with U.S.$3.75 billion in loan guarantees, allowing Jordan to access less expensive financing from the international capital markets. In 2020, the United States provided Jordan with a further U.S.$8 million in financial assistance to help Jordan cope with the COVID-19 pandemic.

Other key partners include: Germany, which committed grants, loans (including the development policy loans) and technical assistance totalling €462.12 million in 2018 and €729.4 million in 2019; the EU, which committed grants of €245.5 million in 2018 and 2019; Japan, which committed U.S.$335.5 million in 2018-2019, of which U.S.$300 million was a development policy loan; the GCC, which has committed grants totalling U.S.$5.0 billion, of which U.S.$3.75 billion has been disbursed by Saudi Arabia, Kuwait and the UAE. This is in addition to the committed support package approved at the June 2018 Mecca Summit of U.S.$2.66 billion in the form of budget support grants, concessional loans, guarantees, and deposits at the Central Bank of Jordan.

BANKING INDUSTRY AND REGULATION IN JORDAN

*Unless otherwise indicated, information in this section has been derived from Central Bank of Jordan (the "**CBJ**") and DoS publications, the CBJ annual reports and CBJ and DoS websites.*

Jordanian Banking Sector

As at the date of this Prospectus, the Jordanian banking sector consisted of 23 banks, comprising 19 commercial banks (6 of which are foreign banks) and four Islamic banks (one of which is a foreign bank). All these banks are supervised by the CBJ under relevant laws, bylaws, regulations and circulars (e.g., CBJ Law No. 23 of 1971 and its amendments, Banking Law No. 28 of 2000 and its amendments).

The CBJ was established in 1964 as an independent monetary authority with autonomous corporate identity. The CBJ is responsible for setting the rules and regulations for the banking sector, including ensuring banks and financial institutions threat their customers in a fair and transparent manner, in addition to raising the public awareness of banking and financial activities.

The holdings of non-Jordanians in the share capital of Jordanian licensed banks was approximately 51.7% per cent. as at 30 November 2021, as compared to 59.6 per cent. as at the end of 2019. This proportion of foreign ownership, which is high compared to elsewhere in the region, is due to the absence of any restrictions on foreign ownership. Although foreign shareholdings declined in 2010 and 2011, they have increased since then, reflecting the increased confidence of investors in the banking system in particular, and the Jordanian economy in general.

During 2020, despite some negative impact of the COVID-19 pandemic, the Jordanian banking sector remained resilient in part due to the sector's response to the decisions and measures taken by the CBJ, and bank assets grew by 6.3 per cent. to approximately JD 57.0 billion as at 31 December 2020, as compared to approximately JD 53.6 billion as at 31 December 2019. Deposits also grew by 4.2 per cent. to approximately JD 36.8 billion as at 31 December 2020 compared to approximately JD 35.3 billion as at 31 December 2019, and credit facilities increased by 5.7 per cent. to approximately JD 28.6 billion as at 31 December 2020 compared to approximately JD 27.1 billion as at 31 December 2019.

The following table sets forth the aggregate financial position of licenced banks in Jordan as at the dates indicated.

Assets and liabilities of licenced banks[1]

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(JD millions)		
Cash in vaults (in foreign currencies)	174.5	201.6	241.7	207.2	283.8
Balances with foreign banks	3,934.9	4,064.8	3,836.7	3,816.8	4,494.1
Portfolio (non-resident)	716.9	757.2	740.5	802.3	801.2
Credit facilities to private sector (non-resident)	479.8	500.2	655.3	674.4	612.8
Other foreign assets	138.5	137.9	77.7	81.6	111.1
Total foreign assets	**5,444.6**	**5,661.7**	**5,551.9**	**5,582.3**	**6,303.0**
Claims on the public sector	11,086.2	10,292.6	11,180.8	12,247.8	12,874.8
Claims on central government	10,540.9	9,652.5	10,383.9	11,446.8	12,008.9
Claims on public entities[2]	545.3	640.0	796.9	801.0	865.9
Claims on private sector (resident)	20,567.4	22,502.9	23,686.8	24,742.8	26,238.4
Claims on financial institutions	182.8	302.9	371.4	399.9	592.8
Cash in vaults and Deposits with the CBJ	6,768.0	6,690.6	5,906.0	6,405.3	6,857.2
Other assets	4,334.5	3,651.8	4,220.9	4,263.9	4,171.8
Total domestic assets	**42,938.9**	**43,440.8**	**45,365.9**	**48,059.7**	**50,735.0**
Total assets	**48,383.5**	**49,102.5**	**50,917.8**	**53,642.0**	**57,038.0**
Capital, reserves and provisions	7,261.2	7,564.2	7,865.8	8,263.2	8,715.2
Foreign liabilities	6,430.7	6,799.1	7,334.9	8,049.7	9,539.6
Central government deposits[3]	1,130.2	955.9	946.8	912.5	944.9
Public entities deposits[2] [3]	1,339.9	1,380.3	1,724.4	1,665.5	1,805.2
Private sector deposits (resident)[3]	26,952.9	26,916.3	26,944.5	28,292.1	28,851.2
Financial institutions deposits[3]	385.5	309.5	390.2	379.1	411.3
Credit from the CBJ	499.3	527.4	753.8	914.1	1,622.9

Other liabilities	4,383.8	4,649.8	4,957.4	5,165.5	5,147.7
Total liabilities	**48,383.5**	**49,102.5**	**50,917.8**	**53,642.0**	**57,038.0**

Note:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Includes public non-financial institutions, the Social Security Corporation, municipalities and local councils.

(3) Deposits include demand deposits, saving deposits and time deposits in both Jordanian Dinar and foreign currencies.

Banks carried out their activities through a composite network of 871 branches and 70 representative offices (as at 31 December 2020). The ratio of the Jordanian population to the total number of branches was approximately 12,400 people per branch as at 31 December 2020. The Social Security Corporation participates in the ownership of several Jordanian banks.

Banks licenced in Jordan have fully-provisioned their investment in countries experiencing conflicts, including Syria and Iraq.

Islamic Banking

Islamic banking has been carried on in Jordan for over four decades, and there are currently four Islamic banks (one of which is foreign). Islamic banking has played an important role in financing and contributing to economic and social sectors in the country, in compliance with the principles of *Shari'a* rules and Islamic banking practices.

The Islamic banking sector in Jordan has grown in recent years and, as at 31 December 2019, accounted for 17.4 per cent. of total banking sector assets, 20.9 per cent. of total deposits and 24.2 per cent. of total credit facilities.

Foreign Banks

As at the date of this Prospectus, seven branches of foreign banks operate in Jordan, including one branch of a foreign Islamic bank. These foreign banks compete for the same business as local banks but operate under certain restrictions. The lending limits of foreign banks are based on their local capital base, but such foreign banks have traditionally obtained guarantees from their head offices when credits exceed their legal lending limits.

The following table sets forth data in relation to the indicators of a bank's soundness in Jordan as at the dates indicated.

Indicators of Bank Soundness

	As at 31 December			
	2016	**2017**	**2018**	**2019**(1)
	(%, unless otherwise indicated)			
Risk-weighted capital adequacy ratio	18.5	17.8	16.9	18.3
Non-performing loans (in *millions of JD*)	968.7	1,019.4	1,236.0	1,299.0
Non-performing loans *(as a % of total loans)*	4.3	4.2	4.9	5.0
Provisions *(as % of classified loans)*	77.9	75.4	79.3	70.0
Liquidity ratio	137.8	130.1	131.0	133.8
Return on assets	1.1	1.2	1.2	1.2
Return on equity	8.9	9.1	9.6	9.4

Notes:

(1) Computed in accordance with Basel III.

Non-Performing Loans

Non-performing loans amounted to JD 1,299.0 million as at 31 December 2019, as compared to JD 1,236.1 million as at 31 December 2019, an increase of JD 62.9 million, or 5.1 per cent. The ratio of non-performing loans to total debt was 5.0 per cent. as at 31 December 2019, as compared to 4.9 per cent. as at 31 December 2018. Despite the high ratio of non-performing loans, the provisions coverage ratio has also improved, helping reduce the risk of such loans on the banks, from 79.3 per cent. as at 31 December 2018 to 70.1 per cent. as at 31 December 2019. Non-performing loans have also increased due to the impact of the COVID-19 pandemic.

Structure of credit facilities and deposits

The following table sets out the distribution of licensed banks credit facilities as at 31 December 2016 to 31 December 2020.

Credit facilities extended by licenced banks, by borrower and economic activity

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(JD millions)		
Type of Borrower					
Central Government	2,154.9	2,114.8	1,994.7	1,878.0	1,804.1
Public entities	358.2	357.6	429.0	501.3	566.0
Financial institutions	11.6	17.0	21.5	29.9	129.7
Private sector (resident)	19,901.4	21,747.1	23,011.3	23,998.6	25,526.5
Private Sector (non-resident)	479.7	500.3	655.3	674.4	612.8
Total	**22,905.8**	**24,736.8**	**26,111.8**	**27,082.2**	**28,639.1**
Economic Activity					
Agriculture	304.5	337.3	336.7	336.5	416.8
Mining	288.4	255.2	355.7	296.4	236.6
Industry	2,203.4	2,724.2	3,064.3	3,353.6	3,525.4
General trade	4,075.5	4,230.9	4,470.6	4,231.1	4,524.3
Construction	5,827.7	6,601.0	6,830.9	6,975.4	7,261.5
Transportation services	355.8	354.3	328.9	343.1	385.6
Tourism, hotels and restaurants	597.7	619.7	592.1	638.0	735.6
Public services and utilities	3,296.2	3,707.2	3,852.9	4,269.0	4,360.9
Financial services	577.2	632.5	768.2	634.8	655.7
Other	5,379.4	5,274.5	5,511.5	6,004.3	6,536.7
Of which, buying shares	*168.6*	*158.0*	*152.1*	*212.2*	*268.7*
Total	**22,905.8**	**24,736.8**	**26,111.8**	**27,082.2**	**28,639.1**
Of which, in foreign currencies	*2,719.2*	*2,595.4*	*2,931.5*	*3,265.6*	*3,496.8*

As a result of CBJ measures adopted to contain the effects of the COVID-19 pandemic, the outstanding balance of credit facilities extended by licensed banks maintained its positive growth in 2020, which increased by 5.7 per cent. (JD 1,556.9 million) to JD 28.6 billion, as compared to JD 27.1 billion at the end of 2019. The majority of credit facilities were extended to the private sector (resident), representing 89.1 per cent. of the total credit facilities extended by the banks, while the public sector accounted for 8.3 per cent. of such credit facilities. Of all credit facilities extended, 12.2 per cent. were credit facilities in foreign currencies, which remained at approximately the same level compared to 2019. Credit facilities extended to the construction, other (being facilities extended to individuals for consumption purposes) and general trade sectors accounted for the greatest proportions of credit facilities, representing 25.4 per cent., 22.8 per cent. and 15.8 per cent., respectively, as at 31 December 2020.

The following table sets out the breakdown of licensed bank deposits as at 31 December 2016 to 31 December 2020.

Deposits Structure[1]

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(JD millions)		
Public sector	**2,470.2**	**2,336.2**	**2,671.2**	**2,578.0**	**2.750.2**
Demand deposits	461.9	251.5	307.7	286.8	334.3
In Jordanian Dinars	*419.1*	*231.9*	*274.2*	*272.9*	*322.2*
In foreign currencies	*42.8*	*19.6*	*33.5*	*13.9*	*12.1*
Saving deposits	2.8	18.9	3.1	4.5	4.9
In Jordanian Dinars	*2.7*	*18.9*	*2.8*	*4.5*	*4.9*
In foreign currencies	*0.1*	*0.0*	*0.3*	*0.0*	*0.0*
Time deposits	2,005.5	2,065.8	2,360.4	2,286.7	2.411.0
In Jordanian Dinars	*1,895.5*	*1,943.0*	*2,228.9*	*2,195.4*	*2.320.1*
In foreign currencies	*110.0*	*122.8*	*131.5*	*91.3*	*90.9*
Private sector (resident)	**26,952.9**	**26,916.3**	**26,944.5**	**28,292.1**	**28,851.1**
Demand deposits	8,647.7	8,261.8	7,716.3	7,960.9	8,673.0

In Jordanian Dinars	*5,894.1*	*5,619.0*	*5,172.6*	*5,560.7*	*5,959.4*
In foreign currencies	*2,753.6*	*2,642.8*	*2,543.7*	*2,400.2*	*2,713.6*
Saving deposits	4,725.2	5,116.9	5,041.8	5,166.1	5,426.8
In Jordanian Dinars	*3,758.6*	*4,071.5*	*3,970.6*	*4,077.6*	*4,283.5*
In foreign currencies	*966.6*	*1,045.4*	*1,071.2*	*1,088.5*	*1,143.3*
Time deposits	13,580.0	13,537.6	14,186.4	15,165.1	14,751.3
In Jordanian Dinars	*11,920.2*	*11,567.7*	*11,703.2*	*12,492.2*	*12,465.7*
In foreign currencies	*1,659.8*	*1,969.9*	*2,483.2*	*2,672.9*	*2,285.6*
Private sector (non-resident)	**3,091.4**	**3,635.6**	**3,842.3**	**4,056.1**	**4,776.5**
Demand deposits	1,135.6	1,255.7	1,229.2	1,180.4	1,430.2
In Jordanian Dinars	*392.5*	*445.6*	*399.2*	*414.8*	*465.7*
In foreign currencies	*743.1*	*810.1*	*830.0*	*765.6*	*964.5*
Saving deposits	488.8	603.3	625.4	663.1	793.4
In Jordanian Dinars	*235.1*	*257.8*	*278.0*	*316.5*	*389.0*
In foreign currencies	*253.7*	*345.5*	*347.4*	*346.6*	*404.4*
Time deposits	1,467.0	1,776.6	1,987.7	2,212.6	2,552.9
In Jordanian Dinars	*1,087.2*	*1,194.0*	*1,275.0*	*1,425.0*	*1,647.2*
In foreign currencies	*380.8*	*582.6*	*712.7*	*787.6*	*905.7*
Non-banking financial institutions	**385.5**	**309.6**	**390.1**	**379.1**	**411.3**
Demand deposits	67.4	64.2	110.9	69.5	70.9
In Jordanian Dinars	*53.7*	*53.0*	*86.6*	*43.3*	*43.3*
In foreign currencies	*13.7*	*11.2*	*24.3*	*26.2*	*27.6*
Saving deposits	1.3	0.2	1.2	1.3	1.8
In Jordanian Dinars	*0.5*	*0.2*	*1.0*	*1.1*	*1.6*
In foreign currencies	*0.8*	*0.0*	*0.2*	*0.2*	*0.2*
Time deposits	316.8	245.2	278.0	308.3	338.6
In Jordanian Dinars	*310.0*	*239.6*	*275.5*	*303.3*	*331.3*
In foreign currencies	*6.8*	*5.6*	*2.5*	*5.0*	*7.3*
Total deposits	**32,900.0**	**33,197.7**	**33,848.1**	**35,305.3**	**36,789.1**

Notes:

(1) For the exchange rates used to calculate the Jordanian Dinar equivalent of foreign currency-denominated deposits, see "- *Foreign Exchange Rates*".

The balance of total deposits witnessed a recovery after being affected by the uncertainty from the COVID-19 pandemic and the lockdown between March and May 2020. Deposits reduced by JD 830.5 million between March and May 2020, followed by an increase of JD 1,941.7 million between June and December 2020. Following this recovery, the total deposits balance amounted to JD 36.8 billion, with a 4.2 per cent. (JD 1,483.8 million) increase as compared to the end of 2019. Of the total deposits, the private sector (resident) accounted for 78.4 per cent. of total deposits as at 31 December 2020, while private sector (non-resident) deposits, public sector deposits and non-banking financial institutions deposits accounted for 13.0 per cent., 7.5 per cent. and 1.1 per cent. of total deposits respectively. Amongst all deposits, time deposits accounted for 54.5 per cent. of the total deposits, followed by demand deposits (28.6 per cent.) and finally saving deposits (16.9 per cent.), and 76.7 per cent. of such deposits were in Jordanian Dinar, with 23.3 per cent. in foreign currencies.

Central Bank of Jordan

The CBJ commenced operations on 1 October 1964 following the enactment of the Law of the Central Bank of Jordan in 1959, which was subsequently repealed and replaced by the Law of the Central Bank of 1971 (the "**CBJ Law**"). The CBJ is an autonomous public legal entity governed by the CBJ Law, which outlines the CBJ's authority and responsibilities. The CBJ is the issuer of all Jordanian currency. It is responsible for formulating and implementing monetary, credit and banking policy, maintaining monetary and price stability, managing Jordan's gold and foreign reserves and regulating and supervising the Jordanian banking sector (in accordance with applied international standards).

Although it is state-owned, the CBJ has the status of an autonomous corporate body. The CBJ is managed by a governor and two deputies, who are each appointed by the Prime Minister for a five-year term, subject to renewal, and a board of directors, which includes the governor, the two deputies and six other members (who are appointed by the Prime Minister for three-year terms, subject to renewal). The current governor's term expires in January 2022.

Amendments to the CBJ Law were approved by the National Assembly in May 2016 and became effective on 16 June 2016. These amendments are intended to increase transparency and align the CBJ's autonomy and oversight functions with international best practice. The amendments aim to:

- enhance the CBJ's ability to maintain financial stability through the expansion of its monitoring and supervisory role in respect of financial institutions or institutions that provide payment services or electronic currency or electronic transfers and the regulation and development of payment, settlement and clearing systems;

- enhance the CBJ's policy autonomy through the removal of provisions in the CBJ Law that may conflict with such autonomy;

- enhance the financial autonomy of the CBJ through the removal of provisions in the CBJ Law relating to direct Government financing by the CBJ and the CBJ activity as the "lender of last resort" for the Government in emergency circumstances;

- restructure the CBJ's board of directors to promote the independence of the chairman and the other members of the board and to increase their responsibilities and authorities;

- provide the CBJ with the necessary tools to oversee the operations of Islamic banks in Jordan; and

- reform the penalties and measures that may be imposed or taken by the CBJ in respect of banks and institutions under its supervision.

Monetary Policy

The growth and success of the Jordanian banking sector serves as a key driver for the economic development of Jordan, as a whole. The CBJ has historically sought to maintain monetary and banking stability by controlling inflation rates and stabilising the foreign exchange rate.

The CBJ monitors domestic, regional and global economic and political developments with the aim of safeguarding macroeconomic stability and ensuring high reserve buffers. The monetary policy implemented by the CBJ is aimed at maintaining the inflation rates within acceptable levels.

In 2012, the CBJ introduced a new operating framework aimed at increasing the effectiveness of its monetary policy. As part of this new framework, the CBJ introduced a weekly repurchase facility, which aims to improve the distribution of excess reserves in order to reduce the volatility of interest rates in the interbank market and to provide higher flexibility to commercial banks in managing their liquidity needs. The CBJ also commenced open market operations acting as a buyer and seller of treasury securities and Government-guaranteed securities for the purpose of injecting or absorbing liquidity in the markets, as needed, rather than conducting currency swaps with commercial banks.

In February 2015, the CBJ further revised its monetary policy operational framework and introduced a key interest rate, the "**CBJ main rate**" to be the benchmark rate by which other policy rates will be determined. The CBJ main rate represents the weekly repurchase agreements, and was initially set at a rate of 2.75 per cent. In July 2015, the CBJ lowered the interest rates on monetary tools by 25 basis points to 2.5 per cent., with the aim of stimulating credit and reducing its cost, in addition to encouraging consumption and investment. During the period from December 2016 to December 2018, the CBJ raised the overnight deposit window rate nine times by a total of 250 basis points, and raised the interest rates on other instruments eight times by a total of 225 basis points, in order to maintain the competitiveness of the Jordanian Dinar and preserve monetary and financial stability.

During 2019, the CBJ cut interest rates on all monetary policy instruments three times by a total of 75 basis points in response to the recent trends of the interest rates in the regional and international markets, and the positive outcomes of the Jordanian balance of payments, particularly national exports, tourism receipts and the continuous flows of workers' remittances, which contributed positively to foreign reserves. The decision aimed to catalyse the growth of credit granted to various economic sectors and promote domestic spending, both consumption and investment, which should positively affect the rate of economic growth.

On 5 March 2020, the CBJ cut interest rates twice, by 50 basis points, on all its monetary policy rates, and on 17 March 2020, by 75 basis points on the overnight deposit window rate and by 100 basis points on other instruments. These decisions came in response to the recent trend of interest rate cuts in the regional and international market, and as a response to the COVID-19 pandemic. The CBJ main rate has been 2.50 per cent. since 17 March 2020.

The CBJ also issued certificates of deposit in Jordanian Dinar with different volumes and various maturities, to assist banks' liquidity and encourage economic growth through lending operations. As a result of the COVID-19 pandemic, the CBJ has suspended its issuance of certificates of deposit since March 2020.

As at 31 December 2020, foreign assets held at the CBJ were JD 12,791.3 million, an increase of JD 1,104.9 million, or 9.5 per cent. as compared to 31 December 2019. This increase was primarily due to a JD 1,129.1 million, or 73.8 per cent. increase in gold and Special Drawing Rights ("**SDRs**") held by the CBJ, as well as a JD 697.5 million, or 11.9 per cent., increase in cash, balances and deposits held by the CBJ.

Domestic liquidity amounted to JD 37,011.9 million as at 31 December 2020, as compared to JD 34,969.7 million as at 31 December 2019, and total deposits at licensed banks amounted to JD 36,789.1 million as at 31 December 2020, as compared to JD 35,305.3 million at 31 December 2019. The outstanding balance of credit facilities extended by licensed banks amounted to JD 28,639.1 million, as at 31 December 2020, as compared to JD 27,082.2 million as at 31 December 2019.

A key function of the CBJ is maintaining the robustness of the Jordanian Dinar and keeping reserves at an adequate level. The CBJ also monitors the risk premium, dollarisation, core inflation and the effectiveness of monetary policy transmission mechanisms.

The following table sets forth the financial position of the CBJ as at the dates indicated.

Assets and liabilities of the Central Bank of Jordan

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(JD millions)		
Gold and SDRs[1]	1,146.3	1,516.8	1,324.9	1,530.7	2.659.8
Cash, balances and deposits	4,851.3	4,889.7	5,429.4	5,876.5	6,573.6
Bonds and treasury bills	5,020.3	4,640.4	3,580.4	3,512.3	2,791.0
Other foreign assets[2]	766.9	766.9	766.9	766.9	766.9
Total foreign assets (net)	**11,784.8**	**11,813.8**	**11,101.6**	**11,686.4**	**12,791.3**
Claims on central government	938.4	824.8	752.9	822.8	953.9
Claims on deposit-money banks	338.2	349.8	365.4	342.5	935.9
Claims on financial institutions	97.0	194.3	254.2	453.8	770.8
Claims on private sector	22.9	22.9	22.8	22.9	23.1
Other assets	271.7	162.0	404.7	381.1	550.6
Total domestic assets	**1,668.2**	**1,553.8**	**1,800.0**	**2,023.1**	**3,234.3**
Total assets	**13,453.0**	**13,367.6**	**12,901.6**	**13,709.5**	**16,025.6**
Currency issued	4,620.8	4,836.5	4,802.4	5,162.0	6,496.5
Banks' deposits	6,406.2	6,216.6	5,443.4	5,894.9	6,373.5
In Jordanian Dinar, of which:	5,668.7	5,373.5	*4,603.8*	*5,134.9*	*5,636.2*
Certificates of Deposit	*1,030.9*	*600.0*	*600.0*	*500.0*	*0*
In foreign currencies	737.5	*843.1*	*839.6*	*760.0*	*737.3*
Public entities deposits	1.4	0.5	0.3	0.2	0.2
Central government deposits	1,031.0	959.7	513.5	396.6	413.1
Financial institutions deposits	15.1	24.5	3.6	1.7	4.6
Foreign liabilities	817.7	765.7	1,514.3	1,567.4	1,506.5
Capital, reserves and provisions	293.5	325.0	368.8	380.2	468.2
Other liabilities	267.3	239.1	255.3	306.5	763.0
Total liabilities	**13,453.0**	**13,367.6**	**12,901.6**	**13,709.5**	**16,025.6**

Notes:
(1) Special Drawing Rights
(2) includes loans arising from payment agreements

Banking Supervision

The CBJ's Banking Supervisory Department monitors and supervises the Jordanian banking sector to ensure its stability and protect the rights of depositors and shareholders, thereby managing the risk and enhancing the contribution of the sector in the context of the financial system and national economy as a whole. Its remit includes the licensing of banks domestically and abroad, regulating credit and managing credit risk, monitoring and enforcing financial ratios, analysing banks' performance, implementing controls and monitoring breaches, and developing the regulatory framework.

The Banking Supervisory Department of the CBJ conducts both off-site and on-site supervision of banks in Jordan. Off-site supervisory activities include studying banks' monthly and quarterly statements, monitoring supervisory systems, and regularly reviewing banks' compliance with applicable laws and regulations. A risk-based framework for off-site supervision of banks and money exchange firms has been in place since the beginning of 2017, and there are different teams for specific areas of off-site supervision, reflecting the broad and complex nature of the mandate. The Banking Supervisory Department also conducts on-site visits to ensure compliance by, and review the quality of, the management of banks and the adequacy of internal control procedures.

In June 2017, the CBJ issued regulations regarding domestic systemically important banks, which aim to enhance the ability of such banks to maintain a sound financial position and reduce adverse side effects that may result from large domestic systemically important banks facing financial difficulty. The regulations are in line with international best practices and are part of the CBJ's implementation of the Basel framework for dealing with domestic systemically important banks. The regulations set out an objective methodology for the identification of domestic systemically important banks based on their size, interconnectedness, substitutability and complexity of their operations. The regulations set out capital surcharge requirements for domestic systematically important banks, as well as enhanced corporate governance and risk management rules.

The Banking Law No. 28 of 2000 (the "**Jordanian Banking Law**") was further amended under the Banking Law No. 7 of 2019 to reflect developments in banking supervision at a domestic, regional and international level. Changes implemented under the revised law include updated capital adequacy ratios, CBJ controls on banks' selection of auditors, measures to manage banks in financial difficulty, enhanced corporate governance, board membership, and restrictions on transfers of ownership. Other recent developments in the banking sector include the implementation of IFRS 9 in 2018, the issuance of anti-money laundering and anti-terrorism measures in 2018, the imposition of controls for the dealing of foreign exchange and precious metals in 2018, the extension of capital adequacy controls for Islamic banks in 2018, and enhanced exposure and credit controls in 2019.

The key banking sector regulations govern the following key areas:

- *Corporate Governance*: Amendments to the Jordanian Banking Law, including in respect of the role and responsibilities of the board of directors of the CBJ, as well as providing for the separation between ownership and management of banks, are aimed at strengthening the regulatory framework for corporate governance and maintaining a stable and a resilient banking sector in Jordan.

- *Capital Requirement*: The minimum requirement for paid up capital of banks is JD 100 million for domestic banks and JD 50 million for branches of foreign banks.

- *Capital Adequacy*: Under the Jordanian Banking Law, as amended, Jordanian banks must at all times maintain the minimum regulatory capital determined from time-to-time by the CBJ. The current minimum is 12 per cent. of risk-weighted assets (i.e., credit, operational and market risk).

- *Reserve Requirements*: Under the CBJ Law, the CBJ requires Jordanian banks to deposit cash reserves with the CBJ. The CBJ has discretion to determine the reserve ratio and may keep this compulsory cash reserve in a current account or as a call or time deposit, the balance of which may not be reduced by withdrawals below the prescribed percentage, unless approved by the CBJ.

- *Liquidity Requirements*: Under the Jordanian Banking Law, Jordanian banks must maintain a minimum limit set by the CBJ of total liquid assets, or specific types of such assets, as a proportion its total assets (including guarantees and securities existing in favour of the bank), or as a proportion of its total liabilities. The current minimum liquidity ratio is 100 per cent.

- *Exposure Limits*: Under the Jordanian Banking Law, the CBJ sets limits in relation to the loan to regulatory capital ratio permitted for banks to grant loans to a person and such person's related parties, as well as the ratio of total loans granted to the prime ten clients of a bank to the total amount of loans granted by that bank. The current exposure limit is 25 per cent. of the bank's regulatory capital in respect of a person and to related parties.

- *Asset Classification and Provisioning*: Under the Jordanian Banking Law, banks must adhere to the regulations of the CBJ in relation to classification and valuation of assets and the reserves to be maintained on the basis of such classification and valuation.

- *Credit and Investment Policy*: Under the Jordanian Banking Law, banks are required to have in place a written credit and investment policy that defines the criteria and terms for granting credit facilities and principles of investment. A copy of the policy and any amendments to it must be provided to the CBJ.

- *Offshore Restrictions*: Banks are generally not permitted to lend outside of Jordan.

Treatment of Financial Institutions in Difficulty

Under the Jordanian Banking Law, the CBJ is authorised to take certain steps to assist banks that are in financial difficulty to mitigate or avoid adverse consequences for the sector or the national economy. The Jordanian Banking Law gives powers to the CBJ, in certain circumstances, to take control of a bank that is in difficulty, including to:

- take over management of the distressed bank for up to 12 months;

- restructure the distressed bank's share capital;

- implement measures to manage the distressed bank's regulatory capital;

- merge the distressed bank with another bank (with the approval of the counterparty bank); and

- transfer some or all of the distressed bank's assets or liabilities to a third party entity.

If the cost of taking any such measures exceeds the liquidation value of the distressed bank, the CBJ can authorise the Jordan Deposit Insurance Corporation ("**JODIC**") to incur costs to effect such measures and to cover such costs from the proceeds of any subsequent sale or transfer of the distressed bank or its assets. JODIC was established in 2000 with the aim of promoting financial stability by protecting depositors, encouraging savings, supporting confidence in the banking system, dealing with bank failures and protecting Jordanian taxpayers. JODIC is managed by a board of directors, chaired by the Governor of the CBJ. All

Jordanian and foreign banks and branches operating in Jordan are required to be members of JODIC; a requirement that has been extended to Islamic banks since 2019. JODIC guarantees deposits of up to JD 50,000 per depositor per member bank, excluding Government deposits, interbank deposits and certain cash collateral. Member banks pay JODIC an annual premium of JD 2.5 per JD 1,000 in insured deposits, which provides the corporation with sufficient capital to meet its guarantee obligations. The JODIC Board of Directors may increase a member bank's premium up to JD 5 per JD 1,000 if the CBJ finds that the degree of risk assumed by such a bank has become unacceptable.

In April 2019, the law establishing JODIC was amended under Law No. 8 of 2019. Amendments made included extending the JODIC deposit insurance scheme to cover deposits held by Islamic banks and enhancing JODIC's ability to assist banks in financial difficulty. JODIC operates in collaboration with the CBJ to protect the banking system, which is one of the main pillars of the national economy.

For the year ended 31 December 2020, the CBJ has taken various measures to assist financial institutions in difficulty as a result of the COVID-19 pandemic, see "*Response to COVID-19*" below for more information.

Equity Participation

Under the Jordanian Banking Law, Jordanian banks are prohibited from holding more than 10 per cent. of the equity of a company whose objectives do not include holding deposits, although the CBJ does have discretion to raise this limit to 20 per cent. in certain circumstances. Jordanian banks are also limited to holding equity in other deposit-taking companies, up to a maximum of 10 per cent. of the capital of the acquirer or the target.

Inflation

Between 2016 and 2020, inflation, as measured by the Consumer Price Index, was (0.8) per cent. in 2016, 3.3 per cent. in 2017, 4.5 per cent. in 2018, 0.8 per cent. in 2019 and 0.3 per cent. in 2020. During the period from August 2019 to March 2020, the CBJ reduced the overnight deposit window rate five times by a total of 200 basis points, and the interest rates on other instruments by a total of 225 basis points. The main CBJ rate has been 2.50 per cent. since 17 March 2020.

Money Supply

During the period 2011-2016, the money supply in Jordan grew significantly, growing at an average annual rate of 7.5 per cent. for M1 and 6.4 per cent. for M2. Money supply grew by 4.8 per cent. in 2019 and by 5.8 per cent. in 2020. This was mainly due to an increase in currency in circulation from JD 4.6 billion in 2019 to JD 5.9 billion in 2020, representing an increase of 28.3 per cent. due to clients withdrawing part of their deposits in banks during the COVID-19 lockdown period and due to changing preference of clients to maintain liquid money as opposed to bank deposits.

The following table sets forth information regarding money supply in Jordan as at the dates indicated.

Money Supply

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(JD millions)		
Money supply (M1)	**10,386.9**	**10,135.2**	**9,676.3**	**10,322.8**	**12,150.3**
Change from previous year *(%)*	5.1	(2.4)	(4.5)	6.7	17.7
Currency in circulation	4,181.3	4,326.5	4,296.4	4,631.0	5,939.4
Demand deposits in Jordanian Dinar	6,205.6	5,808.7	5,379.9	5,691.8	6,210.9
Quasi-money	22,489.3	22,822.4	23,683.0	24,646.9	24,861.6
Demand deposits in foreign currencies	*2,776.9*	*2,660.8*	*2,576.7*	*2,436.1*	*2,750.1*
Time and saving deposits, of which:	*19,712.4*	*20,161.6*	*21,106.3*	*22,210.8*	*22,111.5*
In foreign currencies	*2,642.0*	*3,035.7*	*3,591.3*	*3,801.5*	*3,469.5*
Foreign assets (net)	8,845.4	9,122.6	7,368.3	7,507.4	7,562.0
CBJ	*9,831.5*	*10,260.0*	*9,151.3*	*9,974.8*	*10,798.6*
Licensed banks	*(986.1)*	*(1,137.4)*	*(1,783.0)*	*(2,467.4)*	*(3,236.6)*

Domestic assets (net)	24,030.8	23,835.0	25,991.0	27,462.3	29,449.9
Money supply (M2)	**32,876.2**	**32,957.6**	**33,359.3**	**34,969.7**	**37,011.9**
Change from previous year (%)	4.0	0.2	1.2	4.8	5.8
Net claims on public sector	10,999.1	9,989.7	10,909.4	11,905.7	12,956.8
Net claims on central government general budget	8,244.9	7,342.2	8,118.6	9,230.3	10,243.5
Net claims on central government own-budget	2,208.9	2,007.5	1,993.9	1,874.4	1,847.4
Claims on public entities	545.3	640.0	796.9	801.0	865.9
Claims on private sector (resident)	20,590.3	22,525.8	23,709.6	24,765.7	26,261.5
Claims on financial institutions	279.8	497.2	625.7	853.8	1,363.6
Other items (net)	(7,838.4)	(9,177.7)	(9,253.7)	(10,062.9)	(11,132.0)

Banks' Interest Rates

In 2020, the interest rates on all deposits – "demand", "saving" and "time", as well as on all credit facilities – "overdrafts", "loans and advances" and "discounted bills and bonds" decreased, as Jordanian banks responded to the CBJ's decision to reduce interest rates (due to the COVID-19 pandemic), regardless of any interest rate periodicity modification date specified in credit contracts with their clients.

The following table sets forth certain interest rates on credit facilities and deposits at licensed banks for the periods indicated.

Banks' Weighted Average Interest Rates on Deposits and Credit Facilities(1)

	2016	2017	2018	2019	2020
			(%)		
Deposits					
Demand deposits	0.26	0.34	0.38	0.33	0.27
Saving deposits	0.56	0.55	0.71	0.63	0.34
Time deposits	3.04	3.80	4.73	4.92	3.65
Credit facilities					
Overdrafts	7.60	8.77	8.41	8.47	7.30
Loans and advances	7.83	8.64	8.69	8.46	7.17
Discounted bills and bonds	10.42	10.23	9.64	9.55	8.51

Notes:

(1) Interest rates in this table represent weighted averages for customers at the individual bank level and for banks at the banking system level.

Response to COVID-19

During the year 2020, the CBJ adopted various monetary and precautionary measures to contain and respond to the effects of the COVID-19 pandemic. The total set of measures, valued at JD 2.5 billion (8.0 per cent. of Jordan's GDP), was aimed at providing the necessary liquidity for economic activity, enhancing the ability of economic sectors to confront the negative effects of COVID-19, and strengthening the resilience of the local economy. Such measures included the following:

CBJ intervention during the COVID-19 pandemic	Amount *(JD millions)*	Percentage of 2020 GDP
Reducing the Required Reserve Ratio ("**RRR**") from 7 per cent. to 5 per cent.	550	1.8
CBJ programme to support SMEs	500	1.6
Temporary repo agreements with banks	850	2.8
Extended loan to the Jordan Loan Guarantee Corporation ("**JLGC**")	300	1.0
Outright permanent repo agreement	254	0.8
Total	**2,545**	**8.0**

Further measures (as part of or in addition to the CBJ's existing initiatives) included the following:

Reducing interest rates for individuals and companies

In March 2020, the CBJ reduced interest rates twice, reducing by a total of 150 basis points on all other monetary policy tools and 125 basis points on the overnight deposit window rate. Jordanian banks have correspondingly also reduced the interest rates on their credit facilities extended to retail customers from May 2020.

Enhancing loanable liquidity of the banking system

The CBJ reduced the RRR for the first time since 2009, providing banks with additional liquidity of JD 550 million. The CBJ also entered into temporary repo agreements with banks through open market operations, releasing additional liquidity for banks with tenors up to one year. The CBJ also suspended certificates of deposit issuances from March 2020 (representing a balance of JD 500 million), with the aim of providing a comfortable level of liquidity in the banking sector.

Meeting financing needs of targeted economic sectors through the CBJ's JD 1.2 billion programme with banks to finance economic sectors

As part of the CBJ's refinancing programme supporting various economic sectors, the CBJ reduced the interest rates on its refinancing for projects within the Amman governorate (from 1.75 per cent. to 1.0 per cent.) and in other governorates (from 1.0 per cent. to 0.5 per cent.). The CBJ's refinancing programme was also expanded to support the export sector and to finance operating expenses (including employee salaries and recurring expenditures), and the advances ceiling was raised to JD 3 million for all economic sectors (with the ceiling maintained at JD 4 million for the renewable energy and transportation sectors).

Strengthening the resilience of SMEs, professionals, craftsmen and institutions

The CBJ launched a JD 500 million financing programme in support of SMEs, to be lent through commercial and Islamic banks at an interest rate not exceeding 2.0 per cent. Such financing is expected to be for a period of up to 42 months, including a grace period of 12 months, and is guaranteed by the JLGC at 85 per cent. of the loan value. As at 31 December 2020, this financing programme has benefited around 4,919 projects with a value of around JD 447.2 million.

The CBJ's programme also covers individuals, professionals and craftsmen, including tourist guides who are eligible to receive loans up to JD 5,000 each, with the aim of mitigating the negative impact of the COVID-19 pandemic on the tourism sector.

In March 2021, the ceiling for this programme was increased to JD 700 million from JD 500 million, with the loan maturity extended to 54 months instead of 42 months, and increasing the financing ceiling for various sectors (wholesale trade, retail trade, education and tourism services).

Protecting companies and individuals from default

In response to the COVID-19 pandemic, the CBJ have allowed banks to postpone instalments due on credit facilities extended to impacted economic sector clients, without impacting their credit scores, until the end of 2020. These measures under the CBJ circulars issued on 15 March 2020 and 12 November 2020 were further extended to the end of 2021, allowing banks to continue postponing instalments due without considering this as a restructuring of credit facilities or affecting such clients' credit rating and without the imposition of commission or delay interest. Instalments due from retail customers (including credit card payments, housing and personal loans) have also been postponed.

Supporting clients of the microfinance sector

The CBJ issued guidance to microfinance companies in April and May 2020, with the request that instalments due from loans and financings extended to their clients affected by the COVID-19 pandemic be postponed without additional interest or commission charges or effect on credit rating.

Foreign Exchange Rates

The currency of Jordan is the Jordanian Dinar. There are 1,000 fils to one dinar. In October 1995 Jordan adopted a pegged exchange rate system, whereby the Jordanian Dinar was pegged to the U.S. Dollar at 708 fils per U.S. Dollar and has remained at such peg to date. The exchange rate of the Jordanian Dinar against the other major currencies is determined according to the exchange rates of these currencies against the U.S. Dollar in the international financial markets. In the year ended 31 December 2020, the exchange rate of the Jordanian Dinar depreciated by 8.7 per cent. against the Euro, by 2.5 per cent. against the Sterling and by 4.9 per cent. against the Japanese Yen, as compared to the rates as at 31 December 2019.

The CBJ notes that the currency peg has contributed to the strengthening of confidence in the Jordanian Dinar and continues to serve the Jordanian economy. As far as the Issuer is aware, there are no plans to remove or change the currency peg.

The following table sets forth the average exchange rate of the Jordanian Dinar in major foreign currency units as at the dates indicated.

Average Exchange Rate of the Jordanian Dinar in Major Foreign Currency Units

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
U.S. Dollar	1.410	1.410	1.410	1.410	1.410
Euro	1.337	1.192	1.240	1.270	1.159
Pound Sterling	1.128	1.053	1.114	1.077	1.050
Japanese Yen (¥100)	163.5	159.2	158.5	154.0	146.4

Jordan 2025

Jordan 2025 includes a number of initiatives for the banking sector and, in particular, SME lending. In respect of the banking sector, Jordan 2025 aims to: (i) improve transparency and financial depth of the sector through, *inter alia*, the operation of the credit bureau, the creation of a national steering committee and a technical committee to raise financial awareness and increase the use of financial services, the development of a national payments system to increase financial depth and proliferation and the strengthening of the financial consumer protection framework; (ii) encourage lending against movable collateral by reviewing the law on attaching moveable and immovable property to secure debt; (iii) increase loan guarantees for SMEs and entrepreneurs through the restructuring of the JLGC to strengthen its role; and (iv) increase funds available to SMEs and entrepreneurs through the provision of CBJ funding programmes in certain industries, the establishment of a fund to support SME start-ups, the encouragement of value-added services offered by credit information companies and co-operation and information exchange between all credit providers and the credit bureau. Jordan 2025 targets increasing the percentage of bank loans provided to SMEs from 9 per cent. in 2014 to 14 per cent. by 2025, while the coverage of credit bureau (of the adult population) is targeted to reach 55 per cent. by 2025.

TAXATION

The following is a general description of certain tax considerations relating to the Capital Securities. It does not purport to be a complete analysis of all tax considerations relating to the Capital Securities and does not constitute legal or tax advice. Prospective purchasers of Capital Securities should consult their tax advisers as to the consequences under the tax laws of the countries of their respective citizenship, residence or domicile of acquiring, holding and disposing of Capital Securities and receiving payments under the Capital Securities. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Jordan

The following discussion summarises certain Jordanian tax considerations that may be relevant to you, as a holder of Capital Securities. This summary does not describe all of the tax considerations that may be relevant to you, particularly if you are subject to special tax rules. You should consult your own tax adviser about the tax consequences of holding the Capital Securities, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Inheritance Taxes

Under Article 4 (A) (12) of the Income Tax Law No. (34) for the Year 2014 (the "**Income Tax Law**"), income generated from the distribution of inheritance in Jordan is exempt from tax. As such, no Jordanian inheritance or similar tax will be payable by the holder of any Capital Securities.

Stamp Duties

Pursuant to Article 116 of the Jordanian Securities Law No. 18 for the year 2017 (the "**Securities Law**"), no stamp duties will be payable in connection with the registration and trading in securities (including the Capital Securities).

Withholding Tax

Pursuant to Article 12(B)(1) of the Income Tax Law, a payor of a non-tax exempt income to a non-resident, shall deduct 10% of the payment amount and remit the same to the tax authority. An additional withholding at varying rates ranging from 1% to 7% shall also be deducted from non-tax exempt income payments made to non-residents on account of the National Contribution Tax.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Capital Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Capital Securities should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Capital Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State: or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Capital Securities are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to sections 1471 to 1474 (inclusive) of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Capital Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, are uncertain and may be subject to change. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Capital Securities.

SUBSCRIPTION AND SALE

Pursuant to a placement agency agreement (the "**Placement Agency Agreement**") dated 16 February 2022 between the Issuer, the Sole Structuring Agent and the Manager, the Issuer has agreed to issue U.S.$100,000,000 in aggregate principal amount of the Capital Securities and subject to certain conditions, the Manager has agreed to procure subscribers for the Capital Securities at the issue price of 100 per cent. of the principal amount of Capital Securities.

The Manager will be paid certain commissions in respect of its services for managing the issue and offering of the Capital Securities. The Issuer has agreed to reimburse the Manager for certain of its expenses in connection with the issue of Capital Securities and to indemnify the Manager against certain liabilities incurred by it in connection therewith.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Manager has represented and agreed that it has not offered, sold or delivered any Capital Securities, and will not offer, sell or deliver any Capital Securities: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of all Capital Securities, except in accordance with Rule 903 of Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of the Capital Securities within the United States by any dealer/manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Prohibition of sales to UK retail investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR.

Other restrictions

The Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Capital

Securities in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Capital Securities. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Capital Securities pursuant to an offering should note that the offer of Capital Securities is a private placement under the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Markets Authority ("**CMA**") resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the CMA resolution number 1-7-2021 dated 14 January 2021 (the "**KSA Regulations**"), made through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under Article 10 of the KSA Regulations.

The Capital Securities may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to institutional or qualified clients under Article 8(a)(1) of the KSA Regulations (as such terms are defined in the Glossary of Defined Terms Used in the Regulations and Rules of the CMA) or by way of a limited offer under Article 8(a)(2) of the KSA Regulations (as such term is defined in Article 9 of the KSA Regulations). The Manager has represented that any offer of Capital Securities to a Saudi Investor will be made in compliance the KSA Regulations.

The offer of the Capital Securities shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity set out in Article 14 of the KSA Regulations. Any Saudi Investor who has acquired Capital Securities pursuant to a private placement under the KSA Regulations may not offer or sell those Capital Securities to any person unless the offer or sale is made in compliance with the restrictions on secondary market activity under the KSA Regulations.

Dubai International Financial Centre

The Manager has represented and agreed that it has not offered and will not offer the Capital Securities to any person in the Dubai International Financial Centre unless such offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the DFSA rulebook; and

(ii) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Arab Emirates (excluding Dubai International Financial Centre)

The Manager has represented and agreed that the Capital Securities have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Sultanate of Oman

The Manager has represented and agreed that:

(a) this Prospectus has not been filed with or registered as a prospectus by it with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Law Sultani Decree 80/98, as amended ("**Article 3**"), will not be offered or sold by it as an offer of securities in Oman as contemplated by the Oman Commercial Companies Law or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and

(b) the Capital Securities have not been and will not be offered, sold or delivered, by it and no invitation to subscribe for or to purchase the Capital Securities has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market the Capital Securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Republic of Iraq

The marketing, offer, distribution or sale of the Capital Securities in the Republic of Iraq ("**Iraq**") shall comply with all applicable laws and regulations, including the Interim Securities Law on Securities Markets No. 74 of 2004 as amended, and any rules and regulations issued by the relevant regulatory authorities under that law and any successor legislation.

The Manager has represented and agreed that it has complied and will comply with all applicable provisions of Iraqi law with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving Iraq.

Jordan

By virtue of the JSC letter Ref. 2/1/00405/22 dated 10 February 2022, the JSC approved the issuance of the Capital Securities and permitted the registration, listing and trading of the Capital Securities outside Jordan.

General

The Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it offers or sells any Capital Securities or possesses or distributes this Prospectus and that it will obtain any consent, approval or permission required by it for the offer or sale by it of any Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers or sales and the Issuer shall not have any responsibility therefor.

Neither the Issuer, the Sole Structuring Agent nor the Manager has represented that the Capital Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Prospectus or the Capital Securities may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Prospectus and the offering and sale of Capital Securities.

GENERAL INFORMATION

Authorisation

The issue of the Capital Securities by the Issuer was duly authorised by resolutions of the Board of Directors of the Issuer on 27 January 2022.

Approval of the Prospectus, Admission to Trading and Listing of Capital Securities

Application has also been made to the DFSA for the Capital Securities to be admitted to the DFSA Official List and to Nasdaq Dubai for the Capital Securities to be admitted to trading on Nasdaq Dubai. It is expected that the listing of the Capital Securities on the DFSA Official List and admission of the Capital Securities to trading on Nasdaq Dubai will be granted on or around the Issue Date. The total expenses relating to the admission to trading of the Capital Securities on Nasdaq Dubai are estimated to be U.S.$7,000.

Documents Available

For as long as the Capital Securities are outstanding, copies of the following documents will, when published, be available for inspection at the registered office of the Issuer, the specified offices of the Fiscal Agent for the time being in London and, in the case of the documents listed in paragraph (i) to (iv) (inclusive) below, at www.capitalbank.jo:

(i) the Memorandum and Articles of Association (with an English translation thereof) of the Issuer;

(ii) the unaudited interim condensed consolidated financial statements of the Issuer in respect of the nine months ended 30 September 2021, together with the review report prepared in connection therewith;

(iii) the audited consolidated annual financial statements of the Issuer in respect of the financial years ended 31 December 2020 and 31 December 2019, in each case, together with the audit reports prepared in connection therewith;

(iv) this Prospectus; and

(v) the Agency Agreement (which contains the forms of the Global Certificate and the Individual Certificate) and the Deed of Covenant.

Clearing Systems and Identification Codes

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN is XS2445120111 and the common code is 244512011. The Financial Instrument Short Name (FISN) and the Classification of Financial Instruments (CFI) Code in respect of the Capital Securities are as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN, in each case, as may be updated.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Legal Entity Identifier ("LEI")

The LEI code of the Issuer is 254900QEGJ6I54AKHK09.

Website of the Issuer

The website of the Issuer is https://www.capitalbank.jo/. The information on this website does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

Significant or Material Change

There has been no significant change in the financial or trading position or financial performance of the Group since 31 September 2021 and there has been no material adverse change in the prospects of the Issuer since 31 December 2020.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer.

Independent Auditors

PricewaterhouseCoopers' Jordan ("**PwC Jordan**") with license no. 802 have audited, in accordance with International Standards on Auditing, the Issuer's consolidated financial statements as at and for the year ended 31 December 2020 and 31 December 2019 as stated in their report incorporated by reference herein. The address of PwC Jordan is Third Circle, Jabal Amman, 14 Hazza' Al-Majali Street, Amman, Jordan. The interim condensed consolidated financial information of the Issuer as at and for the nine-month period ended 30 September 2021 has not been audited but has been reviewed by PwC Jordan in accordance with the International Standards on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as stated in their review report incorporated by reference herein.

Manager Transacting with the Issuer

In the ordinary course of its business activities, the Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Securities. Any such short positions could adversely affect future trading prices of the Capital Securities. The Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

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REGISTRAR AND TRANSFER AGENT

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