

20th Extraordinary General Assembly Minutes of Meeting Wednesday, June 15, 2022



In accordance with the provisions of the Defense Law Number 13 for the year 1992 and the directives issued by His Excellency the Minister of Industry, Trade, and Supply on April 9, 2020, Capital Bank of Jordan, a public shareholding company, held its 20th extraordinary General Assembly meeting at 10:00 a.m. on June 15, 2022, using audiovisual and electronic communication. The meeting was chaired by the Chairman of the Board of Directors H.E. Bassem Al-Salem.

At the start of the meeting, the Chairman of the Board welcomed the Companies Controller Dr. Wael Armouti, the representatives of the Central Bank of Jordan, the representatives of the external auditors PriceWaterhouse Coopers-Jordan, the attendees, and Capital Bank's shareholders.

The Chairman of the Board stated that this extraordinary meeting is devoted to discussing increasing Capital Bank capital through the joining of the Saudi Public Investment Fund as a strategic partner. This deal is considered one of the most important to take place in the banking sector in the region, which will positively affect the present and future of Capital Bank in the long term. He added that Capital Bank Group (Capital Bank) has adopted an ambitious strategy, through which it seeks to enhance and strengthen its competitive position. For this reason, work has been done during the past two years to achieve the goals set in this strategy, with the acquisition of Bank Audi in Jordan and Iraq, and Bank Société Générale-Jordan. Also, a branch of the National Bank of Iraq was opened in the Kingdom of Saudi Arabia, and the digital bank Blink was launched. This is in addition to taking steps to bring the group closer to its aspirations and ambitions, including the issuance of the first perpetual bonds with a value of \$100 million. Thanks to these efforts, Capital Bank Group has become one of the most important and largest financial institutions in Jordan and the region, with the value of its assets exceeding JD6 billion, and the return on equity and the growth of its operational profits exceeding those of other competing banks.

The Chairman of the Board also indicated that, as a continuation of these efforts, a subscription agreement was signed early last week, with the Saudi Public Investment Fund, which is one of the largest sovereign funds in the world, will become a strategic investor in the group, after completing all procedures and obtaining the necessary approvals. Around 63 million shares will be issued in favor of the fund upon the completion of the deal, at a rate of 23.97% of the group's capital, at a value of JD131.2 million. This will positively affect shareholder equity, which will rise to more than JD 600 million.

He explained that, according to the mechanisms for calculating the fair value of financial institutions, the book value is considered the basis for the financial evaluation and fully reflects the fair value of the institution. Through the deal, it was agreed that the fund will pay an issuance premium of 25% of the book value at the end of December 2021, which is higher than the fair value, and which, in turn, will lead to raising the book value of shareholders from JD1.85 per share at the end of March 2022 to JD1.91 after the entry of the fund. He confirmed that such type of deals, which introduce a strategic partner, usually takes place outside the scope of the financial markets, where negotiations occur between the parties for a period that may take several months - as is the case in this deal. The purchase price was agreed upon during the month of October last year, regardless of financial market fluctuations.

He also pointed out that although Capital Bank Group (Capital Bank) has the ability to increase its capital through existing shareholders, the goal is to introduce a long-term strategic partner capable of opening up new markets and adding commercial depth to increase the group's profits in the future, expand its business, and give it the ability to provide low-cost liquidity supported by the presence of a strategic partner with a high credit rating, as well as providing the group with new outlets and networks of the best regional and global correspondent banks. The deal will also consolidate the possibilities for the partnership between the fund and Capital Bank Group, as the group will act as the banking arm for many banking transactions and investment deals for the fund, especially in the markets in which the group operates including Jordan, Iraq, and Saudi Arabia, thus maximizing the interest derived from this partnership and serving both parties.

The Chairman of the Board also affirmed that this deal would benefit the group in terms of:

- The entry of the Saudi Public Investment Fund as a strategic partner in the group's capital is considered a very important step and highlights the good reputation and prestigious position that the group enjoys in the Arab region.
- The group will be able to implement its expansion strategy and introduce new products and services that meet the needs of clients and the growing markets, which will have a positive effect on its profitability and thus on its ability to distribute profits in an increasing manner, which will also positively affect the trading price of Capital Bank Group's share.

- It will increase the group's ability to achieve returns for shareholders at double-digit rates, despite the capital's increase, through expansion plans and investment prospects that it intends to undertake.

The Chairman of the Board indicated that the fund would not have entered as a strategic partner with Capital Bank Group had it not been for its great confidence in the bank. The executive management team and all employees of the group, under the guidance of the Board of Directors, were able to achieve outstanding performances in the Jordanian banking sector, proving its excellence in facing challenges, even turning them into opportunities for growth in an exceptional period experienced by Jordan and the entire world. These opportunities brought positive returns to investors and customers alike, so this deal came in line with the fund's plans to seek new investment opportunities in the Middle East and build long-term strategic partnerships to achieve sustainable returns, maximize its assets, and diversify its sources of income. It is also consistent with the direction of the Kingdom of Saudi Arabia to establish partnerships and investments here in Jordan, in several vital sectors, in a way that translates the strength of relations between the Hashemite Kingdom of Jordan and the Kingdom of Saudi Arabia, the foundations of which were laid by His Majesty King Abdullah II Ibn Al-Hussein and his brother the Custodian of the Two Holy Mosques King Salman bin Abdul-Aziz, to strengthen the efforts of the leaderships of the two kingdoms to achieve success and establish a common interest for the economies of the two neighboring countries.

At the end of his speech, the chairman of the board thanked the shareholders for their continuous support of the Board of Directors, which did not and will not spare any effort to maximize the value of their investments in Capital Bank Group. He expressed hope to meet them again while the bank is a leader among banks operating in the region.

Before declaring the legality of the session, H.E. Bassem Al-Salem gave the floor to the companies' controller general to present his remarks.

The Companies Controller Dr. Wael Armouti began his address by welcoming the Chairman of the Board of Directors H.E. Bassem Al-Salem, members of the executive management team, the members of the board of directors, and shareholders in attendance. He went on to say, "Good morning to all. I am pleased this morning to be with you and to attend the extraordinary meeting of the General Assembly of your company with the presence of these national, banking, and economic leaders and figures, whom we are proud of and their achievements in various fields and sectors, and for whom I have respect and appreciation. I wish both you and the bank continued progress and success in your endeavors and your journey to develop the banking sector in Jordan, in a way that contributes to supporting the national economy and the communities of our country, Jordan, under the leadership of HM King Abdullah II Bin Al-Hussein, may God protect and preserve him."

He asked the Chairman of the Board to begin the discussion of the items on the agenda as presented in the invitation to the shareholders.

After the Chairman of the Board thanked the Companies' Controller for his remarks, he announced the appointment of Ms. Orouba Qarain, secretary of the Board of Directors, as the session clerk and Capital Bank's work team as the observer of the vote collection mechanism. He asked Ms. Qara'in to announce the percentage of the attendees according to the latest list of attendees.

Ms. Qarain announced that the shareholders attending the meeting were 170, holding 173,875,579 bank shares personally and by proxy, representing 86.94% of the bank's subscribed and paid-up capital amounting to JD/shares 200,000,000 and that 12 of the 13 board members were attending the meeting. She also announced that the bank's external auditors, PriceWaterhouse Coopers, were in attendance and that the quorum for the extraordinary General Assembly was legally reached. She noted that the date of the General Assembly meeting was announced in two daily newspapers and on the bank's website as per the measures issued by the Minister of Industry, Trade, and Supply on April 9, 2020, and Defense Order Number 5 for the year 2020.

Based on this, the Chairman of the Board of Directors declared the meeting legal and that all decisions taken by the extraordinary General Assembly are binding for shareholders present and absent.

With regard to the inquiries presented by shareholders who own less than 10% of shares through the bank's website, they were as follows:

- **Shareholder Imad Nawaf Salim Al-Awad**

Question: Why is the subscription not at the market price or higher, because the subscription at this price negatively affects the market price, and the market price is in the interest of the current shareholders, and the partner is now not a shareholder, and this price considers the interest of the partner and does not consider the interest of the current shareholder.

I demand that the subscription price be amended to JD3 to preserve the rights of the current shareholders and the interest of the strategic partner shareholder. Preserving the share price is in the interest of all parties, or distributing the issuance premium from the amount to be underwritten as free shares to the existing shareholders. In this case, it is possible to adopt the price of JD2.8 for the new partner or to keep the issuance premium and distribute free shares to the current shareholders to compensate them for sharing this year's profits with the partner, since half of the year has already passed, and the partner at the end of the year will be a participant for half a year and takes their share of the profits like the old shareholders.

Answer

According to the mechanisms for calculating the fair value of financial institutions, the book value is considered the basis for the financial evaluation and fully reflects the fair value of the institution. As for our deal, it was agreed with the partner to pay an issuance premium of 25% of the book value as at the end of December 2021, which is higher than the fair value, which in turn will lead to raising the book value of the shareholders from JD1.85 per share as at the end of March for the year 2022, to JD1.91 after the entry of the fund.

Although Capital Bank Group has the ability to increase the capital through the current shareholders, the goal is to introduce a long-term strategic partner capable of opening up new markets and adding commercial depth to increase the group's profits in the future, expand its business, and give the group the ability to provide low-cost liquidity supported by the presence of a strategic partner with a high credit rating. It will also provide the group with new outlets and networks of the best regional and global correspondent banks. The entry of a strategic partner in the group's capital is a very important step. It will have a positive effect on the group's profitability and, in turn, allow it to distribute profits in a growing manner, and this will also positively affect the trading price of Capital Bank Group's shares.

Discussion of the items on the agenda then started, and Ms. Qara'in read them as follows:

Item One: Approving the increase of the company's disclosed and current underwritten capital to become (263,037,122) shares/dinars instead of (200,000,000) shares/dinars, with an increase of (63,037,122) shares/dinars, at the value of JD1 per share, plus the issuance premium of JD1.80 per share, through a private subscription for non-shareholders, and allocating the entire amount of the company's capital increase amounting to (63,037,122) dinars/share to Messrs. Safety First Investment Company (a one-person company with limited liability), which is a subsidiary of the Saudi Public Investment Fund, and amending the establishment contract and the articles of association of the company in accordance with the company's capital increase, wherever this is necessary.

The shareholders were provided an opportunity to vote on this item and the approval percentage was 99.93%. Hence, it was decided to approve the increase of the company's disclosed and current underwritten capital to become (263,037,122) shares/dinars instead of (200,000,000) shares/dinars, with an increase of (63,037,122) shares/dinars, at the value of JD1 per share, plus the issuance premium of JD1.80 per share, through a private subscription for non-shareholders, and to allocate the entire amount of the company's capital increase amounting to (63,037,122) dinars/share to Messrs. Safety First Investment Company (a one-person company with limited liability), which is a subsidiary of the Saudi Public Investment Fund, and to amend the establishment contract and the articles of association of the company in accordance with the company's capital increase, wherever this is necessary.

Item Two: Approving the authorization of the Chairman of the Board of Directors and/or the Chief Executive Officer of the bank to finalize all relevant procedures and to amend the Memorandum and Articles of Association in a manner that correlates with the provisions of the Jordanian Companies Law, the Securities Commission, and laws in effect.

The shareholders were provided an opportunity to vote on this item and the approval percentage was 99.98%. Hence, it was decided to approve the authorization of the Chairman of the Board of Directors and/or the Chief Executive Officer of the bank to finalize all relevant procedures and to amend the Memorandum and Articles of Association in a manner that correlates with the provisions of the Jordanian Companies Law, the Securities Commission, and laws in effect.

Ms. Qarain then announced the conclusion of the meeting as there were no other inquiries and because there were no shareholders with more than 10% shares.

At the conclusion of the meeting, the chairman of the board of directors thanked all the attendees and Capital Bank's shareholders for their presence. He also thanked all the Regulator bodies for their constant support, in particular the Companies' Controller, as well as LUMI for its efforts in organizing this General Assembly meeting. He expressed hope that God would protect Jordan under HM King Abdullah II Ibn Al-Hussein.

The Company's Controller extended his gratitude to the Chairman of the Board and Capital Bank, as well as the Secretary of the Board. He thanked the shareholders for attending and everyone for the well-organized meeting. He

wished the bank more progress and prosperity under the leadership of HM King Abdullah II Ibn Al-Hussein and the best for Jordan.

The Chairman of the Board of Directors then thanked Companies Controller Dr. Wael Armouti and all the attendees, and the meeting was concluded.

Clerk: Orouba Qarain

H.E. Companies Controller: Dr. Wael Armouti

H.E. Chairman of the Board of Directors: Bassem Khalil Al-Salem