

25th Ordinary General Assembly Minutes of Meeting Thursday, April 15, 2021



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 25th ordinary General Assembly meeting at 11:00 a.m. on April 15, 2021, using audiovisual and electronic communications. The meeting was chaired by the Chairman of the Board of Directors H.E. Bassem Al-Salem.

The chairman of the board welcomed the Companies Controller General Dr. Wael Armouti, the representative of the Central Bank of Jordan Ms. Tasnim Abu Tarboush, and the representatives of the external auditors PriceWaterhouse Coopers-Jordan, Mr. Hazem Sababa, and Mr. Omar Qalanzi. He also welcomed all the attendees and Capital Bank's shareholders.

Before declaring the legality of the meeting, H.E. Bassem Al-Salem opened the floor to the Companies Controller Dr. Wael Armouti to present his speech.

The Companies Controller Dr. Wael Armouti welcomed the Chairman of the Board of Directors H.E. Bassem Al-Salem, members of the board, members of the executive management team, and the shareholders. He then congratulated the attendees and Jordan on the occasion of the blessed month of Ramadan. He expressed his happiness to be attending this annual meeting of Capital Bank, which is a source of pride as a distinguished banking establishment of good repute locally and regionally. He praised the bank's measures and contributions to the service of the local community despite the challenges posed by the coronavirus pandemic for Jordan and the entire world. He expressed hope that the achievements of Capital Bank and all other Jordanian companies this year and in the years to come would invite more successes and accomplishments of pride. He hoped that their journey would continue with success and good fortune under the guidance of HM King Abdullah II.

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 and reiterated his pride in the bank's stature and expressed hope for its continued success and progress.

After the chairman of the board thanked the Companies' Controller for his speech and announced the appointment of Ms. Qarain, secretary of the Board of Directors, as the clerk of the meeting and Capital Bank's work team as the observers of the vote collection mechanism. He asked Ms. Qarain to announce the percentage of the attendees according to the latest list of attendees.

Ms. Qarain announced that the shareholders attending the meeting were 130, holding 169,698,624 bank shares personally and by proxy, representing 84.85% of the bank's subscribed and paid-up capital amounting to JD/shares 200,000,000 and that 12 out of the 13 board members were in attendance. She also announced that the bank's external auditor, PriceWaterhouse Coopers, was in attendance and that the quorum for the ordinary General Assembly was legally met. She noted that the date of the General Assembly meeting was announced in two daily newspapers, on the bank's website, and on the website of the Companies Control Department as per the Procedures 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 ordinary General Assembly are binding to all shareholders present and absent.

The Chairman of the Board then delivered his speech, He began by extending his congratulations on the holy month of Ramadan to the attendees, HM the King, and all Jordanians.

He noted that the year 2020 saw the spread of the coronavirus pandemic, one of the worst health crises that faced the world and with negative repercussions that continue to cast a long and heavy shadow on the economies of all the world countries, including the Jordanian economy. He said that the Jordanian economy experienced a severe slowdown and the growth rates of the GDP declined. He said that the national economy is expected to shrink in the short term and the growth rate to remain low unless the deep structural problems and economic challenges in Jordan are addressed quickly and comprehensively.

Due to the Central Bank of Jordan's directives and instructions, the Jordanian banking sector played a major role in combating the effects of the pandemic. These measures included reducing interest rates, rescheduling loans for

individuals and companies, especially SMEs, pumping JD1.05 billion in additional funds into the national economy by reducing the obligatory reserve, reducing funding costs, and extending the deadlines for existing and future facilities for economic sectors, including SMEs, through the Central Bank's program for funding and supporting economic sectors, in addition to supporting the Jordan Loan Guarantee Corporation by reducing program commissions and raising the level of insurance coverage for the Local Sales Guarantee Program

The Chairman of the Board added that Capital Bank, based on its high sense of patriotism, donated JD1 million during the pandemic to support the efforts of the Ministry of Health, the medical services, and the Arab Army in combating the spread of the coronavirus. The bank also donated JD50,000 to the campaign "Their Daily Salary is on Us" to support the workers and their families whose work was disrupted as a result of the preventive measures implemented by the government to prevent the spread of the virus.

He emphasized that the negative repercussions of the coronavirus pandemic did not discourage Capital Bank from implementing its ambitious vision and expansion plans. It was able to transform challenges and difficulties into opportunities, and it was able to, thanks to its financial solvency and without resorting to any kind of borrowing, acquire the business of Bank Audi branches in Jordan, as well as the National Bank of Iraq (affiliated to the Capital Bank Group) acquisition of the business of Bank Audi branches in Iraq, and the purchase of the assets and liabilities of these branches. This is considered the first acquisition in the Iraqi banking sector and supports the activity of the National Bank of Iraq, which enhances the strength of the financial indicators of Capital Bank Group while continuing to provide innovative and highly efficient banking services to customers, both companies and individuals and constantly upgrading products and solutions supported by the digital transformation strategy pursued by Capital Bank Group for years.

He pointed out that this achievement is part of a series of accomplishments by the bank over the past years. This deal raises the competitiveness of Capital Bank and repositions it as one of the largest banks operating in the Jordanian market, given that the group's assets increased to JD3.5 billion and shareholder equity also increased to nearly JD400 million.

He stressed the need to work with a clear and comprehensive vision and with solid steps, so Capital Bank can remain one of the competing banking institutions in the local market and on the regional level. After all, the repercussions of the pandemic will remain in place during 2021.

He praised the great role played by the Central Bank of Jordan in monitoring and following up on all procedures and ensuring their safety to provide a solid and fertile ground for the banking sector in Jordan.

He also indicated that fixing Jordan's credit rating despite the negative impact of the pandemic enhances investor confidence in the ability of the national economy to recover, at a time when many countries in the world have witnessed successive declines in their credit ratings. As a result, and despite the prevailing global uncertainty about the prospects for the economic situation and overcoming the repercussions associated with the pandemic, Capital Bank will continue to work with an optimistic view that will not be deterred by challenges and difficulties.

In conclusion, the Chairman of the Board prayed for God's protection for Jordan and the world from pandemics and to keep Jordan an oasis of security and safety under the leadership of HM King Abdullah II Ibn Al-Hussein.

The Chairman of the Board then opened the floor to Chief Executive Officer Dawod Al-Ghoul, to present his speech.

The Chief Executive Officer Dawod Al-Ghoul thanked the Chairman of the Board of Directors and the honorable members of the Board of Directors and congratulated everyone on the occasion of the holy month of Ramadan. He indicated that despite the coronavirus pandemic, the bank was able to achieve record performance. He thanked the members of the executive management team and all the bank's employees for their role and efforts during 2020. He indicated that Capital Bank Group was able, during 2020, to increase the size of its assets from JD2.2 billion at the end of 2019, to JD2.7 billion at the end of 2020, an increase of JD562 million, with a growth rate of 26%. The net credit facilities portfolio grew from JD1.1 billion in 2019 to JD1.4 billion in 2020, an increase of JD324 million, which is equivalent to a growth rate of 30%.

This growth was supported by an increase in the volume of client deposits from JD1.3 billion in 2019 to JD1.7 billion in 2020, achieving a growth rate of 28%, equivalent to JD368 million. As a result, the net operating income of Capital Bank Group reached about JD64 million as of the end of 2020, compared to JD46 million for the year 2019, an increase of 39%, which is equivalent to JD18 million.

The group was also able to achieve a net income of about JD30.3 million for the year 2020 compared to JD28.8 million for the year 2019, an increase of 5%, despite the increase in the provisions for non-performing facilities, which amounted to JD24.5 million for the year 2020 compared to JD7 million during the year 2019. The percentage of

coverage of the provisions for non-performing facilities (after deducting suspended interest) increased to 74% by the end of 2020 compared to 53% in 2019.

Then the most important achievements of Capital Bank Group in 2020 were highlighted as follows:

1. Capital Bank Group's acquisition of the business and branches of Bank Audi in Jordan and Iraq, increasing the group's assets by JD523 million.
2. Capital Bank Group is one of the best-performing banks in Jordan in terms of the growth rate in 2020 in the areas of deposits, operational profits, and net profit.
3. Finalizing the first phase of the digital transformation strategy and launching a set of digital services, including:
 - Open an account service on WhatsApp
 - iCA Chatbot provided through Facebook Messenger and WhatsApp
 - An updated version of the SwitchOn online application for banking services
 - Instant payment services and eStatement
 - Signing a partnership agreement with Liwwa to automate loan applications for SMEs
 - Increase the number of ATMs by adding 22 ATMs in various parts of the Kingdom.
4. Expanding the client base at the National Bank of Iraq, one of the members of Capital Bank Group, through the "Tawteen" salaries program, which is aimed at attracting the public and private sectors in Iraq and enabling them to benefit from the bank's various services. The number of opened accounts grew from 1,400 monthly accounts in 2019 to more than 3,000 new monthly accounts in 2020.
5. Increasing the level of usage of the Iraqi Central Bank's initiative for SMEs aimed at supporting this sector by providing low-cost funding opportunities guaranteed by the Iraqi Central Bank and specialized companies.
6. Nearly doubling the number of clients trading in securities and the number of online accounts at Capital Invest, which contributed to the growth of commissions resulting from trading in security, especially in global markets, which resulted in a significant increase in the volume of trading affected by the global fluctuations of financial markets.
7. Capital Invest launched the service of trading in foreign currencies through a specialized digital platform.
8. Increasing the volume of assets managed by Capital Invest by more than 40%, reaching \$270 million in 2020 compared with \$190 million in 2019.

In conclusion, the Chief Executive Officer expressed his appreciation to the Central Bank of Jordan for its role and constant support for the Jordanian banking sector.

The Chairman of the Board thanked Mr. Al-Ghoul for his speech and declared the start of the discussion of the meeting agenda.

Regarding inquiries presented by shareholders who own less than 10% of shares using the bank's website, shareholder Mahmoud Ibrahim Mahmoud Mahmoud inquired about the future impact on equity resulting from the recent acquisition and how its expected impact on the bank's profits for the next three years, and whether there are directions for other acquisitions in the future.

The bank's management responded that the expected future impact of the acquisition is to support the group's equity by about JD19.6 million for one time upon completion of the acquisition. It is also expected that the impact of the acquisition will be positive on the operating profits of the group during the next three years, noting that if there is any acquisition opportunity that is commensurate with the bank's strategy, it will be taken into consideration.

After that, the discussion of the items on the meeting's agenda began. Ms. Qara'in read them as follows:

Item One: Reading the decisions of the previous ordinary General Assembly meeting held on May 31, 2020
Ms. Qara'in read the decisions taken during the 24th General Assembly held on May 31, 2020.

Item Two: Voting on the Board of Directors' Report on the bank's operations for the financial year ending on December 31, 2020, and the plan for 2021 and ratifying them

The shareholders were provided an opportunity to vote on the second item of the agenda. Ms. Qara'in announced the result of the vote which appeared on the screen with an approval percentage of 99.63%. Hence, the Board of Director's report on the bank's operations for the year ending on December 31, 2020, and the plan for 2021 were both ratified.

Item Three: Voting on the bank's auditor report for the year ending December 31, 2020

Ms. Qara'in extended deep gratitude to PWC for its efforts during the fiscal year 2020. The shareholders were then given the opportunity to vote on the third item on the agenda. Ms. Qara'in announced the result of the vote, which appeared on the screen with an approval percentage of 100%. Hence, the bank's auditors' report for the year ending December 31, 2020, was ratified.

Item Four: Voting on the bank's balance sheet and closing accounts for the year ending on December 31, 2020, and ratifying them and approving the Board of Director's proposal to distribute cash dividends to shareholders at 12% of the bank's capital with a total of JD24 million

The shareholders were given the opportunity to vote on the fourth item on the agenda. Ms. Qara'in announced the result of the vote, which appeared on the screen with an approval percentage of 100%. Hence, the bank's balance sheet and closing accounts for the year ending on December 31, 2020, were ratified. The Board of Directors' proposal to distribute cash dividends to shareholders at 12% of the bank's capital with a total of JD24 million was also approved.

Item Five: Reciting a brief report on the work of the committees formed by the Board of Directors based on article 6/E of the Shareholding Companies' Governance Instructions listed for the year 2017

Ms. Qara'in read a brief on the main activities of the board committees and asked shareholders to review the bank's annual report and to visit the bank's website and the smart-AGM site for more details.

Item Six: Absolving the members of the Board of Directors from liability for the fiscal year 2021 as stipulated in the law's provisions

The shareholders were given the opportunity to vote on the sixth item of the agenda. Ms. Qara'in then announced the results of the vote, which appeared on the screen showing a 99.63% approval rate. Hence, it was decided to absolve the members of the Board of Directors from liability for the year ending December 31, 2020.

Item Seven: Electing the members of a new Board of Directors for the next term

Ms. Qara'in read the list of candidates for the next Board of Directors. She clarified that there are candidates from the previous formation and new candidates. The candidates from the previous Board of Directors are:

1. Mr. Bassem Khalil Salem Al-Salem
2. Mr. Mazen Samih Taleb Darwazah
3. Messrs. The Social Security Corporation
4. Messrs. The Investment and Integrated Industries Company
5. Messrs. Hotaf Investment Company
6. Messrs. Al-Khalil Company for Investments
7. Messrs. Al-Jadara Company for Real Estate Investment
8. Mr. Omar Akram Umran Al-Bitar
9. Ms. Reem Haytham Jamil Al-Qsous
10. Mr. Khaled Walid Hosni Al-Nabulsi
11. Mr. Mohammad Hassan Subhi Al-Haj Hasan

The new candidates are:

12. Mr. Yousef Ali Yousef Al-Nsour
13. Mr. Abu Bakr Siddiq Al-Khoury

Consequently, the following candidates form the Board of Directors:

1. Messrs. The Investment and Integrated Industries Company
2. Mr. Mazen Samih Taleb Darwazah
3. Bassem Khalil Salem Al-Salem
4. Mr. Khaled Walid Hosni Al-Nabulsi
5. Messrs. Al-Khalil Company for Investments
6. Mr. Mohammad Hassan Subhi Al-Haj Hasan
7. Messrs. The Social Security Corporation
8. Messrs. Al-Jadara Company for Real Estate Investment
9. Ms. Reem Haytham Jamil Al-Qsous
10. Messrs. Hotaf Investment Company
11. Mr. Omar Akram Umran Al-Bitar
12. Mr. Yousef Ali Yousef Al-Nsour
13. Mr. Abu Bakr Siddiq Al-Khoury

Item Eight: Electing the bank's auditors for the fiscal year 2021 and authorizing the Board of Directors to determine their fees

Ms. Qara'in announced that the Board of Directors recommends the approval of the reelection of Messrs. PWC as external auditors to audit the bank's operations for the year 2021, hoping that the shareholders would authorize the Board of Directors to determine their fees.

The shareholders were given the opportunity to vote on the eighth item of the agenda. Ms. Qara'in then announced the result of the vote, which appeared on the screen showing 99.63% approval. Hence it was decided to elect Messrs. PWC Jordan as auditors for the fiscal year 2021 to audit the accounts of the group and to authorize the Board of Directors to determine their fees.

Ms. Qara'in then announced the conclusion of the meeting as there were no other inquiries and due to that there are

no shareholders owning more than 10% of shares.

At the conclusion of the meeting, the Chairman of the Board of Directors thanked all of Capital Bank's shareholders for their presence and their confidence in the bank and its management. He also thanked all the Regulator bodies, particularly the Companies' Controller, the Governor of the Central Bank of Jordan, and other government parties for their role in supporting the economy and the efforts exerted at all levels during these exceptional circumstances. He also thanked LUMI, which specializes in holding general assembly meetings, for its efforts during the previous period. He hoped God would protect Jordan under His Majesty King Abdullah II Ibn Al-Hussein.

The Company's Controller extended his gratitude to the Chairman of the Board and Capital Bank. He also thanked Chief Executive Officer Dawod Al-Ghoul, the Board's secretary Ms. Orouba Qarain, and LUMI for managing the successful meeting. He wished everyone success 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.

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