

In accordance with article 169 of the Jordanian Companies Law, the General Assembly of the Jordan Capital Bank Public Shareholding Company held its ordinary 22nd meeting at 11:30 am on Monday, 30 April 2018, at the Banks Association building. The meeting was chaired by Basem Al-Salem, Chairman of the Board of Directors, and was attended by:

Mr. Mu'az Rabab'ah, Representative of the General Controller of Companies

Mr. Murad Al-Assaf, Representative of the Central Bank of Jordan

Mr. Hazem Sababa, Representative of the External Auditor Messrs. Price Waterhouse Coopers

Mr. Muhammad Al-Karaki, Representative of the External Auditors Ernst and Young

The Chairman of the Board of Directors welcomed the attendees, the representative of the Companies' Controller, the representative of the Central Bank of Jordan, and the representatives of the external auditors. He then gave the floor to the representative of the Companies' Controller to announce legal quorum for the meeting and the legality of the procedures.

Mr. Mu'az Rabab'ah, representative of the Companies Controller, announced that the meeting was legal, welcoming the shareholders, the members of the Board of Directors, members of the executive management, and the esteemed attendees. He then announced that the procedures taken by the Board of Directors to call for this meeting were legal and that 60 shareholders out of 2288 shareholders carrying a total of 162,435,626 shares / Dinars were present in person or by representation, at a ratio of 81.22% of the Company's paid capital amounting to JD200,000,000. Nine members of the 13-member Board of Directors were present. The Bank's auditors were also present. Hence, he announced the legality of the session and that the decision taken by it are binding to shareholders present and non-present and to the members of the Board of Directors.

The Companies Controller's Representative requested the Chairman to commence with the meeting and to read the meeting agenda after appointing a session secretary and two observers to count the votes. He wished the Bank every success.

The Chairman thanked the Companies' Controller's representative Mr. Mu'az and appointed Mr. Uruba Qara'in as secretary for the session and Engineer Omar Abu Wishah and Mr. Sa'd Abu Jaber as observers to count votes.

The Chairman then delivered his speech which he started by again welcoming the esteemed attendees on behalf of himself and the Board of Directors and the executive management. He also thanked all Bank staff for their continued support and loyalty. He noted that the Bank achieved good results that were evident from the financial statements that were ratified by the Central Bank of Jordan. The Bank realized profits amounting to JD27.3 million after tax compared to JD16.1 million in 2016. The statements also showed an improvement in the capital sufficiency ratio amounting to 15.12% compared to 13.87% in 2016. This led the Board of Directors to recommend the distribution of cash dividends at the rate of 10%, hoping that the Bank would continue to distribute dividends in the coming years.

The Chairman also praised the achievements made by the new administration in terms of taking a group of reforms to the organizational chart to reinforce the concept of institutional governance, in addition to the management's approach to advance the Bank in terms of information technology in order to accompany information technology developments and provide the best and most recent banking solutions to the Bank's customers and reinforce services provided to them.

The Chairman also noted the importance of the Bank's investment in Iraq through owning 62% of the Iraqi National Bank in spite of the tough conditions through which Iraq passed over the past few years which the management had hedged against. Recently, and in view of the improvement in the security and political, and even economic situation in Iraq, the matter reflected positively on the Bank. This was clearly evident through the financial results of this year. We wish Iraq continued improvement and more stability in the situation there.

The Chairman also affirmed that the Capital Bank would continue to provide all forms of support, follow-up, and oversight on various businesses and activities at the Iraqi National bank to ensure the quality of the service provided to customers according to the best banking practices. He noted that the Iraqi National Bank is present in various locations in Iraq whether in Baghdad or in the north, south, and center, in order to access all different sectors and different geographic locations in the country.

He also addressed the issue of the National Bank's balances at the branches of the Central Bank of Iraq in the Kurdistan region. He noted that the Bank managed to reduce these balances by holding different meetings with officials in the Kurdistan region. This culminated in releasing part of these amounts at the beginning of the year, and more recently as well, with the balance reaching about \$100 million. Attempts are underway to retrieve these balances completely. Here, the Chairman commended the efforts by the Governor of the Central Bank of Jordan Mr. Ziyad Fariz, who pursued this matter personally and called the Governor of the Iraqi Central Bank in an attempt to arrive at a final solution. The Chairman expressed gratitude to HE the Governor for his continued efforts in this matter.

The Chairman expressed the Bank's readiness and that of the Iraqi National Bank, in view of the improvement in the situation in Iraq, to extend a helping hand to and assistance to Jordanian traders to capture the opportunity and enter the Iraqi market, supporting them with any ideas that aim at reinforcing the Jordanian presence in Iraq and to utilizing the

current positive situation there. The Bank also took the initiative to hold a meeting / conference which highlighted the role of the Aqaba port as a crossing-point for Iraqi goods as an attempt to reinforce and support the economic situation through activating the role of the Aqaba port.

In conclusion, the Chairman thanked all shareholders who contributed to supporting the Bank and believed in it, and thanked members of the Board of Directors, the executive management, and the staff of the Capital Bank and its affiliated companies. He particularly thanked the Central Bank of Jordan and HE the Governor for their continued support to preserve the Bank and its rights and to advance it under the security and safety prevailing in beloved Jordan under the leadership of King Abdullah II.

The Chairman then read the items of the agenda as approved:

**First: Minutes of the meeting of the General Assembly ordinary meeting held on 24 May 2017.**

It was agreed to just read the decisions of the meeting of the General Assembly ordinary meeting held on 24 May 2017 upon the request of the General Assembly. The decisions were hence read.

**Second: Discuss the Board of Directors' report on the Bank's operations for the year ending 31 December 2017 and the future plan for 2018 and approve them.**

The Chairman of the Board of Directors made a suggestion to merge this item with item number 4. The General Assembly approved this unanimously.

**Third: Listen to the auditor's report on the financial statements for 2017**

Mr. Hazem Sababa, representing Messrs. Price Waterhouse Coopers, read the auditor's report on the consolidated financial statements for the year 2017. He noted that the auditors audited the consolidated financial statements of the Jordan Capital Bank and its affiliated companies. The statements include the consolidated financial position statement as on 31 December 2017, consolidated income statement, the consolidated Total income statement, consolidated change in shareholders' rights statement, consolidated cash flow statement for the year ending on that date, and notes on the consolidated financial statements, and a summary of the main accounting policies. They found that the consolidated financial statements show fairly in all fundamental aspects the group's financial position as on 31 December, its financial performance, and its cash flow for the year ending on that date according to international financial reporting standards. Auditors Messrs. Ernst and Young and Messrs. Price Waterhouse Coopers recommended that they be approved. The Bank's auditor's report for the year ending 31 December 2017 was approved unanimously.

**Fourth: Discuss the Bank's balance sheet and the closing statements for the year ending 31 December 2017.**

HE the Chairman thanked the auditor's representative and opened the floor for discussing the second and fourth items of the agenda, namely, discussing the balance sheet and the auditor's report.

Shareholder Mr. Muhammad Azmi Al Zarba expressed his pleasure toward the results achieved by the Bank and the developments in the Iraq crisis that are close to being solved so that the bank would return to its activity and achieve profits. He enquired about the following.

1. The reason behind the slight decline in the market share of the Bank in spite of the high rate of dividends' distribution compared to previous years.
2. Reason behind decline in profits from foreign currencies.
3. Reason for increase in staff expenses by about JD3 million.
4. Reason behind the increase in the allowance for low facilities from JD8 million to JD24 million.
5. The effect of implementing Standard 9 on current and future financial statements.
6. Potential for holding the General Assembly earlier.
7. Bank's ability to help in implementing the extension of the Iraqi oil pipeline.

The Chairman answered the pints raised by Mr. al Zarba as follows:

1. Decrease in Profits from Foreign Currencies

The Chairman affirmed that this is due to the improvement of the situation in Iraq and its positive reflection on the official exchange rate of the Iraqi Dinar. This is considered an improvement in economic indicators which will encourage the investors to make transfers and issue letters of credit according to the best banking practices.

2. Increase in Staff Expenses

The Chairman explained that staff expenses are basically die to the compensations paid to the former Bank General Manager and which were in appreciation for his efforts and services over 20 years. He spent his life in the Bank's services and was rewarded accordingly. The Board of Directors also sought to advance the status of its staff, considered to be the Bank's mainstay and foundation and are performing their work with trust, loyalty, and dedication.

3. The Effect of Implementing Standard 9 on Current and Future Financial Reports

The Chairman affirmed that the Bank took this standard into consideration. The Central Bank held many lengthy meetings with all banks regarding the implementation of this standard. Work is underway to implement it in view of the Central Bank's directives regarding it. Although there are fixed standards that should be observed, the Central Bank has granted some flexibility in implementing this standard in some of its sides in compatibility with the laws. Meetings are continuing with the

Central Bank of Jordan to implement the new standard to issue the final instructions regarding the standard.

#### 4. Holding the Meeting Earlier

The Chairman explained that the meeting date is connected to a number of factors including the approval of the financial statements by the Central Bank of Jordan. Calling the General Assembly to meet can only be done after receiving the approval of the Central Bank of Jordan. He added that the amendments to some legislations regarding the dates for calling the General Assembly to meet resulted in limited time available to specify the meeting dates.

5. Regarding the subject of helping implement the Iraqi oil pipeline project, the Chairman noted the Bank works as a financial advisor to the company implementing the project "Mass Group" which was granted the tender to lay the pipeline inside the Jordanian territories through a bilateral agreement between the Jordanian and Iraqi governments. This is the second stage of the project. The first part is inside the Iraqi territories and the delay lies in awarding the tender to implement this part. The Chairman expected to end this part after the results of the elections and the formation of a new government due to the importance of this project for both countries and Iraq's urgent need for this project due to the large volume of oil production and the inability to export.

The Chairman left the opportunity to answer the next two questions to the Executive Manager Mr. Ala' Qumsieh who thanked the chairman and Engineer Azmi Al Zarba for his enquiries. He noted that the reason for the decrease in facilities and deposits is due to following a new methodology according to international standards for pricing based on risk. In spite of the importance of increasing the market share, management currently prefers to follow a policy of higher profitability over volume by improving pricing and striving to improve the quality of the portfolio. In future, improving the market share of facilities and deposits will be stressed, noting that legal liquidity is higher than the lower limit stipulated by the Central Bank of Jordan.

Regarding the high allowance for low facilities, he explained that the Bank is required to follow the Central Bank of Jordan's instructions regarding the calculation of allowances. The current economic situation, however, requires taking allowances on some accounts to avoid risk. Due to the Bank's positive position this year, the Bank saw it fit to take allowances to hedge for future years.

In an intervention by the Chairman, he noted that the accounts for which allowances were taken are old loans that have some collateral but the new management decided to take additional allowances as a hedge, noting that the Bank's legal department is exerting every effort to collect these debts and accounts.

Since there were no other enquiries by the shareholders the General Assembly decided the following:

1. Unanimously approve the Board of Directors' report on the Bank's operations for the fiscal year ending on 31 December 2017 and the Bank's future plan for 2018.
2. Unanimously approve the Bank's Balance Sheet and the closing accounts for the year ending 31 December 2017.
3. Regarding the proposal to distribute dividends, the General Assembly unanimously agreed the Board of Directors' proposal to distribute cash dividends to shareholders from the profits carried forward at the rate of 10% of the Bank's capital amounting to JD20 million.

#### **Fifth: Read a brief report on the work by the committees formed from the Board of Directors based on article (6/E) of the Shareholding Companies' Governance Instructions listed for 2017**

The General Assembly decided to waive reading the brief report on the work of the committees formed from the Board of Directors and noting that it is mentioned in the annual report for 2017 on page 131.

#### **Sixth: Hold the members of the Board of Directors clear of financial liability**

The General Assembly decided unanimously to approve holding members of the Board of Directors clear for the fiscal year 2017 in accordance with the provisions of the law.

#### **Seventh: Elect Bank auditors for the fiscal year 2018 and specify their fees.**

The Chairman nominated Messrs. Price Waterhouse Coopers (PWC) as external auditors and no other auditors were nominated. The General Assembly decided to approve the election of Messrs. Price Waterhouse Coopers PWC unopposed as external auditors for the group accounts for the fiscal year 2018. The Board of Directors was delegated to assign their fees.

#### **Eighth: Discuss any other matters proposed by the General Assembly to be listed on the agenda according to the provisions of the law.**

No other matters were added by the General Assembly to the agenda.

In conclusion, the Chairman of the Board of Directors extended his deep gratitude and appreciation to the Bank's shareholders for their continued support of the Bank, hoping that more advancement and prosperity will be achieved.

Session Secretary: Uruba Qara'in [Signed]

Companies Controller Representative: Mu'azh Rabab'a [Signed]

Chairman of the Board of Directors: Basem Khalil Salem [Signed]