

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 24th ordinary General Assembly meeting at 11:00 a.m. on May 31, 2020, through the closed-circuit television. The meeting was chaired by Chairman of the Board of Directors H.E. Bassem Al-Salem.

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

He also welcomed everyone on the occasion of Eid al-Fitr and wished them good health and protection, as well as an end to the Coronavirus pandemic.

He expressed appreciation for the efforts of the Minister of Industry and Trade and the companies controller for this innovative step of digital transformation to ensure the continuity of work and advance the national economy in view of the current exceptional circumstances. He affirmed the bank's efforts, when the announcement of the general assembly was made, to enable shareholders to register in advance through the meeting portal in accordance with international best practices to implement institutional governance particularly as related to protecting the rights of shareholders to register and attend, in addition to an online voting mechanism on items listed on the agenda, as well as the rights of shareholders who own a minimum of 10% shares represented in the meeting to present their enquiries before the meeting so that they can be answered by the board of directors and the executive management, and ensuring continued communications with shareholders to inform them of the bank's successful endeavors. He then invited the companies controller to address the meeting. The Companies Controller Dr. Wael Armouti started his address by welcoming Chairman of the Board of Directors H.E. Bassem Al-Salem, and the members of the board, members of the executive administration, and the shareholders. He then congratulated the attendees for the celebrations and wished them well in the future, and wished Jordan well during these difficult times. He expressed his happiness to be attending this annual meeting of the Capital Bank, which since its establishment, has contributed to supporting investment and economic growth in Jordan by providing products, services, and comprehensive economic solutions, becoming a leading Jordanian bank at the local and regional levels thanks to its knowledgeable management. Armouti added that these achievements are something to be proud of, and affirmed his continued confidence in the bank's continuity and success, which elevates the national economy. He also praised the level of mutual cooperation between the Companies Control Department and the bank's management, which reflects its positive effect on work efficiency and supports the reputation of Jordan and its economic status under the leadership of His Majesty King Abdullah II Ibn Al-Hussein. The companies controller expressed his gratitude and appreciation for the contributions provided by the Capital Bank of Jordan and the bank's staff to the Himmat Watan Fund and praised the contributions by the bank towards social services and the development of local communities.

Concluding his remarks, the controller praised the efforts of the Companies Control Department team and staff and those of Capital Bank for the outstanding preparations for this meeting via video conferencing, wishing the bank and its management every success.

After the chairman of the board thanked the companies controller for his address, he announced the appointment of Ms. Uruba Qara'in, secretary of the board of directors, as the session clerk and asked her to record the minutes of the meeting and requested that she announce the percentage of attendees according to the latest list of attendees.

Ms. Uruba Qara'in announced that the shareholders attending the meeting were 95 holding 159,885,413 bank shares personally and by proxy, representing 79.94% of the bank's underwritten and paid-in capital amounting to JD/shares 200,000,000, and that all 13 board members were attending the meeting. She also announced that the bank's external auditors, PriceWaterhouse Coopers, were in attendance, and that hence, the quorum for the ordinary general assembly had been legally reached. She noted that the date of the general assembly meeting had been announced on Jordan Television and on the bank's website and the website of Companies Control Department 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 ordinary general assembly are binding for shareholders present and absent.

The chairman of the board then delivered his address, which he started by extending his congratulations for Eid Al-Fitr, noting Jordan's experience with the coronavirus pandemic. The global economy is now going through turbulent times toward an unspecified target and we do not know as yet how long this will take and what the situation will be after the coronavirus pandemic. It is clear that the growth pattern has changed and that the solution should be over stages and not in one step. He noted three stages:

**Stage One:** Mitigating the pressures resulting from the full closure and work stoppage in economic sectors.

**Stage Two:** Reopening economic sectors without risking the return of the pandemic. This is a big challenge because following it involves a sensitive tradeoff between the health of citizens and their livelihood.

**Stage Three:** Pumping liquidity into the sectors affected by the pandemic.

The chairman expressed appreciation for the role of the Central Bank of Jordan, which undertook a number of initiatives to control the crisis and assist companies that sustained financial damage, including the small and medium enterprises initiative that gave banks an opportunity to lend and reduced the total reserve to provide the necessary liquidity, as well as the major corporations initiative.

The government also took a number of measures that included postponing tax and non-tax obligations for individuals and companies, in addition to some solidarity measures and initiatives through the Social Security Corporation.

The chairman noted that the third stage represents a challenge for the government in view of the financial deficit and large debt. This indicates the need for the government to take the initiative and assume an advanced role in investment and improving the economy's competitiveness by reinforcing an economic legislation system and providing tax and non-tax incentives to the private sector as well as the agricultural, industrial and technology sectors. This role, which is being stressed by the Capital Bank, will stimulate economic growth and ensure a better future.

The chairman noted that the government established a fund for helping companies in the economic sectors that sustained larger damage from the pandemic using innovative investment tools and formats relying on a data room that would be established specifically for this task, to be manned by a group of economic and financial analysis experts. Its responsibility will be to identify the sectors that merit assistance and companies and establishments that need it in these sectors based on solid analysis, foremost of which is employment in order to mitigate the high level of unemployment.

The chairman also announced that Capital Bank supports the investment fund that is being established by the Central Bank to invest in sectors and companies based on purely scientific bases.

He noted that the pandemic should be considered a warning that requires the government and the private sector to work together and think seriously about solving the problems facing the economy, foremost of which is unemployment. Market forces alone will not succeed in achieving the objectives of the comprehensive development process and it is necessary to work on empowering communities and enabling and improving education levels and providing protection and support for those who deserve it as well as enlarge the social security net and improve the level of public services.

The chairman then thanked the role played by the government, the armed forces, the security systems, and the Ministry of Health in balancing the economic sector and the health situation for citizens, priorities based on the directives of His Majesty the King.

Concluding his statement, the chairman expressed his deep gratitude to Capital Bank employees for their huge efforts and dedication in performing their duties. He also thanked the Central Bank of Jordan for its outstanding efforts in organizing and regulating the banking sector and providing all the elements for success in maintaining monetary stability and reinforcing the local economy. He then thanked the Capital Bank's shareholders for their valuable confidence in this establishment and asked God to protect Jordan under the leadership of His Majesty King Abdullah II Ibn Al-Hussein.

The chairman of the board welcomed the bank's new chief executive officer Mr. Dawod Al Ghoul, and gave him the floor to address the meeting.

Chief executive officer Dawod Al Ghoul thanked the chairman of the board and the board members for their valuable confidence and affirmed his pride for being a member of the Capital Bank family. He noted that the bank showed outstanding financial results during 2019. In spite of the economic challenges and the tough conditions, the bank succeeded in achieving large growth in its net operational income at a rate of 29%, reaching JD46 million compared to JD35.7 million in 2018.

He noted that this growth was compatible with the bank's strategy that aims to reinforce operational revenues. In addition to the growth in net interest resulting from an increase in the facilities' portfolio and the bonds portfolio, the bank succeeded in diversifying other income sources in order to reinforce revenues on shareholder equity and achieve the highest levels of efficiency in exploiting the available financial resources. The bank's non-interest revenues grew during the year by 38% to reach JD39 million compared to JD28 million in 2018, as a result of commissions related to financing foreign trade operations and an increase in foreign currencies profit, in addition to an increase in other revenues as a result of collecting debts that had been considered as non-collectible bad debts.

He noted that the bank succeeded, as a result of this large increase in the net operational income, in absorbing the effect of high allowances for doubtful debts. The maintained the same level of profits before taxes without any noteworthy changes compared with last year. The ratio of stumbling debts in the facilities portfolio decreased after excluding the suspended interest to reach 7.25% at the end of 2019, compared to 8.61% in 2018. This indicates an improvement in the quality of the Capital Bank's credit portfolio

The bank also reinforced the capital sufficiency ratio to 18.41% at the end of 2019 compared to 16.25% for the year 2018. As for the ownership equity, it grew to JD347 million at the end of 2019 compared to JD337 million in 2018, or a percentage of 3%.

He then noted that the Capital Bank Group succeeded in 2019 in improving its operational efficiency with the ratio of expenses to revenues decreasing from 55.6% during 2018 to 50.9% in 2019.

He noted that the bank succeeded during the current year in dealing with the current crisis professionally and managed to continue to serve its customers without disruption whether in Jordan or in Iraq and in all the bank's sectors. This was done through the electronic services and the customer calling service center. The bank established suitable technical conditions for staff members to work from a distance and with the highest possible levels of efficiency according to the best standards for managing risk implemented internationally.

In conclusion, the chief executive officer expressed his confidence in the bank's administrative team and its ability to provide their best to serve customers and maximize value for shareholders.

The chairman of the board thanked Mr. Al Ghoul for his address and announced commencing to address the items on the meeting agenda.

Regarding enquiries by shareholders who own less than 10% shares, a number were received and were answered as follows:

**Shareholder Badr Bin Eid Bin Muhammad Biltaji:**

- Question: What is the bank's plan regarding the 2019 profits after the decision by the Central Bank of Jordan to postpone their distribution temporarily?
- Answer: The 2019 profits will be kept in the profits brought forward account which appears under shareholder equity. All profits to be distributed will be addressed after ending the preparation of closing financial statements for 2020 based on the directives of the Central Bank of Jordan.

**Shareholder Badr Bin Eid Bin Muhammad Biltaji and Shareholder Imad Nawwaf Sa'id Al-Awwad**

- Question: Is it possible to distribute free shares instead of cash profits for this year?
- Answer: The bank maintains a solid capital foundation and hence, it is better to maintain the profit value to be distributable in future years.

**Shareholder Farid Abdullatif Fadil Qaraman**

- First Question: Awards and Bonuses
  - What is the justification for the awards and bonuses of the chairman of the board of directors amounting to more than JD930,000 (Nine hundred and thirty thousand Jordanian dinars) as was stated in the financial statements regardless of whether the chairman of the board's position is executive or not, noting that the bank pays the salaries and allowances of an executive manager?
  - According to the decision by the Governor of the Central Bank not to distribute profits to shareholders, why were the payments made to the chairman and members of the board of directors for 2019 not retrieved?
  - What is the justification for the awards and bonuses of the Capital Invest manager amounting in total to more than JD307,000 (three hundred and seven thousand Jordanian dinars) in 2019 and how much were the estimated and actual profits from Capital Invest in 2019?
- Answer: The efforts exerted during 2019 whether by the chairman of the board of directors or members of the board or the executive management and the affiliated companies resulted in outstanding results for the group, noting that all allowances and awards that were paid are listed in the governance charter, affirming that the bank complied with the decision by the Central Bank regarding the distribution of 2019 profits and that these profits would be carried forward to 2020.
- Second Question (National Bank of Iraq)
  - Please inform us about the position of the National Bank in Iraq and does Capital Bank have any deposits in hard currency there, and what are the risk management procedures regarding exposure in hard currency in Iraq?
  - Were all the allowances taken during the past years on the Capital Bank deposits in Iraq reversed?

- Answer: Capital Bank owns 61.85% of the National Bank in Iraq in addition to the right of management. All dealings between the bank and the National Bank are in compliance with the instructions and standards and best financial practices and all allowances are taken to mitigate expected risk according to a studied and approved system. However, we are happy to inform you that the National Bank of Iraq continues to retrieve its deposit with the Central Bank of Iraq branches – northern region according to the conditions and agreement signed with the Central Bank of Iraq. Two more payments will render the whole amount collected, noting that Capital Bank has no deposits with the National Bank of Iraq.
- Third Question (Administrative Changes of the Group): Why was the former chief executive officer changed noting that he only spent a short period in his position?
- Answer: The board of directors thanks the efforts exerted by the former chief executive officer of the group and wishes him every success in his future plans. The board also welcomes the current chief executive officer, Mr. Dawod Al Ghoul, and wishes him more success, advancement, and prosperity for the group. Mr. Al Ghoul has been a member of the board of directors of Capital Bank for the past three years and is knowledgeable of the bank's strategy and its customers.

**The board embarked on addressing the meeting agenda and Ms. Qara'in read them as follows:**

**Item One:** Reading the decisions of the previous ordinary general assembly meeting held on April 30, 2019.  
Ms. Qara'in read the decisions taken during the 23rd general assembly held on April 30, 2020.

**Item Two:** Voting on the Board of Directors' Report about the bank's operations for the financial year ending on December 31, 2019 and the plan for 2020 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 99.57%. Hence, the Board of Directors' report on the bank's operations for the year ending on December 31, 2019 and the future plan for 2020 were both ratified.

**Item Three:** Voting on the bank's auditor report for the year ending December 31, 2019.

Ms. Qara'in extended deep gratitude to PWC for their efforts during the fiscal year 2019. 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 the percentage of approvals being 99.96%. Hence, the bank's auditors' report for the year ending December 31, 2019 was ratified.

**Item Four:** Voting on the Bank's Balance Sheet and Closing Accounts for the year ending on December 31, 2019 and ratifying them.

Before giving the shareholders the opportunity to vote on this item, Ms. Qara'in noted that the Board of Directors recommended the distribution of cash dividends to shareholders at a rate of 10% of the bank's capital. However, and due to the current exceptional circumstances, a circular was issued by the Central Bank of Jordan to postpone the distribution of dividends to shareholders for the fiscal year 2019. Hence, this item was removed from the agenda.

The shareholders then voted on the fourth item of the agenda and Ms. Qara'in announced the results of the vote, which appeared on the screen showing an approval rate of 99.28%. Hence, the balance sheet and the closing accounts for the year ending on December 31, 2019 were approved.

**Item Five:** Ratifying the appointment of Messrs. Arab Potash Company as an independent member in the Board of Directors.

The opportunity was given to the shareholders to vote on the fifth item on the agenda. Ms. Qara'in then announced the result of the vote showing a percentage of approval of 99.30%. Hence, the appointment of Messrs. Arab Potash Company as an independent member on the Board of Directors was ratified.

**Item Six:** Read a brief report on the work of the committee formed from 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 of the main work of the committees established from the Board of Directors and invited shareholders to examine the bank's annual report and to visit the bank's website and the smartgram site for more details.

**Item Seven:** Clear the Board of Directors for the fiscal year ending on December 31, 2019 within the limits of the law's provisions.

The shareholders were given the opportunity to vote on the seventh item of the agenda. Ms. Qara'in then announced the results of the vote, which appeared on the screen showing a 99.29 approval rate. Hence, it was decided to clear the Board of Directors clear for the year ending December 31, 2019.

**Item Eight:** Electing the bank's auditors for the fiscal year 2020 and authorize the Board of Directors to specify 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 2020, hoping that the shareholders would authorize the Board of Directors to specify 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 100% approval. Hence it was decided to elect Messrs. PWC Jordan as auditors for the fiscal year 2020 to audit the accounts of the group, and to authorize the Board of Directors to specify their fees.

Ms. Qara'in then announced the conclusion of the meeting as there were no other enquiries and because there were no shareholders with more than 10% shares.

At the conclusion of the meeting, the Chairman of the Board of Directors welcomed the Chairman of the Board of Directors of the Arab Potash Company, Mr. Jamal Al-Sarayrah, on joining the Capital Bank family and the approval of the general assembly on appointing him as a member of the Board of Directors, affirming his role of providing substantial support to the bank.

The chairman of the board also thanked all Capital Bank's shareholders for their presence and thanked all the control parties, 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 they exert at all levels during these exceptional circumstances. He also thanked LUMI company, which is specialized in holding general assembly meetings for their efforts during the previous period. He hoped God would protect Jordan under His Majesty King Abdullah II Ibn Al-Husseini.

The Companies Controller extended his gratitude to the chairman of the board and Capital Bank for the presentation and outstanding preparation for this meeting, hoping that all public shareholding companies and all banks would follow suit in presenting their information. He said the methodology used to conduct the meeting showed Capital Bank's interest in respecting shareholder rights, and maintaining good governance. He then thanked the team that prepared the meeting, thanked Capital Bank Chief Executive Officer Dawod Al-Ghoul, and welcomed H.E. Mr. Jamal Al-Sarayrah to the Bank's Board of Directors and wished him success.

The Chairman of the Board of Directors then thanked Companies Controller Dr. Wael Armouti and the Minister of Industry, Trade, and Supply Dr. Tareq Al-Hammouri for their continued support.

Session Secretary: Uruba Qara'in

H.E. Companies Controller: Dr. Wael Armouti

Chairman of the Board of Directors: Bassem Khalil Al-Salem