

BANK AUDI S.A.L.
Bab Idriss - Omar Daouk Street
Bank Audi Plaza, P.O. Box 11-2560
Beirut - Lebanon

INFORMATION STATEMENT

July 3, 2017

Dear Global Depositary Receipt Holder:

Reference is hereby made to the Amended and Restated Deposit Agreement dated May 10, 2010 (the “**Deposit Agreement**”) between Bank Audi s.a.l. (the “**Bank**”) and Deutsche Bank Trust Company Americas, as depositary (the “**Depositary**”), relating to Global Depositary Receipts issued in respect of common shares of the Bank (the “**GDRs**”), each GDR representing one common share of the Bank with a nominal value LL 1,656 per common share (each, a “**Common Share**”). Capitalized terms used herein without otherwise being defined shall have the respective meanings assigned thereto in the Deposit Agreement.

The Depositary, as the shareholder of record of Common Shares evidenced by GDRs, has received notice of an Extraordinary General Meeting of the Shareholders of the Bank to be held on July 21, 2017 (the “**General Meeting**”) at the Bank’s head office in Beirut, which (among other things) sets forth the agenda for such General Meeting. References in this Information Statement (this “**Information Statement**”) to the “**Holder**” of any GDR shall mean the person registered as the holder of such GDR on the books of the Depositary. In accordance with Clause 13 of the Deposit Agreement and Condition 23 of the GDRs, a copy of such notice and agenda is being sent hereby to each person who is a Holder on July 5, 2017, which is the record date (the “**Record Date**”) established by the Depositary for this purpose (which is as near as practicable to July 20, 2017, being the corresponding record date set by the Bank in respect of the General Meeting).

As set forth in such notice, at the General Meeting shareholders of the Bank, including the Depositary, will be asked to consider and vote upon the following agenda:

1. The cancellation of the Series “F” Preferred Shares and increase of the Bank’s capital in order to round the nominal value of each individual share up to LL 1,663;
2. The amendment of the Bank’s By-Laws, including, in particular articles 6 and 8, in order to reflect the foregoing;
3. The increase of the Bank’s capital through the issuance of a new series of preferred shares (pursuant to Lebanese Law No 308/2001);
4. The listing of such newly-issued preferred shares on the Beirut Stock Exchange;
5. The amendment of the Bank’s By-Laws, including, in particular, articles 6 and 8 thereof, in order to reflect the actions described in items 3 and 4 above;
6. The submission of the actions described in items 1-5 inclusive for approval by the Central Bank of Lebanon acting through its Central Council; and
7. The granting to the Chairman of the Board of Directors (acting singly) or any 2 Directors – General Managers (acting jointly) of the necessary powers to seek required approvals, to set deadlines and to perform all other acts and procedures in furtherance of all of the foregoing resolutions.

Each Holder is hereby requested to return to the Depositary voting instructions, as provided in this Information Statement, by which such Holder may give instructions to the Depositary to vote for or against each and any resolution specified in such agenda.

After careful consideration, the Board of Directors recommends a vote in favour of each such resolution.

Yours very truly,

Samir Hanna
Chairman of the Board of Directors
Group Chief Executive Officer

Bank Audi

INFORMATION STATEMENT

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AVAILABLE INFORMATION

No person has been authorized to give any information or to make any representation other than those contained in this Information Statement, and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank. No delivery of this Information Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank since the date of this Information Statement or that any information contained or referred to herein is correct as of any time subsequent to the date as of which it is given. This Information Statement does not constitute the solicitation of a proxy to or from any person in any jurisdiction to or from whom it is unlawful to make such offer or solicitation within such jurisdiction. This Information Statement is not an offer of any securities by any person in any jurisdiction.

VOTING RIGHTS OF HOLDERS

In accordance with Condition 12 of the GDRs, the Depositary is seeking voting instructions from the Holders in order to exercise or cause to be exercised the voting rights in respect of the Deposited Shares as directed by such voting instructions to the extent permitted by Lebanese law.

Common Shares, which have been withdrawn from the deposit facility under the Deposit Agreement and transferred on the Bank's register of members to a person other than the Depositary or its nominee may be voted by the registered owner thereof; however, Holders may not receive sufficient advance notice of the General Meeting to enable them to withdraw Deposited Shares and vote at the General Meeting.

SUMMARY BACKGROUND INFORMATION

I. Redemption and Cancellation of the Series "F" Preferred Shares and Increase of the Bank's Capital

In 2012, Bank Audi issued 1,500,000 Redeemable Series "F" Preferred Shares at an issue price of U.S.\$100.00 per Series "F" Preferred Share. Each Series "F" Preferred Share carries annual distribution rights of U.S.\$6.00. The terms of the Series "F" Preferred Shares provide, among other things, that the Bank may, at its option and subject to certain conditions, redeem and cancel all of the Series "F" Preferred Shares within 60 days following the later of (a) the date of the Ordinary General Meeting at which the annual audited financial statements of the Bank for the year ended 31 December 2016 are approved (which was held in April 2017) or (b) within 60 days following the fifth anniversary of the date of the Confirmation EGM (i.e. within 60 days following June 22, 2017), in the Bank's sole discretion, at a redemption price of U.S.\$100 per share plus any declared but unpaid Series "F" Distributions (as defined in the terms of the Series "F" Preferred Shares).

In its meeting held on March 20, 2017, the Board of Directors of the Bank resolved to redeem and cancel the Series "F" Preferred Shares. The Bank has confirmed that all conditions precedent to the redemption of the Series F Preferred Shares have been fulfilled, including that the Bank is in compliance with all relevant applicable ratios and regulations of the Central Bank of Lebanon, as well as the availability of sufficient free reserves for the purpose of such redemption. Such redemption is expected to be completed on July 7, 2017.

Pursuant to the terms of the Series "F" Preferred Shares, upon the redemption of the Series "F" Preferred Shares, the shares shall be cancelled and the nominal value of each of the remaining shares constituting the outstanding share capital of the Bank shall be adjusted to reflect such cancellation. This adjustment of the nominal value of each remaining share would result in the increase of the nominal value of each of the remaining shares constituting the Bank's outstanding share capital from LL 1,656 to LL 1,662.14093. In order to round the nominal value of each individual share up to LL 1,663 for practical purposes, the Board of Directors has resolved, subject to the approval of the General Assembly and of the Central Bank of Lebanon, to increase the capital of the Bank by LL 347,494,428 through the incorporation of free reserves into the capital of the Bank.

II. Issuance of Series "J" Preferred Shares

In its meeting of March 20, 2017, the Board of Directors, pursuant to a recommendation of its Group Executive Committee, determined that it would be beneficial to proceed with the issue of a new series of preferred

shares to increase the Bank's share capital. In making such determination, the Board of Directors considered the structure of the Bank's current share capital, the Bank's expected growth and the current advantageous market conditions for issuances of new series of preferred shares. The Board of Directors noted that, if the issuance of a new series of preferred shares is approved, the net proceeds thereof will be used for general funding purposes (including, but not limited to, strengthening the Bank's capital structure and funding external growth). Accordingly, the Board of Directors resolved to propose to the General Meeting to approve the issuance of a new series of preferred shares, to be titled the Series "J" Preferred Shares (the "**Series J Preferred Shares**") on the indicative terms and conditions summarized below:

Indicative terms and conditions applicable to the Series J Preferred Shares:

The Series J Preferred Shares	Non-Cumulative Redeemable Perpetual Convertible Series J Preferred Shares, which are expected to constitute Additional Tier 1 Capital.
Issue Size	[U.S.\$150,000,000 – U.S.\$200,000,000] Indicative subject to increase.
Issue Price	U.S.\$100.00 per share, of which LL 1,656 shall represent the nominal value of each share, with the balance, which the Bank intends to maintain in U.S. Dollars, consisting of the issue premium. It is expected that the Issue Price, consisting of the nominal value and the premium in excess thereof, will constitute Additional Tier 1 Capital.
Maturity; Tenor	Perpetual, subject to the terms of the Call Option. The Series J Preferred Shares have no fixed redemption date, and the Bank shall only have the right to redeem in the limited circumstances set out below. See " <i>—Call Option</i> " below.
Indicative Annual Distribution Rate	It is expected that distributions, if any, in an amount equivalent to 7.00% of the Issue Price will be paid annually to holders of the Series J Preferred Shares (subject as set out below). There is no step-up in the distribution rate. However, the Issuer may, in its sole discretion, elect to cancel any distribution in respect of the Series J Preferred Shares. See " <i>—Optional Distribution Cancellation</i> "
Annual Distributions	Distributions shall be payable to holders of Series J Preferred Shares solely out of Distributable Net Income for the Year, in U.S. Dollars, on account of fiscal year 2016, at a rate to be determined per Series J Preferred Share (representing a dividend yield of 7.00% <i>per annum</i> pro rated to approximately reflect the remaining period from the Issue Date to year-end 2017 and to compensate for the fact that Distributions will not be paid in respect of the year in which the Call Option is exercised (if and when the Call Option is exercised)) and, on account of each fiscal year thereafter, in an aggregate amount to be determined on or before the issue date at the rate of U.S.\$7.00 per Series J Preferred Share (representing a dividend yield of 7.00% <i>per annum</i>), subject to adjustment in the event of any stock split or combination affecting the share capital of the Bank (but not upon any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Bank's share capital). Distributions will be made in U.S. Dollars.
Condition to Payments of Distributions	All payments of Distributions are conditional upon: (w) no Trigger Event has occurred; (x) the Bank being in full compliance with then applicable regulations and financial ratios of the Central Bank and the Banking Control Commission in respect of the payment of dividends or other distributions and to verification of such compliance by the Banking Control Commission; (y) such Distributions having been recommended by the Board of Directors and approved by the shareholders of the Bank pursuant to a resolution adopted at the Ordinary General Meeting (or any other shareholders' meeting) at which the most recent annual audited financial statements of the Bank are approved and the Central Bank and/or the Banking Control Commission not having required the Issuer to cancel such Distributions; and

- (z) the availability of Distributable Net Income for the Year in an amount sufficient to cover such Distributions and distributions in respect of any Outstanding Preferred Shares at the time ranking *pari passu* with the Series J Preferred Shares in respect of distributions.

In any case, the actual amount distributable in respect of the Series J Preferred Shares for any year shall be determined by, and otherwise be subject to the approval of, the Bank's Shareholders at the General Meeting of Shareholders (or any other shareholders' meeting) at which the relevant annual audited financial statements of the Bank are approved.

In the event that the Bank exercises the Call Option, as provided below, no Distributions shall be payable in respect of any Series J Preferred Shares for the year in which such Series J Preferred Shares are redeemed and canceled.

Distributions Not Cumulative

The right to Series J Preferred Share Distributions shall not be cumulative. If Series J Preferred Share Distributions for any year are not declared and paid for any reason, holders of Series J Preferred Shares will not be entitled to receive such Distributions whether or not funds are or subsequently become available.

Optional Distribution Cancellation

The Bank may, at its sole discretion, taking into account its specific financial and solvency condition, elect to cancel any Distribution, in whole or in part, on a non-cumulative basis at any time, including upon a Mandatory Conversion. Any Distribution that has been duly cancelled is no longer due and payable at any time by the Bank, whether in a liquidation or otherwise.

Cancellation of a Distribution payment does not constitute an event of default and does not entitle holders to petition for the insolvency or winding up of the Bank.

Dates of Payment

Distributions, when declared and not cancelled, shall be paid on the date determined at the General Meeting of Shareholders at which the relevant annual audited financial statements of the Bank and the amount and payment of such Distributions are approved. It is expected that the first annual Distribution will be paid following the General Meeting of Shareholders at which the annual audited financial statements of the Bank for the year ended December 31, 2017 are approved (expected to be in April/May 2018).

The actual date on which a Distribution shall be made shall be determined by a resolution of the Ordinary General Meeting of Shareholders (or such other Shareholders' meeting).

Distributable Net Income for the Year

"**Distributable Net Income for the Year**" is, for any year, the Bank's net income for such year, calculated after deduction of legal and regulatory reserves, set out in the Bank's audited unconsolidated financial statements as at the end of such year, as approved by the shareholders of the Bank at the annual Ordinary General Meeting of Shareholders (or any other shareholders' meeting); provided that if the Bank reasonably determines that the Distributable Net Income for the Year as at any distribution determination date is lower than the Distributable Net Income for the Year as at the date of the Bank's latest audited statement of financial position and is insufficient to pay the Distributions and any payments on instruments that rank *pari passu* with the Series J Preferred Shares in respect of distributions on the relevant payment date, then on certification by two Directors and the auditors of the Bank of such revised amount, the Distributable Items shall for the purposes of Distributions mean the Distributable Net Income for the Year as set forth in such certificate.

Distributions Subject to Tax

Payments of Series J Preferred Share Distributions are subject to withholding tax in Lebanon, currently at the rate of 5%. The Bank will not pay any additional amounts to gross up in respect of such withholding tax.

Adjustment Events

The amount of Series J Preferred Share Distributions payable in respect of each Series J Preferred Share shall be subject to adjustment to reflect the occurrence of an Adjustment Event. Such amount will not be adjusted, however, to reflect any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Bank's share capital.

**Restrictions on Payment of Dividends upon
Common Shares**

So long as any Series J Preferred Shares shall be outstanding, the Bank shall not declare or pay any Distribution or other distribution upon its Common Shares during any fiscal year until full annual Distributions in respect of the Series J Preferred Shares (and any other Outstanding Preferred Shares of the Bank ranking *pari passu* with the Series J Preferred Shares in respect of distributions) shall have been paid or declared and set apart in respect of such fiscal year.

Voting Rights

Except in the limited circumstances described below and reflecting applicable Lebanese law (including Law 308 relating (among other things) to the issuance of shares by banks and dealings therein), the holders of Series J Preferred Shares shall not have voting rights.

Holders of Series J Preferred Shares shall have the right to participate in discussions regarding and to vote (on a *pro rata* basis with all holders of any other outstanding shares of the Bank, irrespective of the class thereof, including, the Outstanding Preferred Shares and the Common Shares of the Bank, determined on the basis of the nominal values of the respective classes of shares (provided that, in compliance with Article 117 of the Lebanese Code of Commerce, holders shall have the right to two votes per share in respect of any Common Shares owned by them for two years or longer)) in respect of the following:

- (x) amendments to the object or legal form of the Bank;
- (y) a capital increase by way of a contribution in kind of assets; and
- (z) dissolution, liquidation or winding-up of the Bank or a merger scheme in which the Bank is a party.

Pursuant to Lebanese law, in the event that (i) the General Meeting of Shareholders of the Bank approves Distributions but the Bank fails to make such Distributions for three years or (ii) the Bank shall be in default in the provision of any of the rights or benefits attached to the Series J Preferred Shares, holders of Series J Preferred Shares shall have the right to participate in discussions regarding, and to vote (on the same *pro rata* basis as described above), on all matters that come before the Shareholders of the Bank, and such voting rights shall continue in effect until (i) payment of the Distributions is made on account of the prior year and the then-current year or (ii) such default is cured, as the case may be.

Law 308 further provides for the automatic establishment of an association of holders of Series J Preferred Shares to protect the interests of such holders, which may designate a representative that may attend shareholder meetings and participate in discussions regarding, but may not vote in respect of, matters presented therein, except under the limited circumstances described above.

Liquidation Preference

Subject as set out below in “—*Mandatory Conversion*” and to relevant provisions of Law 308, in the event of any voluntary or involuntary liquidation or winding-up of the Bank, the holders of the Series J Preferred Shares shall be entitled (on a *pro rata* basis with all holders of any other outstanding preferred shares of the Bank ranking *pari passu* with the Series J Preferred Shares in respect of distributions, including, the Outstanding Preferred Shares, determined on the basis of the respective issue price for such shares) to be paid out of the assets of the Bank available for distribution to its Shareholders, before any payment shall be made on the Common Shares of the Bank, an amount per Series J Preferred Share equal to the sum of (x) the Lebanese Pound equivalent of U.S.\$94.00 per share, subject to adjustment to reflect any stock split or combination affecting the share capital of the Bank (but not upon any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Bank’s share capital), and (y) all declared but unpaid Distributions on the Series J Preferred Shares.

Mandatory Conversion

Subject as set out below in “—*Mandatory Conversion*”, following payment of the above liquidation preference, holders of the Series J Preferred Shares will, upon liquidation of the Issuer, be entitled to participate in any remaining distributable assets of the Issuer on a *pro rata* basis with the Common Shares and any other preferred shares with a similar participation provision, based on the respective par values of the Series J Preferred Shares, the Common Shares and any such other preferred shares.

Accordingly, if the Issuer is liquidated (and subject as set below in “—*Mandatory Conversion*”), the surplus, if any, remaining after payment of the Bank’s debts, liquidation expenses, liquidation preferences in respect of any series of unconverted preferred shares of the Bank at the time outstanding and any other obligations of the Bank will be distributed *pro rata* among all holders of Common Shares, Series J Preferred Shares and any other preferred shares with a similar participation provision.

If a Trigger Event occurs, the Series J Preferred Shares shall, upon the provision of a Conversion Notice, be mandatorily and irrevocably converted into Common Shares of the Bank (without the need for the consent of the holders of the Series J Preferred Shares) at a ratio of 15 Common Shares per Series J Preferred Share, subject to adjustment to reflect any stock split or combination affecting the share capital of the Bank (but not upon any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Bank’s share capital).

Once the Series J Preferred Shares have been converted, they will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue.

A conversion of the Series J Preferred Shares following a Trigger Event does not constitute an event of default and does not entitle holders to petition for the insolvency or winding up of the Bank. The Series J Preferred Shares are not otherwise convertible into Common Shares of the Bank.

A “**Conversion Notice**” is a notice that shall be given by the Bank not more than two Beirut business days after the occurrence of a Trigger Event to the holders of the Series J Preferred Shares stating, with reasonable detail, the nature of the relevant Trigger Event.

Trigger Event

A “**Trigger Event**” shall occur if (i) a Capital Adequacy Event occurs or (ii) a Non-Viability Event occurs and is continuing.

A “**Calculation Date**” is the last Beirut business day of any calendar quarter

A “**Capital Adequacy Event**” shall occur if, as of any Calculation Date, the ratio of the Bank’s Common Equity Tier 1 Capital to its risk weighted assets as of such date falls below 66.25% of the minimum required from time-to-time under Central Bank of Lebanon regulations, including Decision 6939.

A “**Non-Viability Event**” shall occur if the Central Bank notifies the Bank in writing that it is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable.

Availability of Common Shares Following Mandatory Conversion

Following a Mandatory Conversion, the Bank will be fully discharged from all of its obligations *vis-à-vis* the holders of the Series J Preferred Shares in respect of the Series J Preferred Shares upon making the Common Shares of the Bank available at Midclear for delivery to such holders for a period of 90days.

It shall be the responsibility of the holders of the Series J Preferred Shares to pay all applicable stamp, transfer, registration and similar taxes and duties, together with any value added or other tax thereon arising in connection with the transfer of the Common Shares and comply with all applicable laws and regulations relating thereto, including (x) if applicable, obtaining the consent of the Central Bank to the transfer of the Common Shares and (y) complete all formalities, documents and instruments as may be required to effect the delivery and transfer of the Common Shares, including such documents and instruments as may be required by Midclear and the Central Bank.

If a holder of Series J Preferred Shares requires the approval of the Central Bank in order to become the owner of Common Shares but fails to obtain such approval for any reason, then (i) it shall be such holder's responsibility to arrange for a transfer of its entitlement to the relevant Common Shares to a person who does not require the approval of the Central Bank and (ii) any failure to obtain approval of the Central Bank or to transfer the Common Shares in accordance with (i) shall not otherwise affect the rights of other holders of Series J Preferred Shares to receive Common Shares.

Ranking

The Series J Preferred Shares shall rank *pari passu* among themselves, with the Outstanding Preferred Shares (including any future series of preferred shares that may be issued by the Bank) in respect of:

- (x) the right to receive distributions of assets payable in respect of the net profits of the Bank (other than as to the amounts thereof);
- (y) the right to receive payments out of the assets of the Bank upon any voluntary or involuntary liquidation or winding up of the Bank (other than as to the amounts thereof); and
- (z) the right to subscribe to newly-issued preferred shares of the Bank, if any (other than as to the number of newly-issued shares).

The Series J Preferred Shares shall rank senior to the Common Shares in respect of the right to receive distributions of assets payable in respect of the net profits of the Bank and the right to receive payments out of the assets of the Bank upon any voluntary or involuntary liquidation or winding up of the Bank.

The Series J Preferred Shares, however, will rank junior to any instruments that qualify as Tier 2 Capital, debt, liabilities (including, *inter alia*, all deposits and other liabilities of the Bank to general creditors and liabilities of all offices and branches of the Bank, wherever located) and other similar obligations of the Bank such that, in the event of the liquidation, dissolution or winding up of the Bank, the holders of debt instruments and other similar obligations of the Bank would be entitled to be repaid prior to the payment of any amounts to holders of Series J Preferred Shares. The Series J Preferred Shares are not secured or covered by any guarantee from the Bank, any of the Bank's subsidiaries or members of its corporate group or any related party and do not benefit from any other arrangement that legally or economically enhances the preference or seniority of their claims.

Priority Subscription Rights

Each holder of Outstanding Preferred Shares will have the right to subscribe, on a priority basis, to the issue of Series J Preferred Shares, *pro rata* to their nominal holdings of Outstanding Preferred Shares, as applicable, at a rate of one Series J Preferred Share per Outstanding Preferred Share held by such holder. Any Series J Preferred Shares not subscribed by holders of Outstanding Preferred Shares will be allocated in the sole discretion of the Bank.

In order to exercise priority subscription rights, a holder of Outstanding Preferred Shares must submit a duly completed Purchase Application to the Bank, together with an indication that such holder is exercising its priority subscription rights and confirmation of the number of Outstanding Preferred Shares held by it, no later than the expiration of the subscription period that will be set by the Bank.

Holders of Outstanding Preferred Shares who fail to notify the Bank on a timely basis of their intention to exercise their priority subscription rights to purchase Series J Preferred Shares will be deemed to have waived such rights.

Holders of Series J Preferred Shares will have priority subscription rights to subscribe, *pro rata* with holders of other preferred shares of the Bank, including the Outstanding Preferred Shares, to newly-issued preferred shares of the Bank but not Common Shares.

Newly-issued preferred shares purchased pursuant to an exercise of such priority subscription rights will be allocated on the basis of the nominal values of all shares carrying such rights, regardless of the respective issue prices for such shares.

Call Option

Subject to (i) compliance with any and all then applicable regulations and financial ratios of the Central Bank and the Banking Control Commission, including the availability of sufficient free reserves for the purpose, (ii) verification of such compliance by the Banking Control Commission and (iii) the approval of the Central Bank in accordance with the provisions of paragraph 5(A) of Article 5 of Decision 6939, the Issuer may, at its option, redeem and cancel the Series J Preferred Shares then outstanding, in whole or in part (but not less than 20% of the aggregate issue size):

- (x) at any time after the Issue Date, upon the occurrence of a Regulatory Event (*i.e.*, a change in any applicable law or domestic or international regulation or standard or in the official interpretation or application thereof, which would be reasonably likely to result in the aggregate Issue Price in respect of all Series J Preferred Shares not being included as Additional Tier 1 Capital of the Bank or otherwise in the event that the Bank would not be permitted to maintain the issue premium in respect of the Series J Preferred Shares in U.S. Dollars or any other foreign currency as may be acceptable to the Bank); or
- (y) following notification to the Central Bank and the Banking Control Commission, within 60 days following the General Meeting of Shareholders of the Bank at which the annual audited financial statements of the Bank for the year ended December 31, 2022 are approved (which is expected to be in April 2023) and annually within 60 days following each such subsequent General Meeting of Shareholders of the Bank thereafter (or any other shareholders' meeting) at which the annual audited financial statements of the Bank for the immediately preceding fiscal year are approved, in its sole discretion, in each case, at a redemption price equal to U.S.\$100.00 per Series J Preferred Share (subject to, in the event of any stock split or combination affecting the share capital of the Bank (but not upon any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Bank's share capital)), plus any declared and uncanceled but unpaid Distributions; provided that no Distributions shall be payable in respect of any Series J Preferred Shares for the year in which such Series J Preferred Shares are redeemed and canceled. The Series J Preferred Shares may not be redeemed and cancelled under this sub-clause (y) prior to the fifth anniversary of the Issue Date. In the case of redemption and cancellation of a part only of the Series J Preferred Shares at the time outstanding, such redemption and cancellation will be on a *pro rata* basis.

Effect of Redemption

Upon any redemption of Series J Preferred Shares, such Series J Preferred Shares shall be canceled and the nominal value of each of the remaining shares then constituting the outstanding share capital of the Bank, irrespective of the class thereof, shall be adjusted to reflect such cancellation, with the Bank's total capital remaining unchanged.

No Put Option

Holders of Series J Preferred Shares do not have the benefit of any put option or other right to require the Bank to repurchase Series J Preferred Shares and, although the Bank has the right to redeem and cancel the Series J Preferred Shares as described herein, it has no obligation to do so and its ability to do so may be restricted by applicable regulations and financial ratios of the Central Bank and the Banking Control Commission.

Conditions Precedent

The issue of the Series J Preferred Shares is subject to the following conditions precedent:

- (x) the Extraordinary General Meeting of the Bank's Shareholders approving the issue of the Series J Preferred Shares;
- (y) the Bank having received the approval of *Banque du Liban* to issue the Series J Preferred Shares; and
- (z) the Extraordinary General Meeting of the Bank's Shareholders confirming and verifying the due issuance of the Series J Preferred Shares.

Form; Settlement & Clearing	The Series J Preferred Shares will be issued in registered form, registered in the respective names of the purchasers thereof in the share registry maintained by Midclear in respect of the Bank's share capital. The Series J Preferred Shares will initially be delivered, upon issuance, to Eligible Investors by deposit to the Midclear account of the Bank on or after the Issue Date. At any time after the Issue Date, a holder of Series J Preferred Shares may request that the Bank arrange for the transfer of the custody of all or a portion of the Series J Preferred Shares owned by it to another sub-custodian in Midclear. Interests in the Series J Preferred Shares will be shown only on, and transfers thereof may be effected (subject as provided herein) only through, the book-entry system maintained by Midclear and its participants, including the Bank. Series J Preferred Shares in definitive form will not be issued.
Use of Proceeds	The net proceeds of the issue of the Series J Preferred Shares will be used for general funding purposes, including, but not limited to, strengthening the Bank's capital structure.
Listing	The Bank intends to list the Series J Preferred Shares on the BSE.
Governing Law	The issuance of the Series J Preferred Shares shall be governed by Lebanese Law.
Restrictions on Transfer	There are no restrictions imposed by the Central Bank on the transfer of Series J Preferred Shares and, accordingly, the Series J Preferred Shares shall be freely transferable, subject to applicable securities laws.
Eligible Investors	Series J Preferred Shares will be offered and sold, directly and indirectly, only to " Eligible Investors " (<i>i.e.</i> , any person that is a Professional Client (as defined under CMA regulations) and, if located in the EEA, a Qualified Investor, and who is not a U.S. person, the President of the Bank, the Chairman of the Board of Directors of the Bank, any other member of the Board of Directors of the Bank or any person who is a General Manager of the Bank; any spouse or minor child of any such person, any subsidiary or affiliate of the Issuer, or any other person acting on behalf of any such person) in offshore transactions outside the United States. Neither the Issuer nor any of its subsidiaries or affiliates may directly or indirectly finance the purchase of Series 1 Preferred Shares.

The disclosure above is an indicative summary of certain terms and conditions proposed to be applicable to the contemplated Series J Preferred Shares. Nothing contained in this Information Statement shall constitute an offer of, or an invitation to subscribe for or purchase, any Series J Preferred Shares.

The issuance of the Series J Preferred Shares remains subject to the approval of the Central Bank of Lebanon and the Bank's shareholders.

III. Amendments to the By-Laws

Pursuant to applicable regulations, the approval of the actions described under sections I and II above necessitates resulting amendments to the Bank's By-Laws.

Accordingly, in its meeting held on May 18, 2017, the Board of Directors resolved to propose to the General Assembly to approve, upon its approval of each or all of the actions described above, the amendment of Articles 6 and 8 of the Bank's By-Laws to reflect the matters specified under sections I and II above.

IV. Grant of Power

In its meeting held on May 18, 2017, the Board of Directors noted that the actions described under sections I and II above require the obtaining of certain authorizations and the completion of certain other acts. Accordingly, the Board of Directors resolved to propose to the General Assembly to approve, upon its approval of the actions described under sections I to III above, including its approval of related amendments to the Bank's By-Laws, to empower the Chairman of the Board of Directors (acting singly) or any two Directors – General Managers (acting jointly) to seek all necessary authorizations (including, in particular, the approval of the Central Bank of Lebanon acting through its Central Council) and to perform all acts as may be necessary or advisable in the completion of such matters as are approved.

V. Summary of Matters Submitted to the General Assembly for Approval

Accordingly, the Board of Directors of the Bank has convened the General Assembly to consider and approve the following resolutions:

1. The cancellation of the Series “F” Preferred Shares and increase of the Bank’s capital in order to round the nominal value of each individual share up to LL1,663;
2. The amendment of the Bank’s By-Laws, including, in particular articles 6 and 8, in order to reflect the foregoing;
3. The increase of the Bank’s capital through the issuance of a new series of preferred shares (pursuant to Lebanese Law No 308/2001);
4. The listing of such newly-issued preferred shares on the Beirut Stock Exchange;
5. The amendment of the Bank’s By-Laws, including, in particular, articles 6 and 8 thereof, in order to reflect the actions described in items 3 and 4 above ;
6. The submission of the actions described in items 1-5 inclusive for approval by the Central Bank of Lebanon acting through its Central Council; and
7. The granting to the Chairman of the Board of Directors (acting singly) or any 2 Directors – General Managers (acting jointly) of the necessary powers to seek required approvals, to set deadlines and to perform all other acts and procedures in pursuit of all of the foregoing resolutions.

The proposed resolutions are subject to approval by the Central Bank of Lebanon, acting through its Central Council.

VOTING INSTRUCTIONS

Each Holder is hereby requested to return to the Depositary voting instructions, in the form provided separately by the Depositary for this purpose, by which such Holder may give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the General Meeting.

In order for a voting instruction to be valid, the above-mentioned form of voting instructions must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message or market standard authenticated message format) and returned to the Depositary by the date that the Depositary shall specify in such form of voting instructions.

INFORMATION REGARDING BANK AUDI S.A.L.

For information regarding the Bank, Holders are advised to review the following documents:

- The Bank's Annual Report for 2016 encompassing:
 - o The audited financial statements of the Bank as of and for the year ended December 31, 2016 and the accompanying notes and auditors' report;
 - o The "Management Discussion and Analysis" which summarizes the Bank's activity during the year ended December 31, 2016;
- The consolidated unaudited financial statements of the Bank as at March 31, 2017.

The above documents (in Arabic or English, or both, as the case may be) can be downloaded from Bank Audi's website: www.bankaudigroup.com or may be obtained free of charge from the Bank and the Depositary at the addresses set forth below:

The Depositary:

Deutsche Bank Trust Company Americas
Winchester House
1 Great Winchester Street
London EC2N 2DB
Attn: Ms. Katia Levy-Thevenon

The Bank:

Bank Audi s.a.l.
Bab Idriss
Omar Daouk Street
Bank Audi Plaza, P.O. Box 11-2560
Beirut
Lebanon
Attn: The Group Corporate Secretary
