

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

November 11, 2016

Dear Global Depositary Receipt Holder:

Reference is hereby made to the Amended and Restated Deposit Agreement dated May 10, 2010 (as may be amended from time to time, the “**Deposit Agreement**”) between Bank Audi s.a.l. (the “**Bank**”) and Deutsche Bank Trust Company Americas, in its capacity 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, nominal value L.L. 1,656 per common share (the “**Common Shares**”). 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 the Extraordinary General Meeting of the Shareholders of the Bank to be held on Tuesday, November 29, 2016 (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 a holder of GDRs 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 November 11, 2016, which is the record date (the “**Record Date**”) established by the Depositary for this purpose (which is as near as practicable to November 28, 2016, 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 increase of the Bank’s capital through the issuance of a number of Preferred Shares (pursuant to Lebanese Law No 308/2001) and the determination of their amount, terms and conditions;
2. The listing of such newly-issued Preferred Shares on the Beirut Stock Exchange;
3. 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 1 and 2 above;
4. The submission of the actions described in items 1-3 inclusive for approval by the Central Bank of Lebanon acting through its Central Council; and
5. The granting to the Chairman of the Board of Directors and to the Group Chief Executive Officer (acting severally) 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.

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 of the Bank (the “**Board of Directors**”) recommends a vote in favour of each such resolution.

Yours very truly,

Raymond Audi
Chairman - General Manager
Bank Audi s.a.l.

Bank Audi

INFORMATION STATEMENT

Table of Contents

	Page
Available Information.....	3
Voting Rights of Holders.....	3
Summary Background Information	3
Voting Instructions	7
Information regarding Bank Audi s.a.l.	8

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 authorized by the Bank. No delivery of this Information Statement nor any offer or distribution of any securities to which this Information Statement relates 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.

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. Issuance of Series "I" Preferred Shares

In its meeting held on November 10, 2016, 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 market conditions for the issuances of new preferred shares. The Board of Directors noted that, if the issuance of new preferred shares is approved, the net proceeds thereof will be used for general funding purposes (including, but not limited to, strengthening the capital structure and 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 captioned Series "I" Preferred Shares (the "**Series I Preferred Shares**"), on the indicative terms and conditions summarized below:

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

Series I Preferred Shares

Type	Non-Cumulative Redeemable Perpetual Convertible Preferred Shares, expected to constitute Additional Tier 1 capital, each with a nominal value of LL 1,656.
Issuer	Bank Audi s.a.l.
Issue Size	U.S.\$150,000,000.
Maturity/Tenor	Perpetual, subject to call option. See " <i>Call Option</i> ", below.

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. The issue premium has been determined by the Bank in its discretion.

Annual Distributions Subject as provided herein and to certain other conditions, distributions (“**Distributions**”) shall be payable to holders of Series I Preferred Shares solely out of Distributable Net Income for the Year (as defined below), in U.S. Dollars, on account of fiscal year 2016, at the rate of U.S.\$3.00 per Series I Preferred Share (representing a dividend yield of 7.00% per annum pro rated to approximately reflect the remaining period from the Issue Date to year-end 2016 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 I Preferred Share (representing a dividend yield of 7.00% per annum), subject to adjustment in the event of any stock split or combination affecting the share capital of the Issuer (but not upon any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Issuer’s share capital).

However, the Bank may, in its sole discretion, elect to cancel any distribution in respect of the Series I Preferred Shares.

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

Restrictions on Payment of Dividends upon Common Shares So long as any Series I 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 I Preferred Shares (and any other outstanding preferred shares of the Bank ranking pari passu with the Series I Preferred Shares in respect of distributions, including, as at the date hereof, the Series F Preferred Shares, the Series G Preferred Shares and the Series H Preferred Shares) shall have been paid or declared and set apart in respect of such fiscal year.

Mandatory Conversion If a Trigger Event (as defined below) occurs, the Series I 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 I Preferred Shares) at a ratio of 15 Common Shares per Series I 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 I 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 I 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 I Preferred Shares are not otherwise convertible into Common Shares of the Bank.

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

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.

Voting rights

Except in certain limited circumstances and under applicable Lebanese law, the holders of Series I Preferred Shares shall not have voting rights

Ranking

The Series I Preferred Shares shall rank pari passu among themselves, with the Series F Preferred Shares, the Series G Preferred Shares and the Series H Preferred Shares and with any future series of preferred shares that may be issued by the Bank in respect of:

- i) the right to receive distributions of assets payable in respect of the net profits of the Bank (other than as to the amounts thereof);
- ii) 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
- iii) 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 I 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.

Call Option

Subject to certain conditions, the Bank may, at its option, redeem and cancel the Series I 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 I 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 I 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, 2021 are approved (which is expected to be in April 2022) 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 I 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 I Preferred Shares for the year in which such Series I Preferred Shares are redeemed and canceled. The Series I Preferred Shares may not be redeemed and canceled under this sub-clause (y) prior to the fifth anniversary of the Issue Date.

Liquidation Preference Subject as set out in “Mandatory Conversion” and to relevant provisions of Law № 308, in the event of any voluntary or involuntary liquidation or winding-up of the Issuer, the holders of the Series I Preferred Shares shall be entitled (on a *pro rata* basis with all holders of any other outstanding preferred shares of the Issuer ranking *pari passu* with the Series I Preferred Shares in respect of distributions, including, as at the date hereof, the Series F Preferred Shares, the Series G Preferred Shares and the Series H Preferred Shares, determined on the basis of the respective issue price for such shares) to be paid out of the assets of the Issuer available for distribution to its Shareholders, before any payment shall be made on the Common Shares of the Issuer, an amount per Series I 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 Issuer (but not upon any other event, including the issuance of any new shares below market value, stock dividends or a recapitalisation of the Issuer’s share capital), and (y) all declared but unpaid Distributions on the Series I Preferred Shares.

Subject as set out above in “—*Mandatory Conversion*”, following payment of the above liquidation preference, holders of the Series I 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 I Preferred Shares, the Common Shares and any such other preferred shares.

Listing The Bank intends to list the Series I Preferred Shares on the Beirut Stock Exchange.

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

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

II. Amendments to the By-Laws

Pursuant to applicable regulations, the approval of the action described under section I above necessitates resulting amendments to the Bank’s By-Laws.

Accordingly, in its meeting held on November 10, 2016, the Board of Directors resolved to propose to the General Assembly to approve, upon its approval of the actions described above, the amendment of Articles 6 and 8 of the By-Laws to reflect such matters as specified above.

III. Grant of Power

In its meeting held on November 10, 2016, the Board of Directors noted that the actions described 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 Meeting to approve, upon its approval of the actions described above, including its approval of related amendments to the Bank’s By-Laws, to empower the Chairman of the Board of Directors and the Group Chief Executive Officer (acting severally) 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.

IV. Summary of Matters Submitted to the General Meeting for Approval

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

1. The increase of the Bank's capital through the issuance of a number of Preferred Shares (pursuant to Lebanese Law No 308/2001) and the determination of their amount, terms and conditions;
2. The listing of such newly-issued Preferred Shares on the Beirut Stock Exchange;
3. 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 1 and 2 above;
4. The submission of the actions described in items 1-3 inclusive for approval by the Central Bank of Lebanon acting through its Central Council; and
5. The granting to the Chairman of the Board of Directors and to the Group Chief Executive Officer (acting severally) 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 voting instructions form 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.

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 2015; and
- The unaudited financial statements of the Bank as at and for the nine months period ended September 30, 2016;

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

The Depositary:

Deutsche Bank Trust Company Americas
Winchester House
1 Great Winchester Street
London EC2N 2DB
Attn: Mr. Stanley Jones

The Bank:

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