

# Bank Audi

July 21, 2017

## **Resolutions adopted by the Extraordinary General Meeting of Shareholders of July 21, 2017:**

### **First resolution: Cancellation of all 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:**

The Extraordinary General Meeting of Shareholders resolves to (i) cancel all of the 1,500,000 outstanding Series “F” Preferred Shares and substitute their nominal value (aggregating LL 2,484,000,000) in the Capital of the Bank through a simultaneous incorporation of an equivalent amount from the free reserves, concomitantly with the cancellation, and (ii) for the avoidance of residual amounts in the nominal value of the Share pursuant to the aforementioned cancellation of the Series “F” Preferred Shares, increase the Bank’s Capital to become L.L. 672,682,176,252 hence an increase of L.L. 347,494,428 through the incorporation of an aggregate amount of L.L. 2,831,494,428 from the free reserves (representing the nominal value of the cancelled Series “F” Preferred Shares and the capital increase), all resulting in a nominal value of each individual Share of L.L. 1,663.

The Extraordinary General Meeting of Shareholders of Bank Audi s.a.l. empowers the Board of Directors to verify the adequate completion of all the procedures relating to the increase of the Bank’s share capital, in accordance with the present resolution.

### **Second resolution: Amendment of Articles 6 and 8 of the By-Laws to reflect the cancellation of the Series “F” Preferred Shares:**

The Extraordinary General Meeting of Shareholders of Bank Audi sal, pursuant to its preceding resolution, resolves to modify articles 6 and 8 of the Bank’s by-laws. Modified text of said articles is as follows:

#### **Modified text:**

##### **Article 6 - Capital**

The Capital of the Company shall be set at LL /672,682,176,252/ six hundred seventy two billion six hundred eighty two million one hundred seventy six thousand two hundred and fifty two Lebanese pounds divided into /404,499,204/ four hundred four million four hundred ninety nine thousand two hundred and four nominal Shares, with a value of LL /1,663/ one thousand six hundred and sixty three Lebanese Pounds each, fully paid up.

The company may issue bonds pursuant to a resolution of the General Meeting of Shareholders.

##### **Article 8 – Type of Shares**

- 1- Shares constituting the Company’s capital are divided into two categories, the first category being the Common Shares consisting of /399,749,204/ Shares, and the second category being the Preferred Shares consisting of /4,750,000/ Preferred Shares. The second category consists of three series: /1,500,000/ Series “G” Preferred Shares, /750,000/ Series “H” Preferred Shares and /2,500,000/ Series “I” Preferred Shares.
- 2- All the company's Shares are nominal Shares and shall be kept with the central depository MIDCLEAR SAL; Ownership, trading, pledges and other rights affecting the Shares shall be established by the records of MIDCLEAR SAL.
- 3- All the company’s Shares may be subscribed to publicly and are tradable on the regulated financial markets. All Shares are traded on such markets.

**Third resolution: Increase of the Bank’s Capital through the issuance of 2,750,000 new series “J” Preferred Shares, subject to Lebanese Law No. 308/2001:**

The Extraordinary General Meeting of Shareholders resolves to increase Bank Audi’s capital from L.L. /672,682,176,252/ to L.L. /677,255,426,252/ i.e. by L.L. /4,573,250,000/ through the issuance of /2,750,000/ new series “J” nominal Preferred Shares, subject to Lebanese Law No. 308/2001, with a nominal value of L.L. 1,663 per Share to be listed on regulated stock exchanges and subscribed for in cash as per the following terms:

<b>Issuer</b>	Bank Audi S.A.L. (“ <b>Bank Audi</b> ”, or the “ <b>Bank</b> ”).
<b>The Offering</b>	The Bank is offering the Series J Preferred Shares for sale to Eligible Investors in offshore transactions outside the United States.
<b>The Series J Preferred Shares</b>	2,750,000 Non-Cumulative Redeemable Perpetual Convertible Series J Preferred Shares, which are expected to constitute Additional Tier 1 Capital, each with a nominal value of LL 1,663.
<b>Issue Size</b>	U.S.\$275,000,000.
<b>Maturity/ Tenor</b>	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.
<b>Issue Price</b>	U.S.\$100.00 per share, of which LL 1,663 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. Existing holders of Preferred Shares and prospective investors should note that the issue premium has been determined by the Bank in its discretion.
<b>Subscription Amounts</b>	Subscriptions for Series J Preferred Shares shall be for a minimum amount of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
<b>Use of Proceeds</b>	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.
<b>Indicative Annual Distribution Rate</b>	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**

Subject as provided herein, 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 2017, at the rate of U.S.\$4.00 per Series J 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 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% *per annum*), 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.

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.

## **Mandatory Conversion**

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 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.

<b>No Put Option</b>	<p> 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.</p>
<b>Conditions Precedent</b>	<p> The issue of the Series J Preferred Shares is subject to the following conditions precedent:</p> <ul style="list-style-type: none"> <li>(x) the Extraordinary General Meeting of the Bank’s Shareholders approving the issue of the Series J Preferred Shares;</li> <li>(y) the Bank having received the approval of <i>Banque du Liban</i> to issue the Series J Preferred Shares; and</li> <li>(z) the Extraordinary General Meeting of the Bank’s Shareholders confirming and verifying the due issuance of the Series J Preferred Shares.</li> </ul>
<b>Form; Settlement &amp; Clearing</b>	<p> 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.</p> <p> 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.</p> <p> 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.</p>
<b>Listing</b>	<p> The Bank intends to list the Series J Preferred Shares on the BSE.</p>
<b>Governing Law</b>	<p> The issuance of the Series J Preferred Shares shall be governed by Lebanese Law.</p>
<b>Restrictions on Transfer</b>	<p> 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.</p>
<b>Eligible Investors</b>	<p> Series J Preferred Shares will be offered and sold, directly and indirectly, only to “<b>Eligible Investors</b>” (<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.</p>

<b>Legal Advisors</b>	Dechert LLP, as to U.S. law. Cortbaoui & Kanaan, as to Lebanese law.
<b>Placement Agent</b>	Audi Investment Bank S.A.L.
<b>Statutory Auditors of the Bank</b>	Ernst & Young p.c.c. and BDO, Semaan, Gholam & Co.
<b>Fees connected with the offering of the Series J Preferred Shares</b>	<p>Investors will not be charged any placement fees by the Bank or any of its affiliates in connection with the offering and placement of the Series J Preferred Shares.</p> <p>Other than bank charges and other related fees, if any, incurred in connection with the payment of amounts in respect of the Aggregate Issue Price (such as fees for the transfer or currency conversion of monies), investors will not be required to pay any fees in connection with the Series J Preferred Shares, including issuance, redemption or administration fees.</p>
<b>Risk Factors</b>	<p>An investment in the Series J Preferred Shares is subject to certain risks. In particular, investors should note as follows:</p> <ul style="list-style-type: none"> <li>• An investment in the Series J Preferred Shares constitutes an investment in the equity of the Bank. Holders will not have creditor rights against the Bank in respect of the Series J Preferred Shares, including for any non-payment of Series J Preferred Share Distributions.</li> <li>• The Bank operates in Lebanon and, accordingly, its financial condition, results of operations and business prospects are closely related to the overall political, social and economic situation in Lebanon, which, in turn, is tied to the political situation in the region.</li> <li>• The Bank may, in 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 (to the extent such cancellation is permitted under applicable Lebanese law), 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.</li> <li>• The Series J Preferred Shares are loss absorbency instruments in accordance with Basel requirements. As such, if a Trigger Event occurs, the Series J Preferred Shares will be mandatorily converted into Common Shares, in which case investors may lose a portion or all of their investment. In the event of a voluntary or involuntary liquidation of the Bank, investors may also lose a portion or all of their investment.</li> <li>• The Series J Preferred Shares will be non-voting, except for the limited rights of holders of Series J Preferred Shares to vote on any proposed amendments to the object or legal form of the Bank, any capital increase by way of a contribution in kind of assets or any dissolution, liquidation or winding-up of the Bank or any merger or acquisition scheme in which the Bank is a party or in the event Distributions are not made for three consecutive years when, in</li> </ul>

each such year, the Bank had Distributable Net Income for the Year available to make such Distributions or the Bank shall default in the provision of any of the rights or benefits attaching to the Series J Preferred Shares.

- The Series J Preferred Shares shall be of perpetual existence and have no fixed final redemption date and holders of Series J Preferred Shares do not have the benefit of any put option or other right to require the redemption thereof.
- In the event that the Bank exercises its option to redeem and cancel the Series J Preferred Shares at any time on the terms and subject to the conditions described herein, no Distributions shall be payable in respect of the year in which such Series J Preferred Shares are redeemed and cancelled.

The above is only a partial list of risks related to the Series J Preferred Shares.

**Fourth resolution: Listing of the /2,750,000/ newly-issued series “J” Preferred Shares on the Beirut Stock Exchange:**

The Extraordinary General Meeting of Shareholders of Bank Audi sal resolves the listing of /2,750,000/ newly-issued Series “J” Preferred Shares on the Beirut Stock Exchange.

**Fifth resolution: Amendment of Articles 6 and 8 of the Bank’s By-Laws to reflect the issuance of the Series “J” Preferred Shares:**

The Extraordinary General Meeting of Shareholders of Bank Audi sal, pursuant to its preceding resolutions, resolves to modify articles 6 and 8 of the Bank’s by-laws. Modified text of said articles is as follows:

**Modified text:**

**Article 6 - Capital**

The Capital of the Company shall be set at LL /677,255,426,252/ six hundred seventy seven billion two hundred fifty five million four hundred twenty six thousand two hundred and fifty two Lebanese pounds divided into /407,249,204/ four hundred seven million two hundred forty nine thousand two hundred and four nominal Shares, with a value of LL /1,663/ one thousand six hundred and sixty three Lebanese Pounds each, fully paid up.

The company may issue bonds pursuant to a resolution of the General Meeting of Shareholders.

**Article 8 – Type of Shares**

- 1- Shares constituting the Company’s capital are divided into two categories, the first category being the Common Shares consisting of /399,749,204/ Shares, and the second category being the Preferred Shares consisting of /7,500,000/ Preferred Shares. The second category consists of four series: /1,500,000/ Series “G” Preferred Shares, /750,000/ Series “H” Preferred Shares, /2,500,000/ Series “I” Preferred Shares and /2,750,000/ Series “J” Preferred Shares.
- 2- All the company's Shares are nominal Shares and shall be kept with the central depository MIDCLEAR SAL; Ownership, trading, pledges and other rights affecting the Shares shall be established by the records of MIDCLEAR SAL.
- 3- All the company’s Shares may be subscribed to publicly and are tradable on the regulated financial markets. All Shares are traded on such markets.

**Sixth resolution: Submission of the foregoing resolutions for approval by the Central Bank of Lebanon:**

The Extraordinary General Meeting of Shareholders of Bank Audi sal declares that entry into effect of the foregoing resolutions is subject to the approval of the Central Bank of Lebanon.

It further resolves that entry into effect of resolutions 3, 4 and 5 is conditioned upon prior full implementation of resolutions 1 and 2.

**Seventh resolution: Granting to the Chairman of the Board of Directors (acting singly) or any two Directors – General Managers (acting jointly) of the necessary powers to perform all acts and procedures in pursuit of the foregoing resolutions:**

The Extraordinary General Meeting of Shareholders resolves to grant the Chairman of the Board of Directors Mr. Samir Hanna (acting singly) or any two Directors – General Managers (acting jointly) the necessary powers to carry out all necessary actions in connection with the issuance of the Preferred Shares, the determination of the subscription period, the payment of the nominal value and of the premium, the opening of accounts for this purpose, the application for listing such Preferred Shares on regulated stock markets, and generally to carry out all necessary actions to implement the above resolutions, with the authority to further delegate all or part of the aforementioned powers granted to them hereby.

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