

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

INFORMATION STATEMENT

January 25, 2021

Dear Global Depositary Receipt Holder:

Reference is hereby made to the Amended and Restated Deposit Agreement dated February 25, 2019 (as may be amended from time to time, the “**Deposit Agreement**”) between Bank Audi s.a.l. (the “**Bank**”) and Bank of New York Mellon, 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. 1,670 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 Ordinary General Meeting of the Shareholders of the Bank to be held on February 12, 2021 (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 Section 5 of the Deposit Agreement, a copy of such notice and agenda is being sent hereby to each person who is a Holder on January 25, 2021, which is the record date (the “**Record Date**”) established by the Depositary for this purpose (which is as near as practicable to February 11, 2021, 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. Granting the final approval for the sale, to Capital Bank, of the operations of the Bank’s branches in Jordan and the assignment and assumption of their assets and liabilities, and for the sale to the National Bank of Iraq, a subsidiary of the Capital Bank Group, of the operations of the Bank’s branches in Iraq and the assignment and assumption of their assets and liabilities;
2. Granting the final approval and ratifying the sale to First Abu Dhabi Bank of all the shares of Bank Audi sae (Egypt) (“**BAEGY**”) and the assignment to it of the subordinated debt previously granted by the Bank to BAEGY;
3. Issuing new unsecured subordinated notes (the “**2021 Subordinated Notes**”) to be subscribed to, exclusively, through the exchange of the unsecured subordinated notes issued by the Bank in 2013 (the “**2013 Subordinated Notes**”);
4. Submitting the action described in item 3 above for approval by the Central Bank of Lebanon, acting through its Central Council; and
5. Granting the Chairman of the Board of Directors and the General Managers, acting severally, the necessary powers to implement the resolutions adopted by the Ordinary General Assembly.

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 - General Manager

Bank Audi

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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 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 Section 5 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

1. Granting the final approval for the sale, to Capital Bank, of the operations of the Bank's branches in Jordan and the assignment and assumption of their assets and liabilities, and for the sale to the National Bank of Iraq, a subsidiary of the Capital Bank Group, of the operations of the Bank's branches in Iraq and the assignment and assumption of their assets and liabilities;

On January 21, 2021, the Board of Directors of the Bank (the "Board of Directors" or the "Board"), having

- (i) In consideration of the sustained uncertainties tied to Lebanon's economic and financial outlook, and of the resulting focus, by the Bank, on its domestic Lebanese franchise, and of its objective to reinforce its role in facing the considerable challenges Lebanon has been exposed to for over a year now;
- (ii) In consideration of the advantages of the Capital Bank Group that make it a very suitable acquirer of Bank Audi's branches in Jordan and Iraq, and beneficial for the interests of its stakeholders, including, in particular, its employees and customers;
- (iii) In consideration of the terms of the business transfer agreement executed on 29 December 2020 between the Bank and Capital Bank of Jordan in connection with the sale of the Jordan branch network, including its assets and liabilities (the "JBTA"), and the business transfer agreement executed on 29 December 2020 between the Bank and National Bank of Iraq in connection with the sale of the Iraq branch network, including its assets and liabilities (the "IBTA"), based on a combined valuation of the two businesses amounting to USD 169 Million and encompassing terms and conditions deemed acceptable by the Board (including, but not limited to, the conditions to closing (mainly the approval of the present General Meeting, and of the relevant regulatory authorities), general undertakings, indemnities, warranties, disclosures, limitations of liability, termination right, integration and migration Plan, and others); and
- (iv) In consideration of the beneficial impact that the contemplated sale of the operations of the Bank's branches in Jordan and in Iraq will have on the Bank's resilience and financial standing;

Resolved to (x) ratify all the actions carried out by management in connection with the sale of the Jordan and Iraq branches, (y) ratify and approve the sale, to Capital Bank, of the operations of the Bank's branches in Jordan and the assignment and assumption of their assets and liabilities, and the sale to the National Bank of Iraq of the operations of the Bank's branches in Iraq and the assignment and assumption of their assets and liabilities, all as per the terms of the JBTA and the IBTA, and (z) submit the contemplated sale of the Jordan and Iraq branches (as described above) to the General Meeting with a recommendation to approve it.

2. Granting the final approval and ratify the sale to First Abu Dhabi Bank of all the shares of BAEGY and the assignment to it of the subordinated debt previously granted by the Bank to BAEGY;

On January 21, 2021, the Board of Directors, having

- (i) In consideration of the sustained uncertainties tied to Lebanon's economic and financial outlook, and of the resulting focus, by the Bank, on its domestic Lebanese franchise, and of its objective to reinforce its role in facing the considerable challenges Lebanon has been exposed to for over a year now;
- (ii) In consideration of the advantages of First Abu Dhabi Bank that make it a very suitable acquirer of Bank Audi s.a.e., and beneficial for the interests of its stakeholders, including, in particular, its employees and customers;
- (iii) In consideration of the terms of the Share Purchase Agreement executed on 20 January 2021 between the Bank, represented by its Chairman of the Board - General Manager, as seller, and First Abu Dhabi Bank PJSC as buyer in connection with the sale of Bank Audi SAE (the "SPA"), encompassing an aggregate price consideration, for 100% of the share capital of BAEGY and the assignment of the subordinated debt previously provided by Bank Audi to BAEGY, of USD 660 Million (plus accrued interest on said subordinated debt), and encompassing the assignment to the buyer of the subordinated debt previously granted by the Bank to Bank Audi sae (Egypt), and other terms and conditions deemed acceptable by the Board (including, but not limited to, the transaction closing mechanism, the conditions to closing (mainly the approval of the present General Meeting, and of the relevant regulatory authorities), interim covenants, general undertakings, indemnities, warranties, disclosures, limitations of liability, termination right, non-compete undertakings, transitional services agreement, and others);
- (iv) In consideration of the fairness opinion rendered by J.P. Morgan Securities PLC in connection with the captioned sale; and
- (v) In consideration of the beneficial impact that the contemplated sale of 100% of the share capital of Bank Audi sae (Egypt) and the assignment of the subordinated debt will have on the Bank's resilience and financial standing;

Resolved to (x) ratify all the actions carried out by management in connection with the sale to First Abu Dhabi Bank of 100% of the share capital of BAEGY and the assignment of the subordinated debt to it (y) ratify and approve the SPA and the assignment of the subordinated debt, and (z) submit the contemplated sale of 100% of the share capital of BAEGY including the assignment of the subordinated debt (all as described above) to the General Meeting with a recommendation to approve it.

3. Issuing new unsecured subordinated notes (the "2021 Subordinated Notes") to be subscribed to, exclusively, through the exchange of the unsecured subordinated notes issued by the Bank in 2013 (the "2013 Subordinated Notes");

In its meeting held on January 21, 2021, the Board of Directors, pursuant to a recommendation of the Group Executive Committee, determined that it would be beneficial to proceed with the issuance of new unsecured subordinated notes, the 2021 Subordinated Notes, to be subscribed to, exclusively, through the exchange of the 2013 Subordinated Notes. The Board made such determination in consideration of the advantageous conditions for the Bank (notably the submission of the 2021 Subordinated Notes to Lebanese Laws; the local payment of principal and interest; and their extended maturity) and the offering of adequate incentive for the holders of the 2013 Subordinated Notes, (notably a commission equivalent to the missed interest on the 2013 Subordinated Notes, in addition to an up-front interest payment of circa 20% (payable upon the exchange of the 2013 Subordinated Notes for the 2021 Subordinated Notes), and an interest rate of circa 5% p.a., all payable locally).

Accordingly, the Board of Directors resolved to propose to the General Meeting to approve the issuance of Subordinated Notes on the indicative terms and conditions summarized below:

The Issuer:	Bank Audi s.a.l. (the "Issuer")
The Notes:	Subordinated Notes, being unsecured and ranking junior to all deposits and any senior debt of the Issuer.
Issue Size:	Up to USD 350,000,000.
Maturity:	Not less than five years.
Interest:	An upfront payment of 20% (payable upon the exchange of the 2013

	Subordinated Notes for the 2021 Subordinated Notes), and 5% per annum payable quarterly in arrears.
Additional Commission	Noteholders will earn a commission equivalent to the missed interest on the 2013 Subordinated notes until the date of exchange of the 2013 Subordinated Notes for the 2021 Subordinated Notes.
Ranking:	In the event of a bankruptcy, suspension of payments, reorganization, dissolution, winding-up, liquidation or composition or arrangement with creditors of the Issuer, the claims of the holders of the Notes in respect of the Notes will rank junior in right of payment to the claims of holders of unsecured and unsubordinated payment obligations of the Issuer, pari passu with the claims of holders of all other subordinated indebtedness of the Issuer and in priority to the claims of the shareholders of the Issuer, including in respect of cash contributions to capital. The Notes rank pari passu among themselves.
Taxation:	All payments of principal and interest will be made after deduction or withholding for any present or future Lebanese taxes.
Place of Payment	All payments due under the 2021 Subordinated Notes are payable in Lebanon;
Governing Law:	The Notes, and any non-contractual obligation arising out of or in connection therewith, are governed by, and will be construed in accordance with, Lebanese law.

The disclosure above is only an indicative summary of certain terms and conditions proposed to be applicable to the contemplated 2021 Subordinated Notes. Nothing contained in this Information Statement shall constitute an offer of, or an invitation to subscribe for, the 2021 Subordinated Notes.

4. **Submitting the actions described in item 3 above for approval by the Central Bank of Lebanon, acting through its Central Council;**

As, pursuant to applicable Lebanese regulations, the issuance of the 2021 Subordinated Notes is subject to the approval of the Central Bank of Lebanon, the Board has recommended to the General Meeting to submit the proposed issuance and exchange of notes described in item 3 above for approval by the Central Bank of Lebanon, acting through its Central Council.

5. **Granting the Chairman of the Board of Directors and the General Managers, acting severally, the necessary powers to implement the resolutions adopted by the Ordinary General Assembly.**

As the issuance and exchange of Notes described under item 3 above require the obtaining of certain authorizations and the completion of certain other acts, the Board of Directors resolved to propose to the General Assembly to approve, concurrent with its approval of the actions described in item 3 above, to empower the Chairman of the Board of Directors and the General Managers, 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 and determinations as may be necessary or advisable in the completion of such matters as are approved.

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

1. Granting the final approval for the sale, to Capital Bank, of the operations of the Bank's branches in Jordan and the assignment and assumption of their assets and liabilities, and for the sale to the National Bank of Iraq, a subsidiary of the Capital Bank Group, of the operations of the Bank's branches in Iraq and the assignment and assumption of their assets and liabilities;
2. Granting the final approval and ratifying the sale to First Abu Dhabi Bank of all the shares of Bank Audi sae (Egypt) and the assignment to it of the subordinated debt previously granted by the Bank to BAEGY;
3. Issuing new unsecured subordinated notes to be subscribed to, exclusively, through the exchange of the unsecured subordinated notes issued by the Bank in 2013;
4. Submitting the action described in item 3 above for approval by the Central Bank of Lebanon, acting through its Central Council; and
5. Granting the Chairman of the Board of Directors and the General Managers, acting severally, the necessary powers to implement the resolutions adopted by the Ordinary General Assembly.

All as per the aforementioned Board proposals and recommendations.

VOTING INSTRUCTIONS

Each Holder is hereby requested to return to the Depository voting instructions, in the form provided separately by the Depository for this purpose, by which such Holder may give instructions to the Depository 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 Depository by the date that the Depository 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 2019 encompassing:
 - o The Audited financial statements of the Bank as of and for the year ended December 31, 2019 and the accompanying notes and auditors' report; and
 - o The "Management Discussion and Analysis" which summarizes the Bank's activity during the year ended December 31, 2019.
- The Bank's June 30, 2020 interim financial report encompassing:
 - o The unaudited financial statements of the Bank as of and for the period ended June 30, 2020 and the accompanying notes; and
 - o The "Management Discussion and Analysis" which summarizes the Bank's activity during the period ended June 30, 2020.
- The Bank's September 30, 2020 Interim financial statements.
- The financial statements of Bank Audi sae (Egypt) as at September 30, 2020.

The above documents can be downloaded from Bank Audi's website: www.bankaudigroup.com or may be obtained free of charge from the Bank and the Depository at the addresses set forth below:

The Depository:

Bank of New York Mellon – Depository Receipts
240 Greenwich Street, 22nd Floor
New York, NY 10286
Attn: Mr. Tony Tooma
Email: tony.tooma@bnymellon.com
Phone: 1 (212) 815 - 2136

The Bank:

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Omar Daouk Street
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Attn: The Group Corporate Secretary
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