



31 August 2020

EXECUTION VERSION

The Republic of Lebanon
Represented by the Ministry of Finance
Riad El Solh Square
MOF Building, 6th Floor
Beirut
Lebanon

Dear Sirs:

This letter confirms and sets forth the terms and conditions of the engagement between Alvarez & Marsal Middle East Limited (“A&M”) and the Republic of Lebanon represented by the Ministry of Finance (collectively, the “Client”); A&M and the Client jointly referred to as the “Parties” or separately as “Party”) including the scope of the services to be performed and the basis of compensation for those services. Upon signature of this letter by each of the Parties below, this letter will constitute an agreement between the Client and A&M (“the Agreement”).

1. Description of Services

(a) Scope

A&M will provide consulting and advisory services (the “Services”) asked by the Client as detailed in this agreement and provide a preliminary report on the outcomes of the forensic audit (the “Preliminary Forensic Audit Report”) of activities and accounts of the Banque du Liban (the “BDL”) to the Client, represented by the Ministry of Finance. A&M’s report will include consulting services to the Client as detailed in the Scope of Services in Appendix 1 of this letter. Any services deemed necessary by the Client outside the Scope of Services will be requested following the delivery of the Preliminary Forensic Audit Report as part of a new agreement between the Parties.

A&M will be acting as independent consultant and so its reports or advice must be objective and impartial. In this regard the Client undertakes to take, and, to the extent admissible under applicable Lebanese laws, procures that the BDL will take, all reasonable steps to avert any parties from exerting undue influence or from taking any steps to frustrate A&M in performing the Services as contemplated by the Agreement, without any influence from any other party, in accordance with Good Industry Practice (as defined below).

In carrying out its Engagement, A&M shall, in addition to analyzing information provided to it by the Client and BDL, use all research and investigative means and resources available to it.



In rendering its services to the Client, A&M will provide the Preliminary Forensic Audit report to the Minister of Finance. The Preliminary Forensic Audit Report should summarize all the recommendations, consultations and results obtained by A&M within the term of its Engagement. A&M shall be available to provide any further clarifications or inquiries that the Client may request within two weeks of the delivery of the Preliminary Forensic Audit Report and shall revise the Preliminary Forensic Audit Report to reflect those clarifications or inquiries. At the request of the Client, A&M shall be available to provide further clarifications or inquiries and/or deliver a Final Forensic Audit Report reflecting those further clarifications and inquiries, subject to prior agreement in writing between the Parties regarding the terms and conditions for such further advice. The Services shall be provided in accordance with Lebanese law, which is of the essence of this Agreement.

The Client shall create a committee of three members which reports to the Minister of Finance and that is responsible to follow up and monitor the performance of A&M's engagement team to ensure that they comply with the terms of participation set forth in this agreement. Weekly meetings shall occur during which the A&M engagement team will update the Minister of Finance on progress.

(b) Information

In providing the Services referred to in this Agreement, the Client, in accordance with the provisions of Lebanese law, will provide or procure, on a best endeavor basis, the provision to A&M of all information available to it concerning the BDL's business and affairs which is relevant to A&M for the proper provision of the Services as set out in this Agreement, and all such further information as A&M may reasonably request, all of which will be to the Client's best knowledge, accurate and complete in all material respects at the time it is provided.

The Client undertakes to use its best endeavors to respond to, and to procure the timely cooperation of the BDL where required to do so, any such information request by A&M within no more than three working days after receipt of such request. This shall in particular, but without limitation, include the financial information and all related documents needed to accomplish the assignment set out in this Agreement including:

- Access to all relevant financial data, documentation, information.
- Access to key staff, management and senior level stakeholders of BDL.
- Support from the project sponsors to assist in access to information and logistics.
- Provision of suitable BDL resources for the project working teams to enable successful completion of the assignment.

In addition the Client will take reasonable steps (on a best endeavors basis) to procure that the BDL will promptly correct any information so provided to A&M, if it subsequently

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appears that any such information was or has become inaccurate or misleading in any material respect.

Upon signature of this Engagement Letter, A&M will issue to BDL a detailed initial Information Request List ("IRL"). BDL will be required to respond within 2 weeks of receipt of the IRL. A&M will then determine whether sufficient information has been collated in order to be able to begin the review, such determination to be provided no later than 1 week after receipt of the response from BDL (the "**Commencement Decision**"). If A&M determines that insufficient or inadequate data has been collated in order to be able to commence the review, the Client shall take reasonable steps within the limits of the existing Lebanese legal framework with a view to ensuring that the needed data is made available to A&M within a period of no more than 2 weeks and to A&M's full satisfaction (in which case the Commencement Decision shall be deemed to occur at that point).

(c) Limitation of Liability

The Parties acknowledge that nothing in this Agreement shall limit or exclude their liability in respect of death or personal injury arising from negligence, or liability arising from fraud or otherwise where liability may not by law be excluded or limited. No exclusion or limitation of liability set out in this clause 1 (c) shall limit or exclude any claims of A&M under the last subparagraph of clause 7 (non-solicitation) or any claims of A&M under clause 8 (including the Indemnification Provisions referenced therein) of this Agreement. The benefit of this limitation of liability clause shall extend to, and include any shareholders, members, managers, employees, subcontractors, agents and directors of each Party.

The Parties' liability arising out of or in connection with this Agreement and the Services provided hereunder shall be limited as follows:

- (i) The total aggregate liability of A&M for damages shall be limited to the fees it receives and retains pursuant to this Agreement; the total aggregate liability of the Client for damages shall be limited to the fees payable to A&M pursuant to this Agreement (whereby no payment of fees or expenses to A&M shall count towards such limitation);
- (ii) The Parties' liability for damages shall be limited to damages arising as a result of their respective willful default or gross negligence;
- (iii) The Parties shall not be liable for any indirect, consequential damages or loss; or for any loss of profits, loss of data to the extent such loss results from an event of force majeure, or loss of opportunity suffered or incurred by the other Party in connection with this Agreement or the provision of services described in Section 1(a), whether direct or indirect; and

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- (iv) A Party shall not be liable to the extent that any damages are due to the provision by the other Party of false, misleading, inaccurate or incomplete information or documentation or due to the acts or omissions of any person other than such Party or its representatives.

The Parties agree that any claim arising out of or in connection with this Agreement and the Services shall be brought only against (i) in the case of A&M, Alvarez & Marsal Middle East Limited and (ii) in the case of the Client, the Republic of Lebanon, and that no such claims shall be brought against any of the other Party's shareholders, members, managers, employees, subcontractors, agents and directors on a personal basis.

For the purposes of this Agreement, "damages" shall mean the aggregate of all losses or damages (including interest thereon if any) and costs and expenses suffered or incurred, directly or indirectly, by either Party or any member of them, whether as a result of breach of contract, tort (including negligence), breach of statutory duty, or otherwise howsoever in connection with this Agreement or the provision of Services under this Agreement.

If any part of any term or provision of this limitation of liability is determined to be illegal or unenforceable, such part of the term or provision shall be deemed stricken, and all other parts of the term(s) and provision(s) and all other terms and provisions shall remain in full force and effect.

(d) Staffing

James Daniell and Paul Sharma, Managing Directors of A&M, will be responsible for overseeing the overall services described in this Agreement. They will be assisted by other A&M personnel to accomplish the services described in this Agreement. A&M must provide the Client with the names, the curriculum vitae and the role description of these personnel and obtain the Client's approval before their involvement in providing the services detailed in this Agreement. The Client acknowledges that A&M personnel providing services to the Client may also work with other A&M clients in conjunction with unrelated matters. In the event a potential conflict of interest such as that described in paragraph 6 of this letter should arise, A&M will immediately notify the Client of such a fact. A&M reserves the right to adjust the team members of the engagement team provided that they notify the Client about it, provide it with the names and the curriculum vitae of the new personnel and obtain the Client's approval, which shall not be unreasonably withheld or delayed, at least three days before the new personnel start their involvement under this Agreement.

Additional other professionals will form A&M's engagement team (all A&M personnel providing the Services to the Client collectively the "A&M Team"). A&M will provide the following team structure including allocated time commitment of each team member.



Staff	Grade	% time committed
James Daniell	Managing Director	60%
Paul Sharma	Managing Director	20%
Daniel Barton	Managing Director	40%
NAMED SEPARATELY	Managing Directors	17%
NAMED SEPARATELY	Senior Director	60%
NAMED SEPARATELY	Director	40%
NAMED SEPARATELY	Director	100%
NAMED SEPARATELY	Senior Director	100%
NAMED SEPARATELY	Director	40%
NAMED SEPARATELY	Manager	100%
NAMED SEPARATELY	Manager	100%
NAMED SEPARATELY	Senior Associate	100%
NAMED SEPARATELY	Senior Associate	60%
NAMED SEPARATELY	Associate	100%
NAMED SEPARATELY	Associate	100%
NAMED SEPARATELY	Analyst	100%

The Client will provide all personal security measures for the A&M Team (including security for accommodation and transportation of personnel) deemed necessary for the A&M Team to ensure and protect its physical safety, and will use its best endeavors to protect the A&M Team from undue influence of any third party and prevent any efforts of third parties to tamper with the Services provided by the A&M Team. In addition, the Client represents and warrants to A&M that it will take for the benefit of A&M and each member of the A&M Team such health and safety measures with regards to the Coronavirus crisis as recommended by the World Health Organization from time to time. The A&M Team may, in its discretion and at the Client's cost (subject to the Expenses Cap), seek advice and contract with additional providers for personal security, health and safety measures to vet such security, health and safety measures provided by the Client and may, in its discretion, require and implement additional security (which may include, at A&M's election amongst others, provisional security measures and secure extraction of the A&M Team) or health measures by such additional providers (the "A&M External Security, Health and Safety Measures").

A&M and each member of the A&M Team may, in their discretion and at the Client's cost (subject to the Expenses Cap), request legal advice by an external legal counsel to advise on any matter in connection with the performance of the Services (the "A&M External Legal Advice"). A&M shall notify the Client without undue delay of any request for legal advice.

Depending on future developments the spread of the Coronavirus has the potential to affect the Services to be provided under this Agreement. Travel, work place and mobility restrictions (to include measures reasonably mandated by A&M with respect to its



employees and personnel) may restrict the availability of A&M to attend at the Client's locations or other work sites as well as limit access to relevant information provided by the Client, A&M or others. Such circumstances are beyond the reasonable control of the Parties and should be taken into account with regards to the timetable or content of A&M's deliverables and completion of the Scope of Services set out in this Agreement. A&M and the Client shall discuss if they believe that the Services may be impacted in this way. The Client accepts and acknowledges that A&M employees and personnel may attend at the Client's locations or physically interact with the Client's employees and personnel in connection with the Services, unless A&M or the Client decide that this should not be the case.

2. Compensation

- (a) A&M's fees for the production of the Preliminary Forensic Audit Report shall be a fixed fee amounting to USD 2,100,000.00 (in words: two million one hundred thousand United States Dollars) (the "Fee") covering a 10 week period from the Commencement Decision up to submission of the Preliminary Forensic Audit Report. The Fee includes one off costs for setting up the data infrastructure in Lebanon and hosting fees for the duration of the 10-week period referred to in the preceding sentence.
- (b) The Fee will be due as follows:
- 40% of the Fee upon signing of the terms of the engagement and payable before commencement of the Services.
 - 30 % of the Fee upon the Commencement Decision and payable immediately after the end of week 5 after the Commencement Decision.
 - 30 % of the Fee upon completion of the Preliminary Forensic Audit Report and payable immediately prior to the submission of such Report.

In the event A&M terminates the Agreement due to its inability to make a Commencement Decision (as defined above) as a result of inadequate delivery of information, A&M shall be entitled to a fixed break fee of USD 150,000 (in words: one hundred fifty thousand United States dollars) which shall be retained by A&M from the Fees paid to A&M upon signing, and A&M shall refund the balance of such signing Fees to Client promptly following termination. If A&M does not terminate the engagement but also does not make a Commencement Decision, the Parties shall discuss how the Services can be rendered and which part (if any) of the initial signing Fee should be retained or refunded by A&M. Parties shall act in good faith at all times.

Payment will be due within 30 Business days from receipt of an A&M invoice (and A&M may invoice any fees and expenses 30 Business days in advance of such fees becoming payable) and is not contingent upon the substance of any conclusions reached by A&M or the outcome of the Preliminary Forensic Audit Report.

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The Fee agreed is a good-faith estimate of the time and fees required to deliver the Preliminary Forensic Audit Report, consistent with the Scope of Services detailed in the Appendix 1 and consistent with Good Industry Practice ("**Good Industry Practice**" means in relation to any undertaking and any circumstances, the exercise of that degree of professionalism, skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person engaged in the same type of activity under the same conditions). The Fee agreed is solely in respect of the Preliminary Forensic Audit Report and any potential revisions to the Preliminary Forensic Audit Report as contemplated in Section 1(a) of this Agreement. The scope, fees, payment terms and timeframe of any work subsequent to the delivery of the Preliminary Forensic Audit Report (and any potential revisions to the Preliminary Forensic Audit Report as contemplated in Section 1(a) of this Agreement) will be agreed between the parties in writing before any further work is commenced.

A&M makes no representation or guarantee that an exhaustive Preliminary Forensic Audit Report can be formulated for the Client (e.g. if access to data is insufficient), that a forensic audit is the best course of action for the Client or, if formulated, that any conclusions from the Preliminary Forensic Audit Report will be accepted by the Client. Further, A&M assumes no responsibility for the implementation or selection of any conclusions flowing from the Preliminary Forensic Audit Report which it assists the Client in formulating.

- (c) In addition, A&M will be reimbursed for its reasonable, direct out-of-pocket expenses incurred in connection with this assignment. Such expenses, including expenses for travel, accommodation and IT supplies shall be capped at USD220,000 (in words: two hundred twenty thousand United States Dollars) (the "**Expenses Cap**") for the entire duration of the Agreement. The Expense Cap does not include IT infrastructure and data hosting costs beyond the 10-week period. If requested by the Client, hosting fees beyond the 10-week period will be charged at USD5,000-USD10,000 per month depending on the volume of data. In addition, A&M shall be reimbursed for the reasonable fees and expenses of its counsel incurred in connection with the enforcement of this Agreement in the context of any potential dispute between the Parties (except with respect to any legal action or arbitration between the Client and A&M where A&M is not successful).

All fees and expenses will be subject to Value Added Tax where applicable. Client agrees that fees shall be exclusive of any withholding tax or other taxes in Lebanon and that, to the extent that any such taxes in Lebanon are applicable, they shall be borne by the Client. All payments due to A&M shall be made without withholding or deduction on account of any taxes whatsoever. A&M reserves the right to charge interest at the rate of 2% above the base rate from time to time of HSBC Bank Plc on a daily basis on fees and expenses that are not paid in accordance with the terms of this Agreement, provided that the Client (i) shall be given notice in writing of A&M's intention to charge interest; and (ii) shall be granted a grace period of 15 Business days to remedy any payment default before interest could be charged.

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3. Term

This Agreement will apply from the date of signature and may be terminated with 5 days notice by either Party without cause by written notice to the other party.

On termination of the Agreement, any fees and expenses due to A&M as per clause 2 shall be remitted promptly (including fees and expenses that became due prior to but are invoiced subsequent to such termination).

The provisions of this Agreement that expressly or by implication give the parties rights or obligations beyond its termination shall survive and continue to bind the parties.

4. Relationship of the Parties

The Parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or subcontractors is to be considered an employee or agent of the Client and the personnel and subcontractors of A&M are not entitled to any of the benefits that the Client provides for the Client employees. A&M is not entitled to subcontract the Services in part or in whole to any other company or any other person under any name to complete the services set out in this Agreement without the Client's prior approval. The Client acknowledges that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the American Institute of Certified Public Accountants, the Securities and Exchange Commission or other state, national or international professional or regulatory body.

5. No Third-Party Beneficiary

The Client acknowledges that this Agreement, A&M's reports and all advice (written or oral) given by A&M to the Client in connection with this engagement (together the "Advice") are intended solely for the benefit and use of the Client in considering the matters to which this engagement relates. The Minister of Finance shall have the right, upon its sole discretion, to share the full Preliminary Forensic Audit Report (or excerpts thereof) with any authority forming part of the Client without the prior approval of A&M, provided that the Minister of Finance takes reasonable steps to ensure that they acknowledge and accept (i) that they receive the Preliminary Forensic Audit Report on a non-reliance basis, (ii) that A&M does not accept a duty of care or responsibility to them, and (iii) that the Preliminary Forensic Audit Report is confidential.

Notwithstanding the foregoing, to the extent the Client is required to disclose the Preliminary Forensic Audit Report in court proceedings against any individual or party implicated by the Preliminary Forensic Audit Report, it shall, to the extent permitted by law, first seek A&M's approval (which shall not be unreasonably withheld or delayed), provided that in such event A&M may, in its sole discretion, (i) provide a revised or redacted report for the purposes of

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such proceedings or (ii) provide the Preliminary Forensic Audit Report not marked as A&M's work product and without any further references to A&M as part of the Preliminary Forensic Audit Report (the reports revised as per (i) or (ii) referred to as "Unmarked Report"). The Client shall be free to disclose the Unmarked Report to other parties as required to facilitate such court proceedings, provided that the Client (including for the purposes of this subparagraph any of its affiliates or successors) shall not reference A&M in connection with the Unmarked Report or Services or attribute the Unmarked Report or Services to, or imply that the Unmarked Report or Services are provided by, A&M, and to this extent shall keep A&M indemnified as provided in clause 8 (including the Indemnification Provisions referenced therein). The Client undertakes to disclose the Preliminary Forensic Audit Report or, as the case may be, the revised or redacted report or Unmarked Report only in its entirety and including any disclaimers attached by A&M to it. For the avoidance of doubt, the restrictions and limitations set out in this subparagraph shall only apply in relation to the use of the Preliminary Forensic Audit Report in connection with court proceedings, and shall not restrict the use by the Client of the Report in any other manner to the extent permissible under the terms of his Agreement, including pursuant to the first subparagraph of this clause or as may be required by any order of a court of competent jurisdiction.

A&M acknowledges, represents and warrants that no information related to the Preliminary Forensic Audit Report shall be used for any other purpose or disclosed, made available to third parties (other than the Client), made public (including by referencing on the internet, on social media or otherwise) or otherwise reproduced, disseminated, quoted or referred to at any time in any manner without prior written approval of the Client. For the avoidance of doubt, A&M represents and warrants to the Client that neither the Preliminary Forensic Audit Report, nor any further material provided by the Client, the BDL or any other party in furtherance or in connection with the delivery of the Services (including this Agreement) shall be disclosed to any third party (including any publication or any disclosure to other states or state actors than the Client).

Save in relation to Sections 1(c) (Limitation on Liability) and 8 (Indemnification), only someone who is a party to this agreement has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms. This clause does not affect any right or remedy that exists independently of the Act. A&M will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

6. Conflicts and Sanctions

A&M is not currently aware of any relationship that would create a conflict of interest with the Client or those parties-in-interest of which the Client has made A&M aware. Because A&M is a consulting firm that serves clients on an international basis in numerous cases, both in and out of court, it is possible that A&M may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with the Client. A&M will not be prevented or restricted by virtue of providing the services under this Agreement from providing services to other entities or individuals, including entities

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or individuals whose interests may be in competition or conflict with the Client's, subject always to our professional obligations including appropriate arrangements to ensure that the confidentiality of information is maintained (including, where appropriate, industry standard ringfencing procedures).

During the term of this engagement, no member of the A&M Team providing Services to the Client hereunder will provide services to any other client which directly conflicts with the provision of such Services. If the A&M Team becomes aware that a separate team from A&M or any of its affiliates has been engaged by another party in an engagement that directly conflicts with the services provided hereunder, A&M will take all reasonable steps to mitigate such conflict, including providing industry standard information barriers.

The Client represents that no persons who will interact with or provide instructions to A&M in connection with this Agreement or the Services are prohibited or restricted persons on any EU, US or other national sanctions list or database. In addition, the Client represents and warrants that no monies shall be paid to A&M by any legal entities, persons or from bank accounts subject to any international sanctions, restrictions or prohibitions.

7. Confidentiality and Non-Solicitation

A&M must keep as confidential all non-public information and documentation received from the Client or the BDL or any other party in conjunction with this engagement (the "**Confidential Information**") and must retain them on servers based in the territory of the Republic of Lebanon and must not transfer them out of the Lebanese territory in any case, with the following exception to (i) members of the A&M Team not present in Lebanon may receive A&M working files (not including source documents and subject to reasonable technical security measures) to the extent required to perform the Services and (ii) one risk file established by A&M throughout the delivery of the Services to reasonably defend the Preliminary Forensic Audit Report and any other work products, whereby A&M shall anonymize any information retained in such risk file and shall keep such risk file on secure servers.

Upon termination of this Agreement, unless Client chooses to use A&M hosting services as provided in paragraph 2(c), A&M shall return all Confidential Information to the Client or the BDL (as applicable), or at the request of Client shall destroy such Confidential Information, with the exception of information in the risk file referred to above.

The Parties agree that neither of them nor their affiliates or subsidiaries will solicit, recruit or hire or directly or indirectly engage or retain any employees or members (i) in the case of A&M, of the A&M Team and (ii) in the case of the Client such persons included on a list of employees who have direct access to the A&M Team or its report delivered to A&M in writing (each a "Solicited Person") effective from the date of this Agreement and continuing for a period of two years subsequent to the termination of this engagement. Should either Party extend offers of employment to or otherwise directly or indirectly engage or retain any

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Solicited Person and should such an offer be accepted, the other Party will be entitled to a fee equal to such individual's hourly rates multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other employee (or member). This fee would be payable at the time of the individual's acceptance of employment (or engagement or other retention) from A&M or the Client (or any of their affiliates or subsidiaries) as the case may be. The Parties agree that such fee is a reasonable estimate of A&M's or the Client's damages to replace a lost employee (or member).

8. Indemnification

The attached indemnification agreement is incorporated herein by reference and shall be executed upon the acceptance of this Agreement. Termination of this engagement shall not affect these indemnification provisions, which shall remain in full force and effect.

9. Arbitration

Any controversy or claim arising out of or relating to this Agreement (a "**Dispute**"), including any question regarding its existence, validity or termination, shall be referred to and finally settled under the Rules of Arbitration of the International Chamber of Commerce (the "**Rules**") which Rules are deemed to be incorporated by reference into this clause.

- (a) There shall be three arbitrators appointed in accordance with the Rules.
- (b) The place of the arbitration shall be Paris, France.
- (c) The language of the arbitration shall be English.
- (d) The arbitrators shall have the authority to award all forms of relief determined to be just and equitable; provided, however, that the arbitrators shall have no authority to award punitive or exemplary damages, or any other monetary damages not measured by the prevailing party's actual damages.
- (e) Any arbitral award rendered pursuant to this provision shall be final and binding on the Parties and may be enforced in any court of competent jurisdiction.

10. Miscellaneous

- (a) This Agreement may not be amended or modified except in writing executed by both Parties hereto. This Agreement (together with the attached indemnification provisions) incorporates the entire understanding of the Parties with respect to the subject matter hereof.
- (b) Both Parties acknowledge that they have all requisite power and authority to enter into this Agreement and that the person(s) signing the Agreement on their behalfs is(are) authorized to do so.

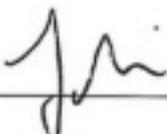
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- (c) Neither Party shall be liable for any delays or failures in performance due to circumstances beyond its reasonable control.
- (d) Neither Party may assign or transfer its respective rights and obligations under this Agreement without the prior written consent of the other Party.
- (e) If any term or provision of this Agreement is determined to be illegal or unenforceable, such term or provision or such part of the term or provision shall be deemed stricken, and all other terms and conditions shall remain in full force and effect.
- (f) Notwithstanding anything herein to the contrary, A&M may, subject to the Client's written approval, reference or list the Client's name and a general description of the services in A&M's marketing materials, including, without limitation, on A&M's website.
- (g) The Agreement (together with the attached indemnification provisions) forms the entire agreement between A&M and the Client relating to the Services and supersedes all prior agreements, understandings with respect to the Services, including any confidentiality agreements. The Client represents that in agreeing to enter into this Agreement it has not relied on any statement or representation made by A&M other than those contained in this Agreement and those in its response to the Request For Proposal dated 10 July 2020 for the provision of the Services.
- (h) This Agreement and any non-contractual obligations arising out of the Agreement or the Services shall be governed by and construed in accordance with the laws of England and Wales, provided they do not conflict with any Lebanese law provisions relating to public order or imperative rules. For the avoidance of doubt, and notwithstanding this or any other provision in this Agreement, A&M shall comply with Lebanese law when providing the Services.

Very truly yours,

Alvarez & Marsal Middle East Limited

By:  31 August 2020
Name: JAMES DANIELL
Title: Managing Director



Accepted and agreed:
Republic of Lebanon

1 September 2020.

By: _____

Name: H.E. Ghazi Wazni
Title: Minister of Finance



APPENDIX 1 SCOPE OF WORK

I. Scope of Services

The Scope of Services is defined under 3 work streams as follows:

1. Preliminary Forensic Audit

- Validate that funds relating to financial transactions that have occurred at BDL level, or through accounts at BDL during the last five (5) years (the “Financial Transactions”) have been used for their intended purposes (or if not, to indicate this);
- Examine whether any Financial Transaction prices or values were unduly inflated or otherwise unsubstantiated;
- Examine whether payments were made to fictitious companies or otherwise served any similar improper purpose;
- Assess, review and analyze any potential red flags that may indicate inappropriate financial reporting schemes, misappropriation, embezzlement or inappropriate use of funds;
- Assess, review and analyze any expenditures and liabilities for an improper purpose;
- Examine how the assets and liabilities of the BDL balance sheet have accumulated and moved over time;
- Examine the composition of BDL's foreign currency reserves and liabilities;
- Examine conditions surrounding issuances of government bonds and T-bills and BDL's subscription to these instruments;
- Examine financial engineering transactions conducted in the last 5 years;
- Perform a detailed analysis of the breakdown of the movement in commercial bank deposits over time at a customer and group level especially during the period of financial engineering operations;



- Summarize the identified key commercial banks holding government debt and the integrity of their relevant balances held on deposit with the BDL and
 - Analyze the nature of reporting of deposits and loan exposure by financial institutions to the BDL and the surrounding governance.
2. **Data collection and hosting**
- Secure key hard copy and electronic data in a forensically sound manner, where available or accessible;
 - Process and host relevant data for review by the other auditors that have been retained by the Client.
 - Transfer all hosted data to the client at the end of the assignment.
3. **Governance and controls assessment**
- Review the compliance and internal controls procedures in place at BDL;
 - Assess whether such procedures are sufficient to prevent financial irregularities and misappropriation taking place;
 - Assess whether controls meet international standards followed by other leading Central Banks around the world;
 - Make appropriate recommendations and discuss initial findings with the Client.
- II. **Deliverables and timeframe**
1. **Preliminary Forensic Audit Report**
- A&M will provide a Preliminary Forensic Audit Report to be submitted and discussed with the Client on a confidential basis, delivered to the Client 10 weeks after the Commencement Decision. The Preliminary Forensic Audit Report will summarize:
 - i. clear areas for which A&M has been able to reach conclusive evidence or irrefutable findings, and
 - ii. suspect areas for which further investigations are required.

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- To the extent A&M has faced any impediments that have prevented A&M or that would later prevent A&M from completing its mandate as required by the Scope of Services, A&M will with reasonable promptness inform the Client for the latter to take any necessary corrective action and this will be clearly identified in the Preliminary Forensic Audit Report.
- Following the submission of the Preliminary Forensic Audit Report, the Client will determine whether any additional work should be conducted, particularly with respect to the suspect areas.

2. **Timeframe**

- The 10-week period outlined above will be deemed to have commenced on the Commencement Decision.

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INDEMNIFICATION PROVISIONS

These indemnity provisions are incorporated into and made part of an agreement, dated __ August 2020 (which together with any renewals, modifications or extensions thereof, is herein referred to as the "Agreement") by and between Alvarez & Marsal Middle East Limited ("A&M") and the Republic of Lebanon represented by the Ministry of Finance (the "Client"), for services to be rendered to the Client by A&M.

The Client agrees to indemnify and hold harmless each of A&M, its affiliates, Alvarez & Marsal Holdings, LLC, and their respective shareholders, partners, members, managers, employees, subcontractors, agents and directors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including the reasonable costs for counsel or others (including employees of A&M and Alvarez & Marsal Holdings, LLC) in investigating, preparing or defending any action or claim brought by a third party against A&M, whether or not in connection with litigation in which any Indemnified Party is a party, as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' entering into this Agreement or otherwise the acceptance of or the performance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (or to a settlement tantamount thereto including arbitration) to have resulted from such Indemnified Party's gross negligence or willful default. The Client also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Client for or in connection with the engagement of A&M, except to the extent for any such liability for losses, claims, damages, liabilities or expenses that are found in a final judgment by a court of competent jurisdiction (or to a settlement tantamount thereto including arbitration) to have resulted from such Indemnified Party's gross negligence or willful default, subject always to Section 1(c) of the Agreement. The Client further agrees that it will not, without the prior consent of an Indemnified Party (which consent shall not be unreasonably withheld or delayed), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceedings) unless such settlement, compromise or consent includes an unconditional release (or acknowledgement tantamount thereto) of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.

If any action, proceeding or investigation is commenced to which any Indemnified Party proposes to demand indemnification hereunder, such Indemnified Party will notify the Client with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify the Client will not relieve the Client from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action. The Client shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement under the

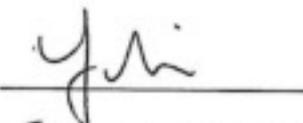


Agreement, upon submission of invoices therefore and payable within 30 business days of submission of such invoices.. Each Indemnified Party hereby undertakes, and the Client hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefore. If any such action, proceeding or investigation in which an Indemnified Party is a party is also against the Client, the Client may, in lieu of advancing the expenses of separate counsel for such Indemnified Party, provide such Indemnified Party with legal representation by the same counsel who represents the Client, provided such counsel is approved by such Indemnified Party, such approval not to be unreasonably withheld, at no cost to such Indemnified Party; provided, however, that if such counsel or counsel to the Indemnified Party shall determine (and shall so advise in writing the Client and such Indemnified Party) that due to the existence of actual or potential conflicts of interest between such Indemnified Party and the Client such counsel is unable to represent both the Indemnified Party and the Client, then the Indemnified Party shall be entitled to use separate counsel of its own choice, and the Client shall reimburse it its reasonable expenses of such separate counsel upon submission of invoices therefore. Nothing herein shall prevent an Indemnified Party from using separate counsel of its own choice at its own expense. The Client will be liable for any settlement of any claim against an Indemnified Party made with the Client's written consent, which consent shall not be unreasonably withheld.

Neither termination of the Agreement nor termination of A&M's engagement nor the commencement of any insolvency proceeding(s) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.

Very truly yours,

Alvarez & Marsal Middle East Limited

By:  31 August 2020
Name: SAMET DANIEL
Title: Managing Director

Accepted and agreed:
Republic of Lebanon

By:  1 September 2020.
Name: H.E. Ghazi Wazni
Title: Minister of Finance