

**Bank Leumi le-Israel B.M.**

June 29, 2022

To:

The Tel Aviv Stock  
Exchange (TASE)

2 Ahuzat Bayit Street

Tel Aviv 6525216

To:

The Israel Securities  
Authority (ISA)

22 Kanfei Nesharim  
Street

Jerusalem 95464

Dear Sir/Madam,

**Re: Immediate Report on the Convening of an Extraordinary General Meeting**

Pursuant to the Companies Law, 1999 (hereinafter - the "**Companies Law**") and the regulations promulgated thereunder, the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the "**Reports Regulations**"), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and the Addition of an Item to the Agenda), 2000 (hereinafter - the "**Notice and Advertisement Regulations**") and the Companies Regulations (Voting by Ballot and Position Papers), 2005 (hereinafter - the "**Voting by Ballot Regulations**"), Bank Leumi le-Israel B.M (hereinafter - the "**Board of Directors**" and the "**Bank**") announces the convening of an extraordinary annual general meeting of the Bank (hereinafter - the "**General Meeting**" or the "**Meeting**") to be held at 14:00 on Thursday, August 4, 2022 at the Bank's offices at Beit Lin, 35 Yehuda Halevi St. Tel Aviv. The agenda of the Meeting will include the items and resolutions listed in this Immediate Report.

For more information about the effective date and proof of ownership, legal quorum and the date of an adjourned meeting, ways of voting in a meeting, participating in a meeting and voting by the shareholder himself/herself or by proxy, voting slip, the deadline for providing a voting slip to the Bank, the electronic voting system, position notices, manner of providing documents to the Bank, a vested interest, an interested party in the Bank, senior officer and institutional investor, and perusal in documents, see **Appendix B** to this meeting summons report.

**Items on the agenda**

The following items shall be on the agenda of the General Meeting:

**1. Item No. 1 on the Agenda: discussion of the Bank's financial statements and Board of Directors' Report for the year ended December 31, 2021**

The Bank's Periodic Report for 2021 (including the financial statements and the Report of the Board of Directors) as published on March 9, 2022 (Ref. No. 2022-01-027658) (hereinafter - the "**Bank's Periodic Report for 2021**"), may be reviewed on the publication website of the Israel Securities Authority (MAGNA) and on the Bank's website: [www.leumi.co.il](http://www.leumi.co.il).

A copy may also be obtained at the Bank's secretariat at Beit Leumi, 34 Yehuda Halevi St. (11th floor), Tel Aviv, tel: +972-76-8857314, from Sunday to Thursday

between 08:00 and 15:00.

No resolution is required on the item.

**2. Item No. 2 on the agenda - The re-appointment of the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar & Co. (Deloitte) as joint independent auditors of the Bank and the authorization of the Bank's Board of Directors to set the fees paid thereto and report those fees**

**2.1. Background**

In the meeting of the Bank's Audit Committee held on June 13, 2022, it was resolved to recommend that the General Meeting reappoints the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar (Deloitte) as joint independent auditors of the Bank for a period that will commence on the date of approval by the current Annual General Meeting through to the end of the next Annual General Meeting of the Bank.

For information about the reporting to the Annual General Meeting on the independent auditors' fees, see page 314 to the Bank's Periodic Report for 2021 (Ref. No. 2022-01-027658).

The Bank implements the Suggested Best Practice for Directors in Order to Improve the Quality of Financial Statements Audit as published by the Israel Securities Authority in October 2021, and takes action to include them in its work procedures. Accordingly, in its meetings held on April 11 2022 and June 13 2022, the Audit Committee heard the independent auditors, and received from them explanations both regarding the audit teams' qualifications and skills, its compliance with the independence rules applicable to the independent auditor, the planning of the course and scope of the audit in the Bank, the nature of the services rendered, the materiality thresholds, and the Bank's material processes being audited.

On June 13 2022, the Audit Committee discussed the reappointment of the audit firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar & Co. (Deloitte) as joint independent auditors of the Bank, heard the position of the Bank's management, and recommended their reappointment as the joint independent auditors of the Bank. This recommendation was approved by the Board of Directors on June 29 2022.

**2.2. The proposed resolution**

To reappoint the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar and Co. (Deloitte) as joint independent auditors of the Bank for a period that will commence on the date of approval of the current Annual General Meeting through the end of the next Annual General Meeting of the Bank and to authorize the Bank's Board of Directors to set the fees paid thereto.

**2.3. Majority required for passing a resolution:**

An ordinary simple majority of the total voting rights of eligible shareholders voting in person or by proxy. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

### 3. Items Nos. 3 -7 on the agenda - appointment of directors

#### 3.1. Background

- 3.1.1. The Bank is required to meet all the relevant requirements regarding the composition and qualification of the Board of Directors, as prescribed by law, including Directive 301 as set out below: 1) the number of members of the Board of Directors of a bank shall not exceed 10 directors; 2) at least one-third of the members of the Board of Directors shall have “banking experience”, as defined in Directive 301; 3) at least one director will have proven knowledge and experience in information technology; 4) at least half the members of the Board of Directors shall have “professional qualifications” as defined in the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise), 2005; 5) at least one fifth of the members of the Board of Directors shall have “accounting and financial expertise” as defined in Section 240 of the Companies Law. See **Appendix A** to this meeting summons report, which describes the Bank’s compliance with these requirements, as of the publication date of this meeting summons report.
- 3.1.2. In November 2021, in view of the above and after taking into account the need to hold effective discussions in the Board of Directors and the business challenges the Bank is expected to face in the next few years, the Board of Directors recommended to the Committee for the Appointment of Directors in Banking Corporations (hereinafter - the “**Committee for Appointment of Directors**”), that was appointed pursuant to Section 36A of the Banking Law (Licensing), 1981 (hereinafter – “the **Banking Law**”) and pursuant to Sections 11D(a)(1) and (2) to the Banking Ordinance, 1941 (hereinafter – the “**Banking Ordinance**”), that candidates will be selected in accordance with the following criteria in a General Meeting in 2022:
- a. **Basic skills:** in addition to the need to comply with the law, and owing to the need to hold thorough and effective discussions of complex, diverse, and dynamic issues at the Bank Leumi Board of Directors while complying with many substantial regulatory requirements; the candidates must have the suitable experience and skills to hold office as directors in a major public financial corporation with operations as complex as the Bank’s, and while noting the Bank’s dynamic opportunities, challenges, regulation, and risks presented by the business environment.
  - b. **Professional qualifications:** as it is important that many of the directors comply with Section 24(B)(1)(ii) of Directive 301, candidates must have professional qualifications as set forth in Section 24(B)(1)(ii) of Directive 301.
  - c. **Gender diversity:** in light of the desirable gender diversity, to adequately represent both genders in the Board of Directors, and to ensure a no less than 30% representation of women, according to the status quo, at least two women must be elected as directors.
  - d. **Social diversity:** in light of the need to support equal opportunity among different sectors in Israeli society, and to make sure all Bank customers and stakeholders are adequately represented at the Board of

Directors, social diversity must be considered when nominating candidates.

- e. **Balancing continuity and “rejuvenation”:** the incumbent directors’ average term in office is short (about three years); the items and issues submitted to the Board of Directors are diverse and complex; and accumulated organizational experience and memory are necessary; meaning the balance between continuity and “rejuvenation” ought to be considered when nominating candidates.
  - f. **Technological expertise:** because of the Bank’s technological projects’ scope and complexity, the **accelerating** importance of technology in achieving the Bank’s objectives and vision, growth in technological development, fiercer financial-technological competition, and higher cybersecurity risks, one of the candidates must have knowledge and experience in IT, as the term is defined in Section 25 of Directive 301, and under the Bank’s Board of Directors resolution dated November 20, 2018<sup>1</sup>.
  - g. **A candidate Chair of the Board of Directors:** in light of the end of Dr. Samer Haj Yeshiva's term in office as the Chairman of the Board of Directors in October 2023, one must keep in mind that the composition of the Board of Directors in October 2023 must include directors with the potential to act as chair of the Board of Directors, considering, inter alia, the length of the directors’ term in office and the required experience, skills, and scope of the position, against the challenges the Bank is likely to face in the coming years.
- 3.1.3. It should be noted that on January 26 2022, Mr. Yitzhak Edelman, who serves as an ED in the Bank, informed the Bank that he does not intend to submit to the Committee for Appointment of Directors his candidacy for a third term in office as a director in the Bank; therefore, he will end his term in office on February 1 2023. For additional information, please see the Bank’s immediate report dated January 27 2022 (Ref. No.: 2022-01-011986).
  - 3.1.4. In June 2022, after considering the regulatory requirements, the need to hold effective discussions in the Board of Directors and the business opportunities and challenges the Bank is expected to face in the next few years, and noting the scope and complexity of the Bank’s businesses, the Board of Directors approved a policy as to the desirable composition of the Board of Directors as described in **Appendix A** to this meeting summons report. The Board of Directors’ notice to the Committee for Appointment of Directors as stated in Section 3.1.2 above is consistent with the approved policy.
  - 3.1.5. On April 26, 2022, the Bank received a notice from the Committee for the Appointment of Directors, which included a list of candidates for directors of the Bank for election at the Bank’s General Meeting for 2022, which is the

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<sup>1</sup> On November 20, 2018, the Bank’s Board of Directors decided that the principal parameter for classifying a director as a “director with proven experience in the field of IT” in accordance with the provisions of Section 25 of Directive 301 shall be as follows: “anyone who has practical managerial experience in leading significant technological projects in large companies during the past 15 years, and who ensured that he/she is up-to-date with changes in this field since the leading/managing of the technological project has ended, all subject to the Board of Directors’ judgment and resolutions.”



subject of this immediate report. For more information, please see the immediate report published by the Bank on April 26 2022 (Ref. No. 2022-01-051295).

3.1.6. The appointment of five (5) directors was proposed in this meeting, as follows:

- a. One (1) external director that will serve in the Bank's Board of Directors is put forward for selection in this General Meeting, pursuant to the provisions of the Companies Law (hereinafter - "**ED**") for a period of three years, out of the candidates who were proposed by the Committee for the Appointment of Directors

The candidates who were proposed by the Committee for the Appointment of Directors for selection for service as ED are as follows:

- (1) Mr. Dan Laluz - for more information, see [Appendix C1](#);
- (2) Mr. Zvi Naggan - for more information, see [Appendix C2](#).

- b. Two (2) directors that will serve in the Bank's Board of Directors as directors who are not EDs as set out in Section 11D(a)(2) to the Banking Ordinance (hereinafter - "**Other Director**") shall be selected in this General Meeting for a period of three years, out of the candidates who were proposed by the Committee for the Appointment of Directors.

The candidates who were proposed by the Committee for the Appointment of Directors for selection for service as Other Directors are as follows:

- (3) Ms. Esther Eldan - for more information, see [Appendix C3](#);
- (4) Ms. Esther Dominissini - for more information, see [Appendix C4](#);
- (5) Ms. Irit Shlomi - for more information, see [Appendix C5](#);

3.1.7. All candidates for election on the agenda of the Meeting are required to meet all the conditions set in law for service as a director in a bank without a core control, as set out in Sections 11E(b)-(e) of the Banking Ordinance.

3.1.8. For information about the commencement of the directors' term in office, see Section B4 to Appendix B.

3.1.9. A preliminary notice pursuant to Sections 11C(a)(4) and 11E(a)(2) to the Banking Ordinance and pursuant to the Preliminary Notice Regulations was published on June 8, 2022 (Ref. No.: 2022-01-071101) (above and hereinafter: the "**Preliminary Notice**"), in which the Bank announced its intention to convene an Extraordinary Annual General Meeting of the Bank's shareholders, the agenda of which is expected to include, among other things, the following items: (a) the appointment of one ED to the Bank's Board of Directors; (b) the appointment of two (2) directors as "other directors".

### **3.2. Proposed resolutions to appoint directors**

#### **3.2.1. Item No. 3 on the agenda - appointment of one (1) ED to the Bank's Board of Directors - appointment of Mr. Dan Laluz**

##### **(a) The proposed resolution**

To appoint Mr. Dan Laluz as an ED for a period of 3 years.

##### **(b) Majority required for passing a resolution:**

Pursuant to the provisions of Section 239(b) of the Companies Law, and taking into consideration the fact that the bank is a corporation without a control core, the majority required in order to pass a resolution on this item is an ordinary majority out of the total voting rights of the shareholders that are entitled to vote and that vote themselves, as long as one of the following conditions is met:

- 1) The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the appointment; or
- 2) The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the appointment; or the total objecting votes from among the shareholders detailed in Subsection a above shall not exceed a rate of 2% of all voting rights in the Bank.

Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

#### **3.2.2. Item No. 4 on the agenda - appointment of one (1) ED to the Bank's Board of Directors - appointment of Mr. Zvi Naggan**

##### **(a) The proposed resolution**

To appoint Mr. Zvi Naggan as an ED for a period of 3 years.

##### **(b) Majority required for passing a resolution**

Pursuant to the provisions of Section 239(b) of the Companies Law, and taking into consideration the fact that the bank is a corporation without a control core, the majority required in order to pass a resolution on this item is an ordinary majority out of the total voting rights of the shareholders that are entitled to vote and that vote themselves, as long as one of the following conditions is met:

- 1) The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the appointment; or
- 2) The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the appointment; or the total objecting votes from among the shareholders detailed in Subsection a above shall not exceed a rate of 2% of all voting rights in the Bank.

Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

**3.2.3. Item No. 5 on the agenda - appointment of two (2) Other Directors to the Bank's Board of Directors - appointment of Ms. Esther Eldan**

**(a) The proposed resolution**

To appoint Ms. Esther Eldan as an Other Director for a period of 3 years.

**(b) Majority required for passing a resolution**

An ordinary simple majority of the total voting rights of eligible shareholders voting in person or by proxy. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

**3.2.4. Item No. 6 on the agenda - appointment of two (2) Other Directors to the Bank's Board of Directors - appointment of Ms. Esther Dominissini**

**(a) The proposed resolution**

To appoint Ms. Esther Dominissini as an Other Director for a period of 3 years.

**(b) Majority required for passing a resolution:**

An ordinary simple majority of the total voting rights of eligible shareholders voting in person or by proxy. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

**3.2.5. Item No. 7 on the agenda - appointment of two (2) Other Directors to the Bank's Board of Directors - appointment of Ms. Irit Shlomi**

**(a) The proposed resolution**

To appoint Ms. Irit Shlomi as an Other Director for a period of 3 years.

**(b) Majority required for passing a resolution**

An ordinary simple majority of the total voting rights of eligible shareholders voting in person or by proxy. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

**4. Item No. 8 on the agenda - amendment of the Bank's Articles of Association**

**4.1. Background**

- 4.1.1. It is suggested to bring for the approval of the Bank's General Meeting a suggestion to revise the Articles of Association as follows: 1) To update dated language used in the Articles of Association such that they include more up-to-date and modern terms; 2) cancellation of provisions that were relevant in the period, during which the Companies Ordinance was in effect (before it was replaced by the new Companies Law), and which are no longer in use. 3) Repeal archaic provisions, some of which are no longer relevant in light of existing laws, and some of which even contradict revised legal provisions (including the provisions of the Companies Law and the regulations promulgated by virtue of the Companies Law and Proper Conduct of Banking Business Directives); 4) provisions were added that provide expedients where the Companies Law prescribes dispositive provisions that allow the Company to do so.

It is suggested to make amendments to the Bank's Articles of Association, in the wording attached as **Appendix D** to this meeting summons report (the suggested amendments are marked).

#### 4.2. The proposed resolution

To adopt the amendments to the Bank's Articles of Association, in accordance with the wording of the Articles of Association attached as **Appendix D** to this meeting summons report.

#### 4.3. Majority required for passing a resolution:

An ordinary simple majority of the total voting rights of eligible shareholders voting in person or by proxy. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

### 5. Item No. 9 on the agenda - approval of the compensation policy

#### 5.1 Background

- a. Companies Law (Amendment 20) of 2012 (hereinafter - "**Amendment 20**") came into effect on December 12 2012. According to the provisions of Amendment 20, a publicly-traded company should set a policy regarding officers' terms of service and employment; such a policy will be approved at least every three years, in accordance with Sections 267A and 267B to the Companies Law. Being a banking corporation, the Bank is also subject to the provisions of Directive 301A to the Proper Conduct of Banking Business Directives regarding compensation policy in a banking corporation (hereinafter - "**Directive 301A**"). Directive 301A adds to the provisions of Amendment 20, among other things, provisions regarding the manner of award and payment of Bank officers' terms of service and employment.
- b. On April 12 2016, the Law of Officeholders Compensation in Financial Corporations (Special Permit and Non-Deductible Expenses Due to Extraordinary Compensation), 2016 was published in the Official Gazette, (hereinafter - the "**Compensation Limitation Law**"). The Compensation Limitation Law provides, among other things, that setting the compensation for a Bank employee (including a Bank officer), the expected expenditure in respect of which (in accordance with GAAP) is expected to be higher than NIS 2.5 million per year, is subject to approval by the Bank's competent organs (in accordance with the approval mechanisms set for this purpose in the law), and that in this case, a Bank employee's compensation, the cost of which is expected to be 35 times (or higher) the lowest compensation paid to a Bank employee (including contract workers working at the Bank) in the year preceding the date of approval of the contract, may not be approved.
- c. On December 23 2019, The Bank's General Meeting approved the compensation policy for the Bank's officers through 2022, following the approval of the Board of Directors in accordance with the approval and recommendations of the Audit Committee (in its capacity as the Compensation Committee (hereinafter - the "**Previous Compensation Policy**"). The Previous Compensation Policy was set in accordance with provisions set out in Amendment 20, in Directive 301A, and in the Compensation Limitation Law.
- d. The suggested compensation policy was discussed in a meeting of the Board of Directors' Compensation Committee on May 16 2022, and in a meeting of Board of Directors' plenum on June 1 2022. Having considered the recommendations of the Compensation Committee, the Bank's Board of Directors approved and

recommended that the Bank's General Meeting approves the Revised Compensation Policy, at the wording attached as **Appendix E** to this meeting summons report, that will apply in respect of 2023 to 2025<sup>2</sup> (above and hereinafter - the "**Revised Compensation Policy**").

- e. The Revised Compensation Policy brought for the approval of the General Meeting of the Bank's shareholders is similar to the Previous Compensation Policy in the sense that it integrates the provisions set out in Directive 301A and in the Compensation Limitation Law. When drawing up the Revised Compensation Policy (compared with the Previous Compensation Policy), the Compensation Committee of the Board of Directors took into consideration bank-wide principles that it deemed right to adopt in connection with the compensation paid to the Bank's officers, at the recommendation of the Board of Directors' Compensation Policy. As part of the above, the Bank's Board of Directors took into consideration, among other things, the Bank's experience following the adoption of the Previous Compensation Policy, and its assessment of the actual implementation of the Previous Accounting Policy and its effectiveness.

The key topics that were revised in the Revised Compensation Policy compared with the Previous Compensation Policy are: (1) Adding the option whereby, subject to the approval of the Bank's competent organs and the provisions of any law, the Bank officers (including directors) may be eligible to equity compensation in form of options, shares or share-based instruments. It should be clarified that such entitlement shall apply as from the approval date of the compensation policy by this General Meeting; (2) adopting a mechanism that allows an automatic increase in the total compensation to which the Chairman of the Board of Directors will be entitled to as soon as the lowest compensation paid to a Bank employee is increased, as stated in the Compensation Limitation Law. Where the increase in total compensation payable to the Chairman of the Board of Directors or the CEO exceeds 5% as a result of the linkage to the rate of increase in the compensation paid to the lowest paid Bank employee as stated above, the increase in the compensation payable to those officers will also be brought for approval by the Compensation Committee and Board of Directors; (3) The measurable annual bonus shall comprise a number of monthly salaries to be set by the Compensation Committee and Board of Directors at the beginning of every year, for meeting a list of targets and other targets, should the Compensation Committee and Board of Directors decide to set other targets for senior officers other than the CEO (compared with a closed list of targets as per the Previous Compensation Policy). It should be clarified that the provision whereby the Bank's officers (who are entitled to an annual bonus), may be entitled to a measurable annual bonus of up to 5 monthly salaries for each officer is also included in the Revised Compensation Policy; (4) at the beginning of each bonus year, the Compensation Committee and the Board of Directors will set a target range for that year for each of the targets comprising the measurable annual bonus, and the number of salaries payable as a result of the said officers' meeting each target (compared with the Previous Compensation Policy which stipulated fixed ranges for targets and for the number of salaries payable in respect of each target); (5) the Bank revised the

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<sup>2</sup> And provisions that will apply as from the approval date of the compensation policy as set out in the draft compensation policy.



framework decision<sup>3</sup>, whereby the Bank is authorized to purchase, from time to time, a professional liability insurance for directors and other officers in the Group, without first obtaining the approval of the General Meeting, such that the minimum liability amount in the Group policy was removed and it was decided that the maximum liability amount shall not exceed USD 400 million, and the requirement regarding the premium amount was removed; (6) compensation to the Chairman of the Board of Directors - further to the amendment of Directive 301A to Proper Conduct of Banking Business No. 301A in April 2020<sup>4</sup>, the Bank revised the compensation policy's provisions pertaining to the terms of service of the Chairman of the Board of Directors; this included the removal of the Chairman of the Board of Directors' entitlement to ancillary benefits, social benefits and payment in respect of retirement terms (payment in respect of advance notice and non-competition). It was clarified that the Chairman of the Board of Directors shall be entitled to reimbursement of expenses and related costs subject to the provisions of PCBB 301A, and that the Chairman of the Board of Directors may provide services to the Bank through a management company he owns, against a tax invoice that will be issued to the Bank.

For details regarding the main changes in the Revised Compensation Policy compared with the Former Compensation Policy, see **Appendix E** to this meeting summons report.

## **5.2 Structure of the Revised Compensation Policy**

- a. The Revised Compensation Policy includes, among other things, references to matters described in Part A to the First Addendum to the Companies Law; it sets out, among other things, the provisions set in Part B to the said Addendum.
- b. The Revised Compensation Policy was drawn up in order adapt the existing compensation mechanisms to the Bank's size, the nature of its business and the goals and targets, which the Bank's compensation policy is designed to fulfill, despite the strict restrictions set in the Compensation Limitation Law.
- c. As described in detail in the Revised Compensation Policy, and subject to what is stated therein, the Revised Compensation Policy sets the framework for compensation of the Bank's officers; the said policy includes, among other things, a reference to components of fixed compensation, which is the principal compensation paid to officers (since under the Revised Compensation Policy Board members, including the Chairman of the Board of Directors, will not be entitled to a variable annual bonus, and the Chairman of the Board of Directors will not be entitled to ancillary benefits, including social benefits, and to retirement benefits), that includes a fixed salary, equity compensation, social and related benefits. and retirement and termination benefits (other than retirement benefits classified as a variable compensation component, as described below); officers will also be entitled to variable benefit compensation components that include any compensation which is not fixed, including: performance-based annual bonus, which is composed of a component based on the Bank's return on capital, a bonus component, which is based on the Bank's efficiency ratio, and other components that may be set by the

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<sup>3</sup> Including in accordance with the Israel Securities Authority's Staff Position of October 5 2016, which was revised from time to time, including in August 2020.

<sup>4</sup> That will come into effect within six months from the publication date of the revised provision.

Compensation Committee and Board of Directors at the beginning of each bonus year; a qualitative personal bonus, based on the achievement of personal targets and qualitative criteria according to the relevant officer's areas of responsibility; and a special bonus in respect of special occasions.

- d. Total variable bonuses payable to officers were capped at 9 monthly salaries per year, and the Bank's Board of Directors has the power to reduce the performance-based bonus in accordance with its discretion. Furthermore, the Revised Compensation Policy sets out, based on Directive 301A, a mechanism for repayment of the variable bonuses, including repayment criteria and circumstances and a repayment period.
- e. The Revised Compensation Policy also sets out arrangements for deferral of payment to officeholders of variable bonus, whose payment is subject to the Bank's meeting the required capital adequacy ratios according to the directives of the Banking Supervision Department immediately before each vesting date.
- f. The Revised Compensation Policy established various mechanisms and arrangements designed to allow the Revised Compensation Committee and the Board of Directors of the Bank to approve revisions in the Revised Compensation Policy or in the compensation components in the terms of service and employment of officers to whom the Compensation Policy applies during the term of the Revised Compensation Policy, without being required to re-obtain the approval of the Bank's General Meeting for each such revision. Such revisions will be made when, in the opinion of the Compensation Committee and the Bank's Board of Directors, they are justified under the circumstances on revision date.

Thus, for example, the Revised Compensation Policy allows the Compensation Committee and the Board of Directors to link the lowest compensation paid by the Bank for purposes of Section 2(B) of the Compensation Limitation Law<sup>5</sup> to the maximum compensation of Bank's officers such that the total compensation amount to officers (excluding compensation the payment of which is not expected under generally accepted accounting principles) and the lowest compensation paid by the Bank at that time will increase at the same rate.

- g. The Revised Compensation Policy also establishes that the compensation of the Bank's officers reporting to the President and CEO of the Bank<sup>6</sup> may exceed, in accordance with the resolution of the Compensation Committee and the Board of Directors (without recourse to the General Meeting), the threshold set in Section 2(A) of the Revised Compensation Limitation Law, in which case a portion of those officers' salary will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

**5.3 The goals, principles and parameters that the Compensation Committee and Board of Directors were guided by while drawing up the Revised Compensation Policy are based, among other things, on the following data, materials and considerations:**

- a. The Compensation Committee and Board of Directors took into account the

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<sup>5</sup> The lowest compensation paid by the Bank for purposes of Section 2(B) of the Compensation Limitation Law in the year prior to the date of approval of the Revised Compensation Policy was NIS 83 thousand per year (excluding provisions for severance pay and pension as required by law).

<sup>6</sup> Directly or indirectly.

considerations and matters required for drawing up a compensation policy in accordance with Section 267B to the Companies Law and the First Addendum A to the Companies Law, in Part A (Matters that a Compensation Policy Must Refer To) and Part B (Provisions that Must be Included in a Compensation Policy).

- b. The background material presented to the Compensation Committee and Board of Directors included, among other things, the following: Amendment No. 20 to the Companies Law; Directive 301A regarding compensation policy in banking corporations, and the revised directive of April 2022; the Compensation Limitation Law; the Previous Compensation Policy, and the experience acquired by the Bank following the adoption and implementation of the Previous Compensation Policy; and more.
- c. The discussions of the Board of Directors and its committees were supported by an external advisory team, that assisted in the formulation of the compensation policy.
- d. The Compensation Committee and Board of Directors also assessed, in accordance with the provisions of Amendment 20, the ratio between the cost of the terms of service and employment of the Bank's officers and the average and median cost of payroll in the Bank<sup>7</sup>, as described below: (a) the ratio between the cost of the compensation of the Bank's Chairman of the Board of Directors and CEO and the average and median cost of payroll of the Bank's employees is 9.14 and 9.81, respectively; (b) the ratio between the cost of payroll of all other<sup>8</sup> Bank officers and the average and median cost of payroll of the Bank's employees is 8.65 and 9.28, respectively.

**5.4 Terms of service and employment of the Bank's officers on the date on which the compensation policy was set**

The table of the highest paid employees in the Bank's Group, as included in the Bank's 2021 Periodic Report, in the "Senior Officers Compensation" Chapter, which is included in the Corporate Governance and Additional Details Chapter in the Bank's 2021 Periodic Report, includes (in accordance with the provisions of the Reporting to the Public Directives of the Banking Supervision Department) officers who serve in the Bank, to whom the Revised Compensation Policy will apply. The table also includes managers of the Bank's Israeli and foreign subsidiaries - to whom the compensation policy does not apply.

**5.5 The Bank is a banking corporation without a control core; (it does not have a controlling shareholder).**

**5.6 The Bank is not a second-tier publicly-trade company<sup>9</sup>.**

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<sup>7</sup> The calculation includes all employees included in the Bank's workforce, even if they are not employed directly by the Bank, but rather by contractors and manpower companies or as part of an outsourcing arrangement. The cost of payroll taken into account for the purpose of the calculation is the overall cost of payroll (that is to say, including any variable compensation paid), and excluding payroll tax.

<sup>8</sup> The calculation is based on the salary of the highest paid officer in the Bank, other than the CEO or the Chairman of the Board of Directors.

<sup>9</sup> In accordance with Section 267A(c) to the Companies Law, a "publicly-traded second tier company" is defined as a "publicly-traded company that is controlled by a publicly-traded company or by a private company, which is a bonds company, which, in turn, is controlled by a publicly-traded company or by a private company, which is another bonds company that is controlled by a controlling shareholder."

**5.7 Directors who attended the meetings of the Company's Compensation Committee and Board of Directors**

- a. The members of the Compensation Committee are: Mr. Edelman Yitzhak (the Chairman of the Committee), Mr. Elya Sasson, Ms. Gottlieb Tamar, Ms. Dominissini Esther and Prof. Yedidia Zvi Stern. All members of the Compensation Committee attended the meeting in which the Revised Compensation Policy was approved.
- b. All Board members attended the Board of Directors' meeting in which the Revised Compensation Policy was discussed and approved.

**5.8 Directors that have a vested interest in the approval of the compensation policy:**

- a. All Board members may have a vested interest in the approval of the Revised Compensation Policy, which also refers to their terms of service as Bank directors.
- b. The Chairman of the Board of Directors may have a vested interest in the approval of the Revised Compensation Policy, since the latter includes specific provisions pertaining to the terms of service of the Chairman of the Board of Directors.

**5.9 Reasons of the Compensation Committee and Board of Directors for approving the Revised Compensation Policy**

- a. The Revised Compensation Policy is consistent with the provisions of Amendment 20 to the Companies Law, Directive 301A and the Compensation Limitation Law. The Revised Compensation Policy was drawn up taking into account the limitations set in the Compensation Limitation Law, and it is designed to retain Bank officers and enable the recruitment of executives who possess the experience and capabilities required to manage a large-scale, complex financial corporation, despite the limitations imposed by the said law and despite the high demand for talents in the market, which makes it very difficult for the Bank to recruit and retain such executives in view of the limitations it is subject to.
- b. Furthermore, the Compensation Committee and Board of Directors are of the opinion that these mechanisms and arrangements create a reasonable, appropriate and fair balance between the wish to encourage the achievement of ambitious goals and pay the Bank's officers the highest possible compensation that will be adequate and reflect the characteristics of their job, the extent of their responsibilities, the scope of their position and their personal traits, and the requirement to comply with the limitations set in the Compensation Limitation Law and in Directive 301A, including with respect to the Chairman of the Board of Directors. The objective of these mechanisms and arrangements is to create managerial flexibility that will enable the Bank to revise the compensation components of Bank officers' terms of service and employment as needed, or in accordance with any changes in circumstances, subject to the approval of the Bank's Compensation Committee and Board of Directors, and without being required to ask the General Meeting of the Bank's shareholders to approve the revision again.

Accordingly, the Revised Compensation Policy prescribes that the compensation

paid to the Bank's officers may be revised in accordance with the rate of increase in the compensation paid to the lowest paid Bank employee (as stated in the Compensation Limitation Law), such that the compensation paid to the Bank's officers may exceed - in accordance with the resolution of the Compensation Committee and Board of Directors - the threshold set in Section 2(a) to the Compensation Limitation Law, in which case, part of the salary of those officers shall not be deductible for tax purposes, in accordance with the provisions of Section 32(17) to the Income Tax Ordinance, and the revision to the total compensation paid to the Chairman of the Board of Directors and CEO will also be linked to the increase in the payroll of the lowest paid Bank employee. Where the increase in total compensation payable to the Chairman of the Board of Directors or the CEO exceeds 5% as a result of the linkage to the rate of increase in the compensation paid to the lowest paid Bank employee as stated above, the increase in the compensation payable to those officers will be brought for approval by the Compensation Committee and Board of Directors. The Revised Compensation Policy also establishes that the compensation of the Bank's officers reporting to the President and CEO of the Bank may exceed, in accordance with the resolution of the Compensation Committee and the Board of Directors (without recourse to the General Meeting), the threshold set in Section 2(A) of the Revised Compensation Limitation Law, in which case a portion of those officers' salary will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

- c. The Revised Compensation Policy and the bonus plan set as part of that policy ensure that the compensation paid to senior Bank officers in accordance with the compensation policy will not encourage the Bank to take risks beyond the Bank's risk appetite and in a manner that might have an adverse effect on the Bank's capital base.
- d. The participants of the Compensation Committee and Board of Directors meeting that discussed the formulation of the Revised Compensation Policy were presented with data that assisted them to formulate the Revised Compensation Policy; among other things, participants were presented with a comparison between the different compensation components of the current compensation policy and those of the Revised Compensation Policy, in light of the ratio between the service and employment terms of those senior officers and the payroll of all Bank employees, taking into account, among other things, the ratio between those terms and the average and median payroll of the employees.
- e. The terms of service and employment set in the Revised Compensation Policy in relation to the Bank's senior officers were set bearing in mind the limitations imposed, among other things, under the Compensation Limitation Law.
- f. The variable components of the Revised Compensation Policy, including the way they were determined and their rate in relation to the fixed component, were assessed and determined bearing in mind the role and areas of responsibility of that senior officer. Accordingly, and as required under Directive 301A to the directives of the Banking Supervision Department and Amendment 20, the variable annual bonus was capped, such that the maximum variable bonus paid to an officer in a specific year will not exceed 9 average monthly salaries of that officer.



- g. The decision to base a portion of the variable bonus on the Bank's financial performance, including a component based on the Bank's efficiency ratio and the option to reduce it, as well as the fact that arrangements were put in place to defer the annual bonuses, strike a balance between targets that ensure well-established and effective risk management and adapting the compensation of officers such that it reflects the materialization of the risks over time. Moreover, the setting of ranges of targets and salaries for receiving variable compensation at the beginning of each bonus year by the Compensation Committee and Board of Directors (rather than in a fixed fashion as part of a compensation policy that is revised every three years), gives the Bank greater flexibility and allows it to adapt the variable compensation paid to officers in a more accurate manner every year, in accordance with the changes that occur in the market frequently.
- h. Furthermore, in order to allow the Bank to compensate officers and give them incentives in a manner that ties the bonus to the Bank's share price, it is suggested to include in the compensation equity compensation components based on shares, options or units convertible into shares.
- i. The arrangements set out in the Revised Compensation Policy regarding compensation paid in respect of termination of employment, which are put in place in addition to the terms of employment of all Bank employees, take into account the reason for the termination of the employment; those arrangements were put in place such that they not compensate employees for serious failures or for taking extraordinary risks, such that the entitlement to this compensation shall depend on the officer's role, areas of responsibility and performances, both over the officer's employment period, and during an appropriate period post-employment through retrospective performance adaptation mechanisms, in order to ensure that excessive risks are not taken.
- j. Since the Revised Compensation Policy was formulated bearing in mind the limitations and requirements set out in the Compensation Limitation Law, the Compensation Committee and Board of Directors are of the opinion that the mechanism set in the Revised Compensation Policy in connection with the compensation components that comprise the service and employment terms of officers to which the Revised Compensation Policy apply are appropriate and fair under the circumstances.

#### **5.10 The proposed resolution:**

To approve the revised compensation policy as described in **Appendix E** to the meeting summons report, in accordance with the provisions of Sections 267A and 267B to the Companies Law, 1999, and in accordance with the directives of the Banking Supervision Department regarding compensation policy in a banking corporation, and in accordance with the Law of Officeholders Compensation in Financial Corporations (Special Permit and Non-Deductible Expenses Due to Extraordinary Compensation), 2016.

#### **5.11 Majority required for passing the proposed resolution**

Pursuant to the provisions of Section 267A(b) to the Companies Law, and taking into consideration the fact that the Bank is a corporation without a control core, and is not a second tier publicly-traded company, the majority required in order to pass a resolution on the above item (approval of the Revised Compensation Policy) is a simple majority

out of the total voting rights of the shareholders that are entitled to vote and that vote themselves or by proxy, as long as one of the following conditions is met:

- a. The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the resolution being voted on, mutatis mutandis; or
- b. The total objecting votes from among the shareholders detailed in Subsection a above shall not exceed a rate of 2% of all voting rights in the Bank.

Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

It should be noted that in accordance with Section 267A(c) to the Companies Law, the Board of Directors is entitled to approve and set the revised compensation policy, even if the General Meeting opposes its approval, provided that the Audit Committee and thereafter the Board of Directors will resolve, based on detailed reasons and having discussed again the revised compensation policy, that the approval of the Revised Compensation Policy despite the objection of the General Meeting is in the Bank's best interest.

**This report was signed on behalf of the Bank on June 29 2022.**

Respectfully,

Bank Leumi le-Israel B.M.

Name and position of signatories:

Adv. Mor Fingerer, Chief Legal Counsel and Bank Secretary

Adv. David Sackstein, Head of the Bank Secretariat

## Appendix A - The Policy as to the Desirable Composition of the Board of Directors

In June 2022, the Bank's Board of Directors approved the Board of Directors' policy as to the desirable composition of the Board of Directors, as follows:

- a. **The number of directors:** The number of directors will be 10<sup>10</sup>.
- b. **Types of directors:** The Bank should maintain an optimal mix of directors as follows: 4-5 directors which are not external directors in accordance with Section 11d(2) to the Banking Ordinance (hereinafter - "**Other Director**"), 2-3 directors who are external directors in accordance with the Proper Conduct of Banking Business Directive No. 301 (hereinafter - "**Directive 301**")<sup>11</sup>, and 2-3 EDs in accordance with the Companies Law, 1999<sup>12</sup>.
- c. **Basic skills:** in addition to the need to comply with the law, and owing to the need to hold thorough and effective discussions of complex, diverse, and dynamic issues at the Bank Leumi Board of Directors while complying with many substantial regulatory requirements; consideration must be given to ensure that the candidates have the suitable experience and skills to hold office as directors in a major public financial corporation with operations as complex as the Bank's, and while noting the Bank's dynamic opportunities, challenges, regulation, and risks presented by the business environment.
- d. **Professional qualifications:** In view of the scope and complexity of the Bank's business activity, the Bank is required to ensure that more than half of its directors have "professional qualifications" in accordance with the provisions of Section 24(b)(1)(ii) to Directive 301<sup>13</sup>.
- e. **Banking experience:** In view of the scope and complexity of the Bank's activity, which also constitutes its core business, the Bank is required to ensure that 3-4 of its directors have banking experience in accordance with the provisions of Section 25(a) to Directive 301.<sup>14</sup>
- f. **Technological expertise:** In view of the scope and complexity of the Bank's technological projects, the increased importance of technology in the achievement of the Bank's targets and the fulfillment its vision, the growth in technological development, the intensification of financial-technological competition, and cyber risks, the Bank should ensure that 1-2 of its directors have proven experience in the area of information technology, as this term is defined in Section 25 to Directive 301, and in accordance with the resolution of the Bank's Board of Directors of November 20 2018<sup>15</sup>.

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<sup>10</sup>In accordance with Directive 301, Sections 22(a) and (b), and the Bank of Israel's letter of July 8 2021, which requires that the number of directors in the Bank will be 10.

<sup>11</sup> The minimum number of external directors required in accordance with Directive 301 is a third of the directors, i.e., - 4.

<sup>12</sup> The minimum number of EDs required in accordance with the Companies Law is 2.

<sup>13</sup> The minimum number of directors possessing "professional qualifications" in accordance with Directive 301 is at least half of the directors, i.e., - 5.

<sup>14</sup> The minimum number of directors possessing banking experience in accordance with Directive 301 is at least a third of the directors. In accordance with the Q&A file regarding the implementation of Directive 301, the minimum number of directors with "banking experience" shall be set by way of rounding-down, i.e., 3.

<sup>15</sup> The minimum number of directors possessing technological expertise in accordance with Directive 301 is 1. On November 20, 2018, the Bank's Board of Directors decided that the principal parameter for classifying a director

- g. **Accounting expertise:** Due to the complexity of the Bank's financial statements, the ever-changing regulatory requirements, the key role financial statements have in connection with regulatory report, the Bank is required to ensure that its Board of Directors includes 2-3 members who possess "accounting and financial expertise", as defined in the Companies Law<sup>16</sup>.
- h. **Gender diversity:** In view of the Bank's commitment to ensure proper representation of both sexes in its Board of Directors, including regulatory requirements<sup>17</sup>, the Bank must ensure that Board members of each of the sexes constitute at least 30% of the total number of Board members.
- i. **Social diversity:** in light of the need to support equal opportunity among different sectors in Israeli society, and to make sure all Bank customers and stakeholders are adequately represented at the Board of Directors, consideration must be given to ensure social diversity in the composition of the Board of Directors.
- j. **Striking a balance between continuity and new blood:** In view of the complexity, duration and diversity of the topics, discussions and projects that the Board of Directors is required to deal with, and in view of the need to retain a cumulative organizational experience and memory, the Bank is required to strike a balance between continuity and new blood in the composition of its Board of Directors.
- k. **Adequate education and skills:** Consideration should be given to ensure that each of the directors shall possess the qualifications necessary to serve in his/her role and, specifically: possess the education, knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, finance, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or another area approved by the Banking Supervision Department.<sup>18</sup>
- l. **Command of the Hebrew language:** All directors will be fluent in the Hebrew language, at least in terms of reading and speaking<sup>19</sup>.
- m. **Collective proficiency:** In addition to the eligibility criteria applicable to each of the directors, as described above, consideration should be given to ensure that the Board of Directors shall collectively possess proper knowledge, qualifications, skills and experience that are in line with the banking corporation's strategy and the characteristics of its activity.<sup>20</sup>
- n. **Functional continuity:** In order to ensure functional, managerial and supervisory

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as a "director with proven experience in the field of IT" in accordance with the provisions of Section 25 of Directive 301 shall be as follows: "anyone who has practical managerial experience in leading significant technological projects in large companies during the past 15 years, and who ensured that he/she is up-to-date with changes in this field since the leading/managing of the technological project has ended, all subject to the Board of Directors' judgment and resolutions."

<sup>16</sup> The minimum number of directors possessing "professional qualifications" in accordance with Directive 301 is at least a fifth of the directors, i.e., - 2.

<sup>17</sup> As stated in Section 21B to Directive 301. The directive does not specify a minimum number of directors of each sex; rather, it leaves this decision to the policy that will be set by the Board of Directors.

<sup>18</sup> Section 30(b) to Directive 301.

<sup>19</sup> Section 26 to Directive 301.

<sup>20</sup>Section 25 to Directive 301.

continuity, and in view of the importance of the role of the Chairman of the Board of Directors and the Bank's inability to ensure advance notice therefrom, the Bank must ensure that its Board of Directors includes directors that can potentially assume the role of the Chairman, while taking into account, among other things, the duration of those directors' time in office, their experience, qualifications and the full-time equivalent of the role of the Chairman of the Board against the challenges that the Bank is expected to face in the next few years.

Set forth below is information regarding the compliance of the Bank's Board of Directors with all relevant requirements pertaining to the composition and competency of the Board of Directors in accordance with any law, including Directive 301 (out of the directors that are not put forward for election in the next General Meeting):

<b>Requirement</b>	<b>Required number</b>	<b>Actual number</b>	<b>Is there a gap to be closed in the next General Meeting</b>
No. of external directors in accordance with Directive 301	4	5	None
Number of EDs required in accordance with the Companies Law	2	2	None
Number of Board members possessing "banking experience", as defined in Directive 301	3	4	None
Number of Board members possessing "knowledge and proven experience in the field of information technology"	1	2	None
Number of Board members possessing "professional qualifications" as defined in the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise), 2005	5	7	None
Number of Board members possessing "accounting and financial expertise", as defined in Section 240 to the Companies Law.	2	6	None



## Appendix B - Procedures of the General Meeting

### A. Voting in the Meeting

#### 1. **Effective Date and Proof of Ownership**

- a. The effective date for the eligibility of a shareholder in the Bank to vote at the General Meeting, as set out in Section 182 of the Companies Law and Article 3 of the Voting by Ballot Regulations, is Wednesday, July 6, 2022, by the end of trading on the Tel Aviv Stock Exchange.
- b. In accordance with the Companies Regulations (Proof of Ownership of a Share to Vote at a General Meeting), 2000 (hereinafter - the **"Proof of Ownership Regulations"**), a shareholder in whose name a share is registered at a member of the stock exchange and such share is included among the Bank's shares registered in the shareholders' register of the Nominee Company (hereinafter - **"Unregistered Shareholder"**), if he/she wishes to vote at the General Meeting, the Bank shall obtain an approval from a member of the stock exchange who has the record of the voting right for the share, in respect of ownership of the share, at the effective date, in accordance with Form 1 that is an addendum to the Proof of Ownership Regulations (hereinafter - **"Proof of Ownership"**).
- c. An Unregistered Shareholder is entitled to receive proof of ownership from the stock exchange member, through whom its stock is held, at a branch of the stock exchange member or by post to its address after payment of postal charges only, if so requested. Such a request shall be made in advance to a specific securities account.
- d. Similarly, an Unregistered Shareholder is entitled to give instructions to a Stock Exchange Member that its proof of ownership shall be transferred to the Bank using the Electronic Voting System. Registration on the electronic voting system operating under Article O of Chapter G2 of the Israel Securities Law, 1968 (hereinafter - the **"Electronic Voting System"**) has the same status as Proof of Ownership pursuant to the Proof of Ownership Regulations.

#### 2. **Quorum and date for holding a adjourned meeting**

- a. In accordance with the Bank's Articles of Association, the quorum for holding the Meeting is the presence of three or more shareholders, present in person or by proxy, within half an hour of the time scheduled for opening the Meeting.
- b. In the absence of a quorum within half an hour from the time scheduled for opening the Meeting, the Meeting will be postponed to August 11, 2022, at the same venue, at 14:00.
- c. In the absence of a quorum at the adjourned meeting, two shareholders who are present in person shall constitute a quorum, and they shall be entitled to address matters for which the Meeting was convened.
- d. In determining a quorum, the votes of shareholders voting using the Electronic Voting System, as defined in Section 87 of the Companies Law, will be taken into account, and the votes of Unregistered Shareholders voting using the Electronic Voting System will also be taken into account.

### 3. **Voting in the Meeting**

- a. Shareholders who are entitled to participate and vote in the Meeting may do so by choosing one of the following methods: (1) to attend the General Meeting and vote in person or appoint a proxy to attend and vote at the Meeting, in accordance with a letter of appointment and power of attorney, as set out in Section 4 below; (2) to vote using a voting slip as set out in Section 5 below; (3) an Unregistered Shareholder may also vote using the Electronic Voting System as set out in Section 7 below.
- b. Pursuant to Section 83(d) to the Companies Law, the latest vote of a shareholder voting in more than one manner will be counted; in that regard, the shareholder's vote in person or by proxy shall be considered as a vote cast later than a vote cast through a voting slip or through the Electronic Voting System.

### 4. **Participation in the Meeting and voting by the shareholder in person or by proxy**

- a. An Unregistered Shareholder wishing to attend the Meeting and vote in person shall provide Proof of Ownership in the manner set out in Section B above and 9 below, until the system is closed, as defined in Section 7 below. Shareholders with shares registered in their name in the Bank's register of shareholders are not required to present Proof of Ownership.
- b. Shareholders entitled to attend and vote at the General Meeting may appoint a proxy or proxies to attend and vote in their stead. The proxy is not required to be a shareholder in the Bank. For the appointment of a proxy to be valid, the letter of appointment and the power of appointment according to which the letter of appointment was signed (if the letter of appointment was signed according to a power of appointment) must be submitted at the Bank's registered office at least 48 hours before the time of the General Meeting. In the case of an Unregistered Shareholder, Proof of Ownership from a TASE member must be attached to the letter of appointment, as set out in Section 1 above, unless the Proof of Ownership was submitted to the Bank through the Electronic Voting System.
- c. A shareholder or proxy seeking to attend and/or vote at the General Meeting will be required to identify themselves upon arrival at the General Meeting by presenting identification (ID card, passport, or valid driver's license). An Unregistered Shareholder (or proxy) will also be required to present Proof of Ownership, as described above, unless the Proof of Ownership was submitted to the Bank through the Electronic Voting System. Proxies of shareholders with shares registered in their name in the Bank's register of shareholders are not required to present Proof of Ownership.
- d. Anyone who is not a shareholder or proxy, or a shareholder or proxy who fails to present an ID document and proof of ownership at the General Meeting, valid as at Wednesday, July 6, 2022, shall not be allowed to attend or vote at the General Meeting.
- e. The letter of appointment shall also be valid for an adjourned meeting of the Meeting to which the letter of appointment applies, unless otherwise specified in the letter of appointment, provided that the adjourned meeting convenes on the date set out in Section B above.

### 5. **Voting slip**

- a. Shareholders (including Unregistered Shareholders) of the Bank who wish to vote at the Meeting without attending it and without sending a proxy, may vote on the items on the agenda using a voting slip.

- b. A shareholder (including an Unregistered Shareholder), who is entitled to attend and vote at the Meeting, may vote on all items on the agenda of the Meeting by using a voting slip, in accordance with the Companies Law and the Voting by Ballot Regulations.
- c. A vote using a voting slip shall be cast on the second part of the voting slip as published on the Israel Securities Authority website.
- d. The wording of the voting slip can be reviewed on the publication site of the Israel Securities Authority and the TASE website:
  - The Israel Securities Authority's publication website: <http://www.magna.isa.gov.il>.
  - Publication website of the Tel Aviv Stock Exchange: <http://maya.tase.co.il>.
- e. A shareholder may contact the Bank directly and receive the wording of the voting slip.
- f. The vote of a shareholder using a voting slip shall be deemed as if the shareholder was present at and participated in the General Meeting, both for the purpose of the quorum required for the Meeting and for the purpose of calculating the results of the vote.

**6. Deadline for delivering a voting slip to the Bank:**

- a. A shareholder (including an Unregistered Shareholder), who wishes to vote using a voting slip, shall deliver the voting slip to the Bank as set out in Section A above, no later than 4 hours prior to the convening of the Meeting (namely, by 10:00 on Thursday, August 4, 2022). For an Unregistered Shareholder, the voting slip will only be valid if the shareholder attaches to it the Proof of Ownership that was sent before the system was closed (or if the Proof of Ownership was sent through the Electronic Voting System); and for a shareholder registered in the Bank's register of shareholders, only if the shareholder attaches to it a photocopy of his or her ID card, passport, or certificate of incorporation.
- b. A member of the stock exchange shall be sent, free of charge and by email, a link to the wording of the voting slip and position notices on the ISA's distribution website, to every shareholder not registered on the shareholders register and whose shares are registered at this stock exchange member, unless the shareholder announces that he is not interested, on condition that such notice be given for a specific shares account and at a date prior to the Effective Date.
- c. A shareholder may contact the registered office of the Bank – no later than 24 hours before the date on which the General Meeting is to convene, and after proof of identity, withdraw the voting slip and Proof of Ownership. Subsequently, the shareholder will only be able to vote during the course of the General Meeting itself (regardless of whether the shareholder is registered in the Bank's register of shareholders or the shareholder is an Unregistered Shareholder) and through the Electronic Voting System, and the provisions set out in Section 3 B above shall apply, with the required changes, and the latest vote cast shall be counted.

**7. The electronic voting system**

- a. Unregistered shareholders may also vote with respect to all of the items on the agenda of the General Meeting via an electronic voting slip that will be sent through the Electronic Voting System.
- b. Unregistered Shareholders may send the TASE member, no later than 12:00 PM on

the effective date, a written notice that they do not wish to be included in the list of shareholders entitled vote using the Electronic Voting System. The TASE member will deliver the written notice to the Bank through the Electronic Voting System.

- c. The TASE member will deliver to each of the Unregistered Shareholders the details required for voting through the Electronic Voting System, including an access and identification code for voting through the Electronic Voting System.
- d. As from the end of the effective date and up to 6 hours before the General Meeting is convened (namely, until 8:00 on Monday morning, Thursday August 4, 2022) (hereinafter – the “**Closing Time of the System**”), Unregistered Shareholders will be able to access the Electronic Voting System by identifying themselves and using the unique access code issued by the TASE member, and vote or change or cancel their previous votes in respect of the General Meeting, which is convened according to the Notice to the General Meeting.
- e. The electronic vote can be changed or canceled until the Closing Time of the System for the General Meeting convened according to the Notice of the General Meeting, after which changes cannot be made through the system. The aforesaid does not derogate from the right of Unregistered Shareholders to change their vote by participating and voting in the Meeting (including by proxy) and in such a case the provisions of Section B above shall apply, with the required changes, and the latest vote they cast shall be counted.
- f. Where a meeting was discontinued after certain topics were discussed, and a subsequent meeting was scheduled, the electronic voting system will be reactivated in the subsequent meeting, and it will be possible to vote through that system only on topics that have not yet been discussed in the original meeting. Where a meeting was adjourned (since no legal quorum was in attendance), the electronic voting system will be reactivated in the adjourned meeting, and it will be possible to vote through that system on all topics.
- g. An unregistered shareholder who sent the Company a Proof of Ownership via the Electronic Voting System and wishes to vote by other voting methods, is not required to send the Company a new Proof of Ownership in order to vote at the adjourned meeting or subsequent meeting.
- h. Votes made on the Electronic Voting System up until the time of closing the system will be counted (as long as not changed later by the voter) as part of the results of the meeting (including the adjourned or subsequent meeting), both in respect of the quorum required at the Meeting and for calculation of the results of the voting.

#### 8. **Position notices**

- a. The deadline for submission of position notices to the Bank, as defined in Section 88 to the Companies Law, is Monday, July 25, 2022 (inclusive). A position notice that includes the response of the Bank’s Board of Directors shall be published (if a decision is made to publish it) by Friday, July 28, 2022 (inclusive).
- b. A shareholder may contact the Bank directly to receive the position notices (if any).
- c. The position notices can be reviewed on the publication website of the Israel Securities Authority and on the publications website of the TASE, as set out in Section 5 above.

#### 9. **Manner of providing documents to the Bank**

The documents that the shareholders are required to submit to the Bank pursuant to the above provisions (including power of attorney, letter of appointment, Proof of Ownership, voting slips, and position notices), may be delivered up to the dates set out above, to the Bank's registered office at 34 Yehuda Halevi St., Tel Aviv, by hand.

10. **Vested interest, interested party in the bank, senior officer and institutional investor**

- a. Anyone with a vested interest in the passing of resolutions 3, 4, and 9 on the agenda will be subject to the provisions of Section 276 to the Companies Law, as amended. Section 276 to the Companies Law stipulates that: "If a shareholder participates in a vote under Section 275, then he shall inform the company before the vote – and if the vote is by voting slip, on the voting slip – whether or not he has a vested interest in the approval of the transaction; if the shareholder failed to inform as aforesaid, then he shall not vote and his vote shall not be counted."
- b. It is hereby clarified that Section 1 to the Companies Law stipulates that a vested interest is also "a vested interest of a person who votes according to a power of appointment given to him by another person, even if that other person has no vested interest, and the vote of a person who was given a power of attorney to vote on behalf of a person with a vested interest shall also be considered as the vote of a person with a vested interest, regardless of whether the voter can exercise discretion regarding the vote or not."
- c. Therefore, a shareholder participating in a vote, is required to inform the Bank before casting his vote in the Meeting or, if he votes via a voting slip, on the voting slip (if he so votes), if he has vested interest in the approval of Items Nos. 3 and 4 and 9 on the agenda of the General Meeting – the appointment of Mr. Dan Laluz or Mr. Zvi Naggan as ED or approval of the compensation policy). **A shareholder who fails to give such notice shall not be regarded as having voted on that item, and his vote shall not be counted.**
- d. Furthermore, and in accordance with Regulation 36D to the Reports Regulations and in accordance with the Voting in Writing Regulations, a shareholder participating in a vote is required to inform the Bank before casting his vote in the Meeting or, if he votes via a voting slip, on the voting slip, if he is an interested party of the bank (as the term "interested party" is defined in Section 1 of the Securities Law, 1968), a senior officer in the Bank (as the term "senior officer" is defined in Section 37(d) of the said law), an institutional investor as defined in Regulation 1 to the Supervision of Financial Services Law Regulations (Provident Funds) (Participation of a Management Company in a General Meeting), 2009, or a mutual fund manager (as defined in the Joint Investments in Trust Law, 1994). If the participating shareholder is an interested party, senior officer, institutional entity or mutual fund manager, he is required to provide details regarding other relationships he has with the Bank or senior officers of the Banks and regarding the nature of those relationships. If the vote is cast under power of attorney, such details shall also be given to the grantor and the recipient of the power of appointment.

11. **Review of documents**

Documents relating to the items on the agenda of the General Meeting may be reviewed at the Bank's secretariat, at the Bank's registered office at 34 Yehuda Halevi St. (Beit Leumi) 11th floor, Tel Aviv, Tel: +972-76-8859419, from Sunday to Thursday between 08:00 to 15:00.



**B. Additional details regarding the appointment of directors (topics 3 to 7 on the agenda)**

1. The vote shall cast separately for each of the candidates. Voters may vote for any of the candidates to serve as director.
2. Attention is drawn to Section 34(A1) of the Banking (Licensing) Law, 1981: "A person shall not make an agreement with another in regard to their vote for the appointment of a director in a bank or a bank holding corporation, including in regard to their vote to terminate the director's term of office, except under a permit issued by the Governor after consulting with the Licensing Committee; this provision shall not apply to a group of holders as defined in Section 11D(a)(3)(b) of the Ordinance, with regard to a vote for the appointment of a director proposed by them as a candidate under that item, or to a holder of means of control who agrees with another that the other person will vote in his or her name and on his or her behalf without any discretion, as instructed by the holder of means of control, provided that if the other holds, on his or her own behalf, means of control in a bank or in a banking holding company, as the case may be, he or she will not vote in the name of or on behalf of more than one other holder.\*

Therefore, with regard to the election of a director (Items Nos. 3-8 on the agenda), a proxy who is also a shareholder of the Bank may vote in the name of and on behalf of only one other shareholder. Regarding the other items on the agenda of the General Meeting, there is no reason why a proxy should not represent more than one shareholder.

3. In accordance with the Banking Ordinance (and the Bank's Articles of Association), if the number of people being put forward for election as directors at a general meeting, and receiving an ordinary majority of the total voting rights of shareholders entitled to vote and who voted (by themselves, by their proxies or by voting slips) at a general meeting, exceed the number of available positions for directors due to be filled pursuant to the agenda of the general meeting, the candidate receiving a higher number of supporting votes at the general meeting than the other candidates shall be elected for the available position. In addition, pursuant to Article 85B of the Bank's Articles of Association, if two candidates receive the same number of votes, one of them will be elected by way of a draw (in this Section, the ED and the "Other Directors" who will be selected shall be referred to as the **"Elected Directors"**).
4. The term of office of the Elected Directors is subject to the approval or non-objection of the Banking Supervision Department pursuant to Section 11A of the Banking Ordinance. The Elected Directors will begin their term in office according to the date on which approval or notice of non-objection of the Banking Supervision Department is received, for the Elected Directors, taking into account the number of open positions on the Bank's Board of Directors and when these positions become available, and in any event, a director will not be appointed before the end of the term in office of a director whose term in office ends. The term in office of the directors serving at the date of the Meeting and who were elected for an additional term, will begin after receiving the approval and/or notice of non-objection of the Banking Supervision Department for the appointment, and at a date that will not precede the date of the end of the current term in office.
5. According to Regulation 85C of the Bank's Articles of Association: "If, prior to the actual

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\*Namely, a shareholder.

commencement of office of any of the Elected Directors, it becomes clear that he or she will not commence office for any reason whatsoever, the next candidate in line possessing the same type of qualifications (External Director under the Companies Law, External Director according to the Banking Supervision Department's Proper Conduct of Banking Business Directives - Bank of Israel, Other Director) who received the majority vote required for the election; shall be deemed an Elected Director in his stead by the General Meeting; and if there are a number of candidates who received the majority vote required for election, then the candidate among them who received the highest number of votes in the General Meeting shall be elected) (hereinafter - the **"Next in Line"**), the provisions of this Section shall also apply to the Next in Line".

6. Accordingly, if it is determined that an Elected Director will not commence his or her term in office at the Bank as aforesaid, then the Next in Line, with the same qualifications who received the required majority for election as a director in the Bank at the General Meeting, will be considered the Elected Director. The aforesaid shall apply, respectively, to every Elected Director, according to the relevant category of qualification.
7. All directors in the Bank (except for the Chairman of the Board of Directors<sup>21</sup>), are entitled to annual compensation and compensation for participating in meetings of the Board of Directors and its committees in the "maximum amount" for an External Director or an expert External Director, as the case may be, pursuant to the Companies Regulations (Rules for Compensation and Expenses for an External Director), 2000, according to the Bank's ranking, pursuant to a resolution of the Bank's Board of Directors of May 15, 2008 (see the Immediate Report dated May 15, 2008, Ref. No.: 2008-01-134607), and the Bank's compensation policy.
8. A framework resolution authorizing the Bank in advance to purchase an insurance policy for liability of the directors and other officers of the Bank and the Group from time to time, and without the need for further approval by the General Meeting, is included in the Bank's Compensation Policy approved by the extraordinary meeting of the Bank's shareholders on December 23, 2019. The said Compensation Policy also includes a framework decision to acquire run-off directors and officers' liability insurance policy for other directors and officers of the Bank and the Group. For more information, please see immediate report dated November 10 2019 regarding the convening of an extraordinary general meeting (Ref. No. 2019-01-096531) and immediate report dated December 23 2019 regarding the results of the general meeting (Ref. No. 2019-01-112809).
9. Accordingly, on March 23 2022, after receiving the approval and recommendation of the Compensation Committee, the Bank's Board of Directors approved the renewal of the directors and officers' liability insurance policy in respect of directors and other office holders of the Bank and the Group (D&O), a liability ceiling of no less than USD 200 million (including Side A coverage for directors and officers) and restoration at the amount of NIS 180 million. The policy's term starts on April 2 2022 and ends on April 1 2023.
10. The references constitute incorporation by way of reference of the information included

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<sup>21</sup> On December 23, 2019, the General Meeting of the Bank approved the terms and conditions of office and employment of the Bank's Chairman of the Board of Directors in accordance with the Bank's Compensation Policy. For further information about the terms of employment of the Chairman of the Board of Directors, see Note 23B.3. to the Bank's Periodic Report for 2020 and the Bank's Immediate Report on the Convening of a General Meeting dated November 10, 2019 (Ref. No.: 2019-01-096531).

in the aforementioned reports. A framework decision to purchase a professional liability insurance policy covering directors and other Bank and Group officers is included in the Revised Compensation Policy for Bank officers, which is brought for approval in this General Meeting. The Revised Compensation Policy also includes a framework decision to acquire run-off directors and officers' liability insurance policy for other directors and officers of the Bank and the Group. For the details of the framework decision, see Chapter F to the suggested compensation policy, which is attached as **Appendix E** to this meeting's summons report.

11. For further information about the resolutions concerning exemption and indemnification for the Bank's directors and officers, see Regulation 29A(4) and Note 26(F) to the Bank's Periodic Report for 2021.
12. For information about the approval of the Revised Compensation Policy, which is brought for approval by the General Meeting convened under this meeting summons report, see Section 5 to the General Meeting Summons Report.

**Appendix C1: Additional information about the candidate for service as ED –  
Mr. Dan Laluz**

**Details in accordance with Regulation 26 and 36B(a)(10) of the Reports Regulations**

<b>Candidate</b>	<b>Mr. Dan Laluz</b>
<b>ID number</b>	<b>022183321</b>
<b>Date of birth</b>	<b>November 30, 1965</b>
<b>Address for serving court documents</b>	<b>48/25 Levi Eshkol St. Tel Aviv.</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>TBD</b>  To the extent that he/she is elected by the Meeting and receives the approval or non-objection of the Banking Supervision Department to his/her appointment, he/she will be appointed, in accordance with the decision of the Board of Directors, as a member of its committees, at least as a member of the Audit Committee and Compensation Committee, by virtue of his/her status as ED under the Companies Law.
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301 of the Proper Conduct of Banking Business Directives</b>	<b>Yes, according to the classification of the Committee for the Appointment of Directors and the declaration of the candidate, which is attached to this immediate report and subject to appointment by the General Meeting and to receipt of the approval or notice of non- objection of the Banking Supervision Department.</b>
<b>Independent Director as defined by the Companies Law</b>	<b>Yes, according to the declaration of the candidate, which is attached to this immediate report and subject to appointment by the General Meeting and to receipt of the approval or notice of non- objection of the Banking Supervision Department.</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>Subject to election by the General Meeting, to approval or non-objection of</b>

	<b>the appointment by the Banking Supervision Department and to that stated in Section 2.1.15 above.</b>
<b>Education/professional qualifications</b>	<b>Please see the candidate's statement and curriculum vitae attached to the summons report</b>
<b>Employment during the last five years and list of corporations in which he served as director</b>	<b>Please see the candidate's statement and curriculum vitae attached to the summons report.</b>  <b>It should be noted that the candidate declared that if he is to be selected for service as a director in the Bank, he will terminate his tenure as a director in the credit card company - Max IT Finance Ltd<sup>22</sup>.</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law.</b>	<b>Please see according to the candidate's statement and subject to the approval of the Bank's Board of Directors.</b>

### **Audit Committee's Resolution**

On June 6, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation. Furthermore, these circumstances constitute an interest pursuant to Section 240(b) to the Companies Law, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an interest, in accordance with

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<sup>22</sup> It should be noted that in accordance with Proper Conduct of Banking Business Directive No. 301 a one-year period should elapse between the term in office as a director in one banking corporation and the term in office as a director in another banking corporation (including credit card companies); this will be the case unless the first bank's Board of Directors agreed to terminate the director's term in office, or the Banking Supervision Department gives its consent to the appointment having consulted the Chairperson of that bank's Board of Directors. According to the information provided to the Bank by the Bank of Israel, the Banking Supervision Department is of the opinion that if Max's Board of Directors will agree to terminate the director's term in office, the director's appointment for a term in office as a Bank director immediately prior to the termination of his term in office in Max will not give rise to a conflict of interest during his term in office, provided that he will terminate his term in office in Max upon his appointment as a Bank director, and provided that at least two months have elapsed since the termination of his term in office in Max and the commencement of his term in office in the Bank. The Bank was also informed that the candidate advised the Bank of Israel that Max's Board of Directors will waive the cooling off period if the candidate is selected as a Bank director.



the Companies Regulations (Matters that Do Not Constitute an Interest), 2006 (hereinafter – the “Negligible Interest Regulations”). These circumstances include, inter alia:

- (a) Cases of account management and/or facility with Bank Leumi, in a company controlled by Bank Leumi or a substantial shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of his/her relatives or anyone who has close contact with him/her or other companies and entities in which the candidate or person has close contact with him/her holds positions that are considered as having business relations with the Bank. In addition, these circumstances may include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's substantial shareholders.
- (b) For the avoidance of doubt, it is clarified that the relations with the Bank of those that the candidate may have reported to, directly or indirectly, as part of his term in office as an independent director in Maytronics, which ended in November 2021, during the two years prior to his potential appointment as an ED in the Bank, and the relations of the controlling shareholder in Maytronics with the Bank.

**Attached hereby is the statement by the candidate Mr. Dan Laluz and his Curriculum Vitae.**

#### **Appendix C2 - additional information about the candidate for service as ED - Mr. Zvi Naggan**

**Details in accordance with Regulation 26 and 36B(a)(10) of the Reports Regulations:**

<b>Candidate</b>	<b>Mr. Zvi Naggan</b>
<b>ID number</b>	<b>055486872</b>
<b>Date of birth</b>	<b>September 17, 1958</b>
<b>Address for serving court documents</b>	<b>27 Nehar Ha'Yarden St., Kiryat Ono.</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>TBD</b>  <b>To the extent that he/she is elected by the Meeting and receives the approval or non-objection of the Banking Supervision Department to his/her appointment, he/she will be appointed, in accordance with the decision of the Board of Directors, as a member of its committees, at least as a member of the Audit Committee and Compensation Committee, by virtue of his/her status as ED under the Companies Law.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301 of the Proper Conduct of Banking Business Directives</b>	<b>Yes, according to the classification of the Committee for the Appointment of Directors and the declaration of the candidate, which is attached to this immediate report and subject to</b>

	<b>appointment by the General Meeting and to receipt of the approval or notice of non-objection of the Banking Supervision Department.</b>
<b>Independent Director as defined by the Companies Law</b>	<b>Yes, according to the declaration of the candidate, which is attached to this immediate report and subject to appointment by the General Meeting and to receipt of the approval or notice of non-objection of the Banking Supervision Department.</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>Subject to election by the General Meeting, to approval or non-objection of the appointment by the Banking Supervision Department and to that stated in Section 2.1.15 above.</b>
<b>Education/professional qualifications</b>	<b>Please see the candidate's statement and curriculum vitae attached to the summons report</b>
<b>Employment during the last five years and list of corporations in which he served as director</b>	<b>Please see the candidate's statement and curriculum vitae attached to the summons report</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law.</b>	<b>Please see according to the candidate's statement and subject to the approval of the Bank's Board of Directors</b>

#### **Audit Committee's Resolution**

On July 13, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation. Furthermore, these circumstances constitute an interest pursuant to Section 240(b) to the Companies Law, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an interest, in accordance with the Companies Regulations (Matters that Do Not Constitute an Interest), 2006 (hereinafter – the “**Negligible Interest Regulations**”). These circumstances include, inter alia:

Cases of account management and/or facility with Bank Leumi, in a company controlled by Bank Leumi or a substantial shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of his/her relatives or anyone who has close contact with him/her or

other companies and entities in which the candidate or person has close contact with him/her holds positions that are considered as having business relations with the Bank. In addition, these circumstances may include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's substantial shareholders.

**Attached hereby is the statement by the candidate Mr. Zvi Naggan and his Curriculum Vitae.**

**Appendix C3 - additional information about the candidate for service as “Other Director” -  
Ms. Esther Eldan**

**Details in accordance with Regulation 26 and 36B(a)(10) of the Reports Regulations**

<b>Candidate</b>	<b>Ms. Esther Eldan</b>
<b>ID number</b>	<b>067515759</b>
<b>Date of birth</b>	<b>July 14, 1954</b>
<b>Address for serving court documents</b>	<b>15 Vormaiza St., Tel Aviv</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>TBD.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301</b>	<b>No</b>
<b>Independent Director as defined by the Companies Law</b>	<b>No</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>Subject to election by the General Meeting, to approval or non-objection of the appointment by the Banking Supervision Department and to that stated in Section 2.1.15 above.</b>
<b>Education/professional qualifications</b>	<b>Please see the candidate’s statement and curriculum vitae attached to this summons report</b>
<b>Employment during the last five years and list of corporations in which she served as director</b>	<b>Please see the candidate’s statement and curriculum vitae attached to this summons report</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Please see according to the candidate’s statement and subject to the approval of the Bank’s Board of Directors.</b>

**Audit Committee’s Resolution**

On June 27, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate’s declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances

constitute, at most, negligible relationships and therefore do not constitute an affiliation. These circumstances include, inter alia:

- (a) Cases of account management and/or facility with Bank Leumi, in a company controlled by Bank Leumi or a substantial shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of his/her relatives or anyone who has close contact with him/her or other companies and entities in which the candidate or person has close contact with him/her holds positions that are considered as having business relations with the Bank. In addition, these circumstances may include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's substantial shareholders.
- (b) The business relations between Water Planning for Israel Ltd. (hereinafter - "**Tahal**"), in which the candidate served as CEO, and the Bank.

The business relations between the Bank and Gadot Chemical Terminals (1985) Ltd. (hereinafter - "**Gadot**"), in which the candidate has been serving as a director since August 1 2014, and between a company controlled by the Bank and Gadot's controlling shareholder.

**Attached hereby is the statement by the candidate Ms. Esther Eldan and her Curriculum Vitae.**



**Appendix C4 - additional information about the candidate for service as “Other Director” -  
Ms. Esther Dominissini**

Ms. Esther Dominissini (an “Other Director” in the Bank), who is a candidate for reappointment in this meeting, is expected to end her second term in office on January 16 2023.

**Details in accordance with Regulation 26 and 36B(a)(10) of the Reports Regulations**

<b>Candidate</b>	<b>Ms. Esther Dominissini</b>
<b>ID number</b>	<b>060525441</b>
<b>Date of birth</b>	<b>April 22, 1950</b>
<b>Address for serving court documents</b>	<b>Beit Leumi, 34 Yehuda Halevi St., Tel Aviv, 6513616</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>As of the publication date of this immediate report, Ms. Esther Dominissini is a member of the Compensation Committee, the Risk Management Committee, the Procedure Committee, and the IT and Technological Innovation Committee, and the Chairperson of the Resources Committee.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301</b>	<b>No</b>
<b>Independent Director as defined by the Companies Law</b>	<b>No</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>January 17, 2017</b>
<b>Commencement date of third term as director</b>	<b>January 17, 2023, subject to appointment by the General Meeting, and approval or non-objection of the Banking Supervision Department for the appointment.</b>
<b>Education/professional qualifications</b>	<b>Please see the candidate’s statement and curriculum vitae attached to this summons report.</b>
<b>Employment during the last five years and list of corporations in which she served as director</b>	<b>Please see the candidate’s statement and curriculum vitae attached to this summons report.</b>

<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Yes</b>

### **Audit Committee's Resolution**

On June 6, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation:

Cases of account management and/or a facility with Bank Leumi, and/or a trust and/or securities, in a company controlled by Bank Leumi or a substantial shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of her relatives or anyone who has close contact with her or other companies and entities in which the candidate or person having close contact with her holds positions that are considered as having business relationships with the Bank. In addition, these circumstances include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's substantial shareholders.

**Attached hereby is the statement by the candidate Ms. Esther Dominissini and her Curriculum Vitae.**

**Appendix C5 - additional information about the candidate for service as “Other Director” -  
Ms. Irit Shlomi**

Ms. Irit Shlomi (an “Other Director” in the Bank), who is a candidate for reappointment in this meeting, is expected to end her first term in office on September 18 2022.

**Details in accordance with Regulation 26 and 36B(a)(10) of the Reports Regulations**

<b>Candidate</b>	<b>Ms. Irit Shlomi</b>
<b>ID number</b>	<b>053992913</b>
<b>Date of birth</b>	<b>June 28, 1956</b>
<b>Address for serving court documents</b>	<b>Beit Leumi, 34 Yehuda Halevi St., Tel Aviv, 6513616</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>As of the publication date of this immediate report, Ms. Irit Shlomi is a member of the Audit and Financial Statements Committee, the Credit and Business Committee, and the Procedure Committee.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301</b>	<b>No</b>
<b>Independent Director as defined by the Companies Law</b>	<b>No</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>September 19, 2019</b>
<b>Date on which second tenure in office as director commenced</b>	<b>September 19, 2022, subject to appointment by the General Meeting, and approval or non-objection of the Banking Supervision Department for the appointment.</b>
<b>Education/professional qualifications</b>	<b>Please see the candidate’s statement and curriculum vitae attached to this summons report.</b>
<b>Employment during the last five years and list of corporations in which she served as director</b>	<b>Please see the candidate’s statement and curriculum vitae attached to this summons report.</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>

**Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law.**

**Yes.**

### **Audit Committee's Resolution**

On June 13, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation:

Cases of account management and/or a facility with Bank Leumi, and/or a trust and/or securities, in a company controlled by Bank Leumi or a substantial shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of her relatives or anyone who has close contact with her or other companies and entities in which the candidate or person having close contact with her holds positions that are considered as having business relationships with the Bank. In addition, these circumstances include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's substantial shareholders.

**Attached hereby is the statement by the candidate Ms. Irit Shlomi and her Curriculum Vitae.**

## Appendix D - the Bank's Articles of Association



*Articles of Association*  
OF  
BANK LEUMI LE-ISRAEL  
BEERAVON MOOGBAL

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**Amendments:**

**May 15, 1990**

**June 4, 1991**

**February 11, 2014**

1. In these Articles unless there be something in the subject or context inconsistent there with: —

- "The Company" ~~means~~ the above-named Company.

"The Proper Banking Management Directives" ~~means~~ the directives of the Supervisor on Banks in accordance with Article 5(c1) of the Banking Ordinance, related to the manners of activity and management of a banking corporation, of an officer thereof and of any person employed thereby.

"The Directors Appointment Committee" ~~means~~ the committee for appointment of directors in banking corporations, appointed in accordance with the Banking Law (Licensing).

"The Banking Ordinance" ~~is~~ the Banking Ordinance, 1941, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with.

"E.D" – an external director, as defined in the Companies Law, 5759-1999.

"External Director" – an external director, according to the meaning in Directive 301 of the Proper Banking Management Directives.

"The Banking Law (Licensing)" ~~- The Banking Law (Licensing)~~, 5741-1981, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with.

~~"The [18] Securities Law"~~ – The Securities Law, 5728-1968, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with.

"The Companies Law" – ~~"The Companies Law, 5759-1999, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with.~~

~~"The Companies Ordinance" means the Companies Ordinance as modified or modified in future by any further law for the time being in force and affecting the Company. Expressions which are not defined in these Articles shall, except where the context otherwise requires, bear the meanings ascribed thereto in the Companies Ordinance.~~

"The office" ~~means~~ the registered office for the time being of the Company.

"The register" ~~means~~ the Register of Members.

"Seal" ~~includes~~ the common seal of the Company and the official seal for use abroad.

"Year" ~~means~~ from the 1st January to the 31st December of the same year inclusive.

"In writing" ~~includes~~ written or produced by any substitute for writing or partly one and partly another.

"A banking corporation without a controlling core" ~~has the meaning of the term~~ as defined in the Banking Ordinance.

**Amendment:  
April 4, 1965**

2. ~~The regulations contained in Table "A" in the Third Schedule to the Companies Ordinance shall not apply to the Company~~Repealed.

## **BUSINESS**

3. ~~Any branch or kind of business which the Company is either expressly or by implication authorized to undertake may be undertaken by the Directors at such time or times as they may think fit and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with the same~~Repealed.

**Amendment: April  
29, 1976**

4. ~~None of the funds of the Company shall be applied in the purchase of shares in the Company; nor subject to the provisions of Section 98 of the Companies Ordinance shall the Company give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company~~Repealed.

## **CAPITAL**

**Amendments:**

5. The Ordinary Shares shall confer upon the holders thereof the following rights to share in the profits and assets of the Company, namely:

**October 29,  
1963**

**March 10,  
1977,**

**December 12,  
1991**

- (1) The profits of the Company which it shall in any year be determined to distribute by way of dividend shall, subject to the rights conferred upon any other classes of shares for the time being issued and subject to the provisions of Article 111, be distributed among the holders of the Ordinary Shares in proportion to the capital paid up or credited as paid up on the nominal value of the shares held by them.
- (2) In a winding-up, the surplus assets of the Company shall, subject to the rights of any other class of shares for the time being issued, belong to and be distributed rateably among the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the nominal value of such shares.

### **MODIFICATION OF RIGHTS**

**Amendment:**

**October 19,  
1950,**

**July 9, 1981**

6. If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, modified or abrogated either while the Company is a going concern or during or in contemplation of a winding-up with the consent in writing of the holders of all the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class.
7. The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be modified by the creation or issue of further shares ranking pari passu therewith.

### **SHARES**

**Amendments:**

**December 12,  
1991,**

**June 5, 2008**

8. The Shares shall be at the disposal of the Board of Directors and they it may allot, grant purchase options over or otherwise dispose of them to such persons at such times and on such terms as they it ~~deems~~ think proper, ~~provided that in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share. The Directors shall within one month after any allotment of shares file with the Registrar of Companies all returns and documents relating thereto required by the Companies Ordinance.~~

The Board of Directors may delegate its authority to allot shares arising from the exercise or conversion of securities of the Company – to a Board

Committee, to the General Manager of the Company or to any other person recommended to the Board of Directors by the General Manager.

9. ~~The Directors may exercise the powers conferred by the Companies Ordinance of paying commissions to persons subscribing or procuring subscriptions for shares of the Company or agreeing to do so, whether absolutely or conditionally, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the commission is paid are issued. The Directors may also on any issue of shares pay such brokerage as may be lawful~~Revoked.
10. ~~If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period the Company may pay interest on so much of that share capital as is for the time being paid up for the period, subject to the conditions and restrictions prescribed by the Companies Ordinance and may charge the sum so paid by way of interest to capital as part of the cost of construction of the work, building or the provision of plant~~Revoked.
11. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or recognise any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these Articles otherwise provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

#### CERTIFICATES

**Amendment:  
October 29,  
1963**

12. Every certificate for shares or debentures shall be issued under the seal and (subject as hereinafter provided) shall bear the autographic signatures of one Director and the Secretary or such other person as the Board of Directors may appoint. ~~The Directors may by resolution determine that the signature of such Director shall be affixed by some method or system of mechanical signature provided that the method or system for affixing the Seal or mechanical signature (where employed) shall be controlled by (or the certificate shall have been approved for sealing by) the Auditors or Transfer Auditors of the Company.~~
13. Every ~~Members~~shareholder shall be entitled to one certificate for the shares registered in his name or if the Board of Directors so approves (upon paying such fee as the Board of Directors may from time to time determine) to several certificates each for one or more of such shares. Every certificate of shares shall specify the denoting numbers of the shares in respect of which it is issued and the amount paid up thereon.

**Amendment:  
April 29, 1976**

14. If any certificate be worn out or defaced then upon production thereof to the Board of Directors they may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board of Directors and on such indemnity as the Board of Directors deem

adequate being given a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

15. The certificates of shares registered in the names of two or more persons shall be delivered to the person first named on the register.

### **CALLS**

16. ~~The Directors may from time to time make such calls as they think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Directors authorizing such call was passed~~Revoked.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. No call shall exceed one-fourth of the nominal amount of a share or be made payable within two months after the last preceding call was payable.
19. Fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Before the time for payment the Board of Directors may by notice in writing to the ~~Members~~Shareholders revoke the call or extend the time for payment.
20. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board of Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
21. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due shall pay interest for the same ~~at the rate of 9 per cent, per annum or at such other rate~~ as the Board of Directors may determine from the day appointed for the payment thereof to the time of the actual payment.
22. The Board of Directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.



23. The Board of Directors may, if ~~they think~~ it deems fit, receive from any ~~Member~~ Shareholder willing to advance the same, all or any part of the money due upon the shares held by him beyond the sum actually called for, and upon the amount so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the Shareholder ~~Member~~ paying such sum in advance and the Board of Directors agrees upon and the Board of Directors may at any time repay the amount so advanced if ~~it deems~~ they think fit.

#### FORFEITURE AND LIEN

24. If any ~~Member~~ Shareholder fails to pay any call or installment on or before the day appointed for the payment of the same, the Board of Directors may at any time thereafter during such time as the call or installment remains unpaid serve a notice on such ~~Member~~ Shareholder requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
25. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
26. If the requirements of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
27. Any share so forfeited shall be deemed to be the property of the Company and the Board of Directors may sell, re-allot or otherwise dispose of the same in such manner as they think' fit and whether with or without all or any part of the amount previously paid on the share being credited as paid.
28. The Board of Directors may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as ~~they think~~ it deems fit.
29. Any ~~Member~~ Shareholder whose shares shall have been forfeited shall, ~~notwithstanding,~~ be liable to pay and shall forthwith pay to the Company all

calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of forfeiture until payment ~~at the rate of 9 per cent. per annum~~, and the Board of Directors may enforce the payment of such moneys or any part thereof if ~~it deems~~they think fit, but shall not be under any obligation so to do.

30. The Company shall have a first and paramount lien upon all the shares (not being fully paid up) registered in the name of each ~~Member~~Shareholder (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts, liabilities and engagements solely or jointly with any other persons to or with the Company whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of any shares shall operate as a waiver of the Company's lien (if any) upon any shares.
31. For the purpose of enforcing such lien the Board of Directors may sell the shares subject thereto in such manner as ~~they~~it deems think fit; but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such ~~member~~Shareholder, his executors or administrators, and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after such notice.
32. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of the debts, liabilities or engagements of such ~~Member~~Shareholder and the residue (if any) paid to him, his executors, administrators or assigns.
33. Upon any sale after forfeiture or for enforcing a lien in ~~purported~~ exercise of the powers hereinbefore given the Board of Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

#### TRANSFER OF SHARES

**Amendment:  
April 14, 1965**

34. Subject to the restrictions of these Articles any ~~Member~~Shareholder may transfer all or any of his shares.

**Amendment:  
April 14, 1965**

35. All transfers of Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board of Directors. The Instrument of Transfer shall be signed by or on behalf of the Transferor and (except in the case of fully paid shares where the Board of Directors may either generally or in any particular case or classes of case dispense with such requirement) by or on behalf of the Transferee. The Transferor shall be deemed to remain the holder of the shares concerned until the name of the Transferee is entered in the Register of MemberShareholders in respect thereof.
36. The Board of Directors may decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom itthey does not approve. If the Board of Directors refuses to register a transfer of any shares, itthey shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
37. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Board of Directors may decline to register shall on demand be returned to the person depositing the same.
38. Canceled.

**Amendment:  
October 17,  
1983**

39. The transfer books and registers of MembersShareholders and debenture-holders and debenture stock holders (if any) may be closed during such time as the Board of Directors think fit not exceeding in the whole thirty days in each year.

#### **TRANSMISSION OF SHARES**

40. The heirs, executors or administrators of a deceased ShareholderMember (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such MemberShareholder; and in the case of the death of any one or more of the joint holders of any registered shares the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him.
- 41 Any person becoming entitled to shares in consequence of the death, or bankruptcy, insolvency or lunacy of any MemberShareholder (herein

~~referred to as a person entitled by transmission)~~ shall, on producing to the Company such evidence as may be reasonably required by the Board of Directors to prove his title, be entitled to be registered as a ShareholderMember in respect of the shares, or instead of being registered himself to make such transfer as the deceased, or bankrupt ~~or insolvent or lunatic person~~ could have made. ~~This article is hereinafter referred to as the transmission article.~~

42. The Board of Directors shall have the same right to refuse to register a person entitled to shares by transmission in accordance with Article 41 above, as if he were the transferee named in an ordinary transfer presented for registration.

#### SHARE WARRANTS TO BEARER

Amendment:  
April 29, 1976

- ~~43. The Company with respect to fully paid-up shares may issue warrants (hereinafter called "share warrants") stating that the bearer is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of future dividends on the shares included in such warrants. The Directors may determine and from time to time vary the conditions upon which the share warrants shall be issued and in particular the conditions upon which a new share warrant or coupon will be issued in the place of one worn out, defaced or destroyed, or upon which the bearer of a share warrant shall be entitled to attend and vote at General Meetings or upon which a share warrant may be surrendered, and the name of the bearer entered in the register in respect of the shares therein specified. The bearer of a share warrant shall be subject to the conditions for the time being in force, whether made before or after the issue of such warrant~~

#### STOCK

Amendment  
October 17,  
1983

44. The Company in General Meeting may convert any paid-up shares into stock and may convert any stock into paid-up shares of any denomination. When any shares have been converted into stock the several holders of such stock may thenceforth transfer their respective interests therein or any part of such interests in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near thereto as circumstances will admit. But the Board of Directors may from time to time if they think fit fix the minimum amount of stock transferable and direct that amounts of stock of a nominal value of less than NIS 100 shall not be dealt with, but with power nevertheless at ~~their~~its discretion to waive such rules in any particular case.
45. The stock shall confer on the holders thereof respectively the same privileges and advantages as regards participation in profits and voting

at meetings of the Company, and for other purposes as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages, except the participation in profits of the Company or in the distribution of the assets of the Company, shall be conferred by any such aliquot part of stock as would not if existing in shares have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privilege attached to the shares so converted. Save as aforesaid all the provisions herein contained shall so far as circumstances will admit apply to stock as well as to shares.

#### INCREASE OF CAPITAL

46. The Company in General Meeting may from time to time increase the authorized capital by the creation of new shares of such amount as may be deemed expedient.
47. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given, as the Board of Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.
48. The Company in General Meeting may before the issue of any new shares determine that the same or any of them shall be offered in the first instance and either at par or at a premium to all the then holders of any class of shares in proportion to the amount of the capital held by them or make any other provisions as to the issue and allotment of the new shares; but in default of any such determination or so far as the same shall not extend the new shares may be dealt with as if they formed part of the shares in the original capital.
49. Except as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer ~~and transmission~~, forfeiture, lien, surrender and otherwise

#### ALTERATION OF CAPITAL

**Amendment:  
October 17,  
1983**

50A. The Company may : —

- ( a ) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

- (b) Cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the shares so cancelled.
  - (c) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.
  - (d) Reduce its capital and any capital redemption fund in any manner authorized by the Companies Law.
- 50B. Upon any consolidation and division of fully paid shares into shares of larger amount the Board of Directors may make such arrangements as ~~it~~they may think fit for (a) the sale of any fractions of a share arising on such consolidation and division in respect of any separate holding; (b) the distribution in the due proportions among the persons entitled thereto of the net proceeds (after deduction of any levies that may apply and the expenses of sale and distribution if and to the extent that it is, in the case of any consolidation and division, so determined by the Board of Directors); and (c) the appointment of some person to transfer to the purchaser or purchasers respectively purchasing the same the shares so arising from fractions.

## BORROWING POWERS

**Amendment:  
October 19,  
1950,  
April 29, 1976**

- 51. The Board of Directors may from time to time at ~~their~~its discretion raise or borrow any sum or sums of money for the purposes of the Company.
- 52. The Board of Directors may secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as ~~it deems they think~~ fit and in particular by the issue of bonds, notes, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
- 53. Any bonds, notes, debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and with any special



privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at General Meetings of the Company, appointment of Directors or otherwise.

## GENERAL MEETINGS

54. General Meetings shall be held once at least in every year at such time (not being more than fifteen months after the holding of the last preceding General Meeting) and at such place as may be determined by the Board of Directors. Such General Meetings shall be called "Ordinary Meetings" and all other meetings of the Company shall be called "Extraordinary Meetings".
55. The Board of Directors may, whenever ~~they think~~ it deems fit, convene an Extraordinary Meeting and the Board of Directors shall, on the requisition of ~~Member~~ Shareholders in accordance with the Companies Ordinance, forthwith proceed to convene an Extraordinary Meeting.
56. Notice on the convening of a General Meeting and a preliminary notice of the intention to convene a General Meeting shall be delivered by the Company to its Shareholders, in the manner and on the dates set out by law. Except for such notice, the Company will not deliver a notice of a General Meeting, including to its registered Shareholders Seven days' notice or (in the case of a meeting convened for the purpose of passing a resolution as a Special Resolution) twenty-one days' notice to the Members specifying the place, day and hour of meeting and in case of special business the general nature of such business shall be given in manner as hereinafter provided.
57. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the ~~Member~~ Shareholders shall not invalidate any resolution passed at any such meeting.
- Amendment:  
February 11,  
2014
- 57A. Notwithstanding the specified above, convening a General Meeting on the agenda of which is the appointment or dismissal of Directors shall be executed in accordance with the provisions of the Banking Ordinance, including publication and delivery of prior notice.

## PROCEEDINGS AT GENERAL MEETINGS

58. The business of an Ordinary Meeting shall be to receive and consider the profit and loss account and the balance sheet, the reports of the Board of Directors and of the Independent Auditors, to elect Directors in the place of those retiring by rotation and Auditors, to declare dividends and to transact any other business which under these Articles ought to be transacted at an Ordinary Meeting, and all

other business transacted at an Ordinary Meeting and all business transacted at an Extraordinary Meeting shall be deemed Special.

**Amendments:**  
March 10, 1977,  
October 17,  
1983,  
December 12,  
1991

59. Three ~~MemberShareholders~~ ~~personally~~ present shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business.
60. The Chair~~man~~~~person~~ of the Board of Directors or in his/~~her~~ absence the Deputy Chair~~person~~~~man~~ ~~(if any) who will be appointed by him/her~~ shall be entitled to take the chair at every General Meeting. If there be no chair~~person~~~~man~~ or deputy chair~~man~~~~person~~ ~~so appointed~~, or if at any meeting he/~~she~~ shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Board of Directors present may choose a chair~~person~~~~man~~ and in default of ~~theirs~~ so doing the ~~MembersShareholders~~ present shall choose one of the Directors to be chair~~man~~~~person~~, and if no Director present be willing to take the chair shall choose one of their number to be chair~~person~~~~man~~.

**Amendments:**  
June 7, 1983,  
June 4, 1992

61. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Board of Directors may by notice to the shareholders appoint whether the meeting was convened by the Board of Directors at ~~it~~~~theirs~~ instigation or otherwise. If at such adjourned meeting a quorum is not present any two ~~MemberShareholders~~ who are personally present shall be a quorum and may transact the business for which the meeting was called.

**Amendment:**  
February 7,  
1993

62. Every question submitted to a meeting shall be decided by a poll ~~conducted in the first instance by a show of hands in such manner as the Chairman of the meeting directs~~. In case of an equality of votes, ~~whether in a vote by show of hands or by ballot~~, the Chair~~person~~~~man~~ shall have a casting vote in addition to the vote or votes to which he may be entitled as a ~~MemberShareholder~~.

**Amendments:**  
October 29,  
1963  
February 11,  
2014

63. At every General Meeting ~~unless a poll is demanded before or on the declaration of the result of a show of hands by the Chairman or by at least three Members present and entitled to vote at the meeting~~ a declaration by the Chair~~person~~~~man~~ that a resolution has been carried by a particular majority and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Drafting of the minutes of the General Meeting shall be made subject to the provisions of the Banking Ordinance.

64. ~~If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once or after an interval or adjournment, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.~~Revoked.

65. The Chair~~person~~man of a General Meeting may with the consent of the meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

~~66. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. No poll shall be demanded on the election of a chairman and a poll demanded on a question of adjournment shall be taken at the meeting without adjournment~~

#### VOTES OF ~~MEMBERS~~SHAREHOLDERS

Amendments:  
March 10, 1977,  
October 17,  
1983,  
December 12,  
1991,  
February 2,  
1993

67. Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, upon a poll any ~~Shareholder~~Member present in person or by proxy shall have one vote for every share held by him.

68. Any corporation which is a ~~Member~~Shareholder of the Company may by resolution of its Directors or other governing body authorize such person whether a ~~Member~~Shareholder of the Company or not as it thinks fit to act as its representative at any meeting of the Company or of any class of ~~Members~~Shareholders of the Company and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual ~~Member~~Shareholder of the Company. A person whether a ~~Shareholder~~Member of the Company or not holding a power of attorney from a ~~Member~~Shareholder in that behalf may appoint himself or any other person as proxy for his principal.

69. Any person entitled ~~under the transmission article~~ to transfer any shares ~~in accordance with Article 41 above~~ may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the

Board of Directors of his right to transfer such shares unless the Board of Directors shall have previously admitted his right to vote at such meeting in respect thereof.

70. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register.

71. Votes may be given either personally or by proxy or in the case of a corporation by a representative duly authorized as aforesaid. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation ~~under its common seal or the hand of its attorney it shall be signed by the those authorized to bind the corporation. Holders of share warrants shall not be entitled to vote by proxy in respect of the shares included in such warrants unless otherwise expressed in such warrant.~~

**Amendment:  
October 29,  
1963**

72. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or ~~a n-office copy or notarially certified copy~~ thereof shall be deposited at such place or one of such places as may be specified for that purpose in the notice convening the meeting (or in a document accompanying such notice) or if no place is so specified at the office not less than forty-eight hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote; however, the chair of the meeting may waive this requirement in respect of all participants in any meeting and receive the appointing document and/or the power of attorney by the beginning of the meeting; but no instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution

73. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given unless an intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting. Provided that if a poll shall be directed a notice in writing revoking an instrument of proxy shall be effective if such notice be under the hand of the appointor and shall be received at the office not later than one hour before the commencement of the poll.

74. Every instrument of proxy, whether for a specified meeting or otherwise, shall as nearly as circumstances will admit be in the form or to the effect following:

"BANK LEUMI LE-ISRAEL B.M.

"I,

, of

" , being a  
 "~~Member~~Shareholder of the above-named Company,  
 hereby "appoint , of  
 "or failing him , of "or  
 failing him, of "as  
 my proxy to vote for me and on my behalf at "the  
 (Ordinary or Extraordinary as the case may "be)  
 General Meeting of the Company to be held "on the  
 day of and at any  
 "adjournment thereof.  
 "As witness my hand this day of

#### VOTING BY MEANS OF A VOTING SLIP

**Amendments:  
 June 29, 2005  
 February 11,  
 2014**

74A. As regards resolutions relating to the matters detailed below, and subject as determined in the Companies Law a shareholder may also vote at a General Meeting in the way and manner detailed in the Companies Law by means of voting ~~papers~~slips:

- A. appointment and removal of Directors;
- B. approval of actions or transactions requiring approval of the General Meeting, in accordance with Sections 255 and 268 to 275 of the Companies Law;
- C. approval of a merger, in accordance with Section 320 of the Companies Law;
- D. additional matters as may be determined by the Minister of Justice, in accordance with Section 89 of the Companies Law.

Voting ~~papers~~slips, if required, will be sent to shareholders by the Company in a manner to be determined by law. A shareholder may indicate the manner of his vote on the voting ~~paperslip~~, and send it to the Company.

A voting ~~paperslip~~, whereon a shareholder indicated the manner of his voting, which reaches the Company by the date indicated for such purpose in the notice of the meeting, will be considered as presence at the meeting for the purposes of the presence of the requisite legal quorum. A registered Shareholder will also be entitled to vote by means of a voting slip that will be transferred to the Company through the Electronic Voting System, as defined in the Companies Regulations (Voting in Writing and Position Notices), 2005.

**Amendment:  
 February 7,  
 1993**

75. No ~~Member~~Shareholder shall be entitled to be present or to vote on any question either personally or by proxy or as proxy for another ~~Member~~Shareholder at any General Meeting or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such ~~Shareholder~~Member.

#### **DIRECTORS**

**Amendment:  
December 12,  
1991**

76. Unless ~~and until~~ otherwise determined by law, by the Company in General Meeting the number of Directors shall be not less than seven nor more than fifteen ~~in number~~.

**Amendment:  
May 15, 1990  
February 11,  
2014**

- 76A. At least two of the Directors shall be E.D., as laid down in the Companies Law.

**Amendment:  
June 4, 1992**

77. The manner of approval of the Directors' terms of service shall be in accordance with the Companies Law, the regulations promulgated thereunder and the provisions of any law. The Directors shall be entitled to reimbursement of expenses in accordance with the provisions of the law. ~~The remuneration of the Directors shall be such sum or sums as may be voted by the Company in General Meeting, having been first approved by both the Audit Committee and the Board of Directors. Any Director holding office for only a part of a year shall be entitled to a proportionate part of such remuneration. The Company in General Meeting may increase the amount of such remuneration either permanently or for a year or longer period. The Directors shall be paid by the Company such reasonable travelling, hotel and other expenses as they may incur in attending meetings of the Company or of Directors or of committees of Directors or which they may otherwise incur in or about the Company's business.~~

78. ~~Any Director who by request performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine~~ Revoked.

**Amendment:  
April 7, 1971**

79. Canceled.

80. The office of a Director shall be vacated in any of the following events namely : —

(a) If any of the conditions for the expiry of his/her term in office as set out in law is fulfilled;

(ba) If he/she resign his office by writing under his hand left at the office.

(c) If his/her term in office was terminated by the General Meeting, subject to the law;

(bd) If he/she become bankrupt or compound with his creditors.



**Amendment:  
April 7, 1971**

(~~eg~~) If he be found lunatic or become of unsound mind.

(~~fd~~) ~~If he be absent from meetings of the Directors for six months without leave and the Directors resolve that his office be vacated~~Revoked;

**Amendments:  
May 15, 1990  
February 11,  
2014**

(~~ge~~) Deleted.

(~~fh~~) ~~If he be requested in writing by all his co-Directors to resign his office~~Revoked.

**Amendments:  
June 4, 1992,  
June 11, 2000  
February 11,  
2014**

80A. An E.D. shall cease to hold office before the expiry of the period for which he was appointed, if one of the conditions laid down in the Companies Law is fulfilled.

81. (a) The Company may enter into a transaction with another entity in which a Director of the Company has a personal interest, directly or indirectly, and the Company may enter into a transaction with a Director of the Company in which transaction the Director has a personal interest, directly or indirectly, provided that the Director has disclosed to the Company the general nature of his personal interest in the transaction, that the Director is acting in good faith and that the transaction does not prejudice the interests of the Company.

If such a transaction is an extraordinary transaction, it must in addition be approved by the Audit Committee and thereafter by the Board of Directors.

Should the majority of the members of the Board of Directors or of the Audit Committee be personally interested in the said transaction, it must also be approved by the Company in General Meeting.

(b) A general notice given to the Directors by any Director regarding his holding office or regarding his carrying out a function or regarding his giving services or regarding his and/or his relative's being interested in certain bodies shall be deemed to be disclosure as required by paragraph (a) above by the Director to the Company of his personal interest for the purposes of all transactions made between the Company and another and for the purposes of all transactions other than extraordinary transactions in which the Director has a personal interest made between the Company and the Director.

In the case of an extraordinary transaction made between the Company and another and/or between the Company and the Director, in which the Director has a personal interest, directly or indirectly, the Director will give notice of his personal interest to the Audit

Committee and to the Board of Directors at the commencement of the discussion of the transaction, he will not be present at the meeting during the discussions of the transaction, and he will not vote on the discussion regarding the transaction. Should the Director become personally interested thereafter, or should he become aware of the existence of a personal interest thereafter, he will disclose it without delay, and no later than at the first meeting of the Board of Directors after he becomes personally interested or becomes aware of such interest.

~~(c) A Director shall not be disqualified by his holding the office of Director of the Company from holding any other office or function with the Company or from giving services for consideration to the Company (other than the office of an internal or external auditor) save that his additional employment and the terms thereof must be approved by the Audit Committee and thereafter by the Board of Directors and thereafter by the Company in General Meeting; nor will he be disqualified by holding office as a Director of the Company from holding any other office or function or from giving services for consideration to a company in which the Company holds any shares or in which it is interested in any other way.~~

(d) A transaction of the Company with one of its officers as well as a transaction of the Company with another person in which an officer of the Company has a personal interest, as provided in Section 270(1) of the Companies Law, , and which is not an extraordinary transaction, shall be approved in accordance with the guidelines of the Company, as in effect from time to time.

## ROTATION OF DIRECTORS

**Amendments:  
May 15, 1990  
February 11,  
2014**

82. At the Ordinary Meeting in each year one-third of the Directors or if their number is not a multiple of three then the number nearest to but not exceeding one-third shall retire from office and be eligible for re-election.
83. ~~The~~One-third or other nearest number who have been longest in office shall retire. As between two or more who have been in office an equal length of time the Director or Directors to retire shall in default of agreement between them be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires,

## ELECTION OF DIRECTORS

**Amendment:  
February 11,  
2014**

**83A. Banking corporation without a controlling core**

Article 83A shall apply with respect to the Company so long as it is defined as a Banking corporation without a controlling core, and shall prevail over any other contradicting provision of these Articles.

- (1) Proposition of candidates, appointment and dismissal thereof, including the maximal number of Directors that may be proposed and the maximal number of Directors that can be replaced in a General Meeting, shall be executed in accordance with the provisions of the Banking Ordinance.

Without derogating from the generality of the specified above, an officer of the Company, with the exception of a Director who is a member of the Directors Appointment Committee, shall not act for the appointment of a certain Director, or for the prevention of appointment thereof, however a Director shall be entitled to propose his candidanship for a Director's position to the Directors Appointment Committee.

- (2) The term of office of a Director who is not an E.D. and is not an External Director, shall be in accordance with the set forth in the Banking Ordinance, and the number of office terms shall not exceed the terms specified in the Banking Ordinance.

- (3) A person who does not comply with the conditions specified in the Banking Ordinance shall not be appointed and shall not act as a Director, and the respective special provisions set forth in the Banking Ordinance shall apply with respect to Directors acting in the Company prior to its becoming a Banking corporation without a controlling core.

84. The Company in General Meeting may subject to the provisions of these Articles from time to time appoint new Directors and may increase or reduce the number of Directors in ~~office and may alter their qualifications~~.

**Amendment:  
February 11,  
2014**

- 84A. Resolutions of the General Meeting regarding the appointment or dismissal of Directors shall be adopted by a majority vote of the participants in the vote. The abstaining votes shall not be taken into consideration in the quorum of participating votes.

A person shall not agree with another regarding their votes for appointment of a Director in the Company, including regarding their votes for dismissal of a Director, unless this is done in accordance with the specified in the Banking Law (Licensing) and in the Banking Ordinance.

85. The Company at any General Meeting at which any Directors retire by rotation may fill up the vacated office by electing a like number of persons to be Directors.

**Amendment:  
June 29, 2005**

85A. The term ~~in~~ office of a Director will begin at the time of his appointment, unless a later date is determined for the beginning of his term of office.

**Amendment:  
June 29, 2005  
August 6<sup>th</sup>, 2014**

85B. Should the number of people being proposed for election as Directors at a General Meeting, and receiving an ordinary majority of the total voting rights of shareholders entitled to vote and who voted (by themselves, by their proxies or by voting ~~slips~~papers) at a General Meeting, exceed the number of available positions for Directors due to be filled pursuant to the agenda of the General Meeting, the candidates receiving a higher number of supporting votes at the General Meeting than the other candidates ("the Elected Directors") for the available positions. Should a determination need to be made between a number of candidates who received the same number of votes, the determination as to who shall be elected shall be made by lottery.

**Amendment:  
August 6<sup>th</sup>, 2014**

85C. If prior to actual commencement of office of any of the Elected Directors it became clear that he will not commence office for any reason whatsoever, the next candidate in line to be deemed elected as Director by the General Meeting among the remaining candidates in lieu thereof, who possesses the same type of qualification (external director according to the Companies Law, external director according to the Proper Banking Management Directives of the Banking Supervision – the Bank of Israel, other director) will be the one who has received the majority vote required for election; and whereas there are a number of candidates who have received the required majority as specified, then the candidate among them, who has received the highest number of supporting votes in the General Meeting, will be the one deemed elected ("Next in Line"). The specified in this article will apply also with respect to the Next in Line.

**Amendment:  
February 11,  
2014  
August 6<sup>th</sup>, 2014**

86. Subject to the specified in the Banking Ordinance and in the Banking Law (Licensing), and subject to the specified in article 85C herein above, if at any General Meeting at which an election of Directors ought to take place the place of any Director retiring by rotation is not filled up he shall, if willing, continue in office until the Ordinary Meeting in the next year and so on from year to year until his place is filled up unless it shall be determined at such meeting to reduce the number of Directors in office.

87. ~~No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has, on the date set forth for this purpose in the prior notice (published by the Company regarding the intention to convene a General Meeting on the agenda of which is the~~

~~selection of Directors), left at the office a notice in writing duly signed signifying his candidature for the office~~Revoked.

**Amendment:  
February 11,  
2014**

- 87A. The Board of Directors shall not be entitled to appoint Directors to the Company, nor shall it be entitled to propose to the Directors Appointment Committee candidates to act as Directors.

**Amendment:  
February 11,  
2014**

**Amendment:  
February 11,  
2014**

88. Notwithstanding the specified in Article 87A above, the Board of Directors shall be entitled to appoint Directors to the Company if a vacancy has occurred in the Board of Directors pursuant to the previous annual General Meeting, or with the approval of the Supervisor, and only provided that the term of office of such appointed Director shall expire by no later than the upcoming annual General Meeting, and subject to the fact that the total number of Directors shall not at any time exceed the maximum number fixed.

**Amendments:  
October 31,  
2005  
February 11,  
2014**

89. Subject to the provision of Article 84A above, the Company may by a resolution of the General Meeting approved by an ordinary majority remove any Director before the expiration of his period of office, and may by a resolution approved by an ordinary majority at the General Meeting appoint another qualified person in his stead. The person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

**Amendment:  
February 11,  
2014**

- 89A. [DELETED]

#### **MANAGING DIRECTORSGENERAL MANAGER**

90. The Board of Directors may from time to time appoint ~~one or more of their body to be as~~ Managing Director or Managing DirectorsGeneral Manager of the Company either for a fixed term or without any limitation as to the period for which he ~~/she or they is or are~~ to hold office and may from time to time (subject to the provisions of any contract between him ~~/her or them~~ and the Company) remove or dismiss him ~~/her or them~~ from office and appoint another ~~or others~~ in his ~~/her or their~~ place ~~or places~~.

**Amendment:  
June 4, 1992**

91. ~~A Managing Director shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors, but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he cease to hold the office of Director from any cause he shall ipso facto and immediately cease to be a Managing Director~~Revoked.
92. The Board of Directors may from time to time entrust to and confer upon ~~at the General Manager~~Managing Director for the time being ~~such of the powers and/or positions exercisable under these articles by the Directors as they~~the Board of Directors may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as ~~they~~it thinks expedient, and ~~they~~it may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.
93. The terms of office and employment of ~~the General Manager~~a Managing Director including his/her terms of employment as the holder of another office or another function with the Company must be approved ~~by the Audit Committee and thereafter the Board of Directors and thereafter the Company in General Meeting and may be by way of salary or commission or participation in profits or by all or any of these modes in accordance with the Companies Law and/or any other provision of the law, as the case may be.~~

#### PROCEEDINGS OF THE BOARD OF DIRECTORS

94. ~~The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and may determine the quorum necessary for the transaction of business. Until otherwise determined two Directors shall form a quorum. The Chairperson of the Board of Directors shall chair the Board of Directors' meetings. If the Chairperson of the Board of Directors is not in attendance in a meeting, the Board of Directors will elect one of its members to chair the meeting and sign the meeting's minutes. The agenda of the meetings of the Board of Directors shall be determined by the Chairperson of the Board of Directors, and it will include topics determined by the Chairperson, and any topic that a Director or the General Manager asked from the Chairperson of the Board of Directors to include in the agenda, provided they asked to do so within reasonable time prior to the convening of the Board of Directors' meeting. All acts bona fide done at or pursuant to any Board of Directors meeting held in Israel shall be valid notwithstanding that any Director not in Israel on the date when such meeting was convened did not receive notice thereof.~~



94A. The legal quorum in Board of Directors' meetings and resolutions shall be as stipulated by law.

95. ~~Any~~ Director may ~~at any time and a Secretary upon the request of a Director shall the~~ convening of a meeting of the Board of Directors as stipulated by law.

96. The Company's Board of Directors shall elect, from time to time, one of its members as Chairperson of the Board of Directors and will be entitled to remove him/her from office and appoint another member to replace him/her.~~The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office and unless otherwise determined the Chairman shall be elected annually. If no Chairman is elected or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same the Directors present shall choose some one of their number to be Chairman of such meeting.~~

97. Questions arising at any meeting of Board of Directors shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.

**Amendment:  
June 4, 1992  
February 11,  
2014**

98. A meeting of the Board of Directors ~~for the time being~~ at which a legal quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the articles of the Company for the time being vested in or exercisable by the Board of Directors generally.

**Amendment:  
February 11,  
2014**

99. Subject to the provisions of the law, The Board of Directors may delegate any of ~~their~~its powers to committees consisting of ~~such Member or Members of their body as they think fit~~Board members, and may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board of Directors. The meetings and proceedings of any such committee ~~consisting of two or more members~~ shall be governed by the provisions herein contained for regulating the meetings ~~and proceedings~~ of the Board of Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Board of Directors under this Article.

99A. The Board of Directors will appoint an Audit Committee from its members. The number of the Committee's members, its composition and functions ~~will be in accordance with the law not have less than three members and all the E.D. will be members thereof. The Chairman~~

~~of the Board of Directors, the General Manager, Managing Director, Cashier, Secretary or any officer who is an employee of the Company shall not be members of the Committee.~~

99B. The Board of Directors will appoint a Compensation Committee from its members. The number of the committee's members, its composition and functions will be in accordance with the law.

100. Subject to the specified in the Banking Ordinance and the Banking Law (Licensing), the continuing Directors or a sole continuing Director may act notwithstanding any vacancies in the Board of Directors, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of filling up vacancies in the Board of Directors -or of summoning General Meetings of the Company, but not for any other purpose.

101. All acts bona fide done at any Meeting of Board of Directors or by a committee of the Board of Directors or by any person acting as a Director shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director. ~~A resolution in writing signed by all the Directors shall be as effectual as if it had been passed at a meeting of Directors~~

101A. The Board of Directors may pass resolutions without convening in practice, provided that all Directors who are entitled to take part in the proceedings and cast a vote regarding the topic that was brought up for resolution have agreed to do so. Where such resolutions were made, the minutes of the resolutions will be recorded and signed by the Chairperson of the Board of Directors.

#### **ALTERNATE DIRECTORS**

**Amendment:  
April 7, 1971**

~~—102.— A Director may with the approval of the Directors appoint any person to act as his alternate Director in his place during his absence or inability for any reason to act as such Director, and such appointment shall have effect and such appointee while he holds office as an alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the appointor vacates office as a Director or removes the appointee from office and any appointment and removal under this Article shall be effected by notice in writing under the hand of the Director making the same.~~

~~The remuneration of an alternate Director shall be provided by the Director by whom the alternate Director was appointed.~~

#### **POWERS OF DIRECTORS**

103. ~~The management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is, by its Memorandum of Association or otherwise, authorized to exercise and do and are not hereby or by the Companies Ordinance directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Companies Ordinance and of these Articles and to any regulations not being inconsistent with these Articles from time to time made by the Company in General Meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made~~Revoked.

#### **SEAL**

104. ~~The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board and unless and until the Board shall otherwise determine~~One Director and a Secretary or such other person as the Board of Directors may appoint for that~~ate~~ purpose shall sign every instrument to which the Seal of the Company shall be ~~so~~ affixed.

#### **LOCAL MANAGEMENT**

105. ~~The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality whether at home or abroad in such manner as they think fit and the provisions contained in the three next following Articles shall be without prejudice to the general power conferred by this Article~~Revoked.
106. ~~The Directors from time to time and at any time may establish a local board or agency for managing any of the affairs of the company in any such specified locality and may appoint any persons to be members of such local board or managers or agents and may fix their remuneration. And the Directors from time to time and at any time may delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors other than their power to make calls and may authorize the Members for the time being of any such local board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time~~

~~remove any person so appointed and may annul or vary any such delegation~~Revoked.

107. The Board of Directors may at any time and from time to time by power of attorney under the seal appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these Articles) and for such period and subject to such conditions as the Board of Directors may from time to time think fit and any such appointment may (if the Board of Directors thinks fit) be made in favour of the Members, or any of the Members of any local board established as aforesaid or in favour of any company or of the members, directors, nominees or managers of any company or firm or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board of Directors may think fit.
108. Any such delegates or attorneys as aforesaid maybe authorized by the Board of Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in ~~it~~them.

109. ~~{DELETED}~~Revoked}

Amendments:  
June 7, 1983  
February 11,  
2014

110. Revoked.

#### RESERVE

- ~~110. The Directors may before recommending any dividend set aside out of the profits of the Company such sums as they think proper as a reserve fund to meet contingencies or for special dividends or for equalizing dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the Company and may invest the several sums so set aside upon such investments, other than shares of the Company, as they may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve fund into such special funds as they think fit and employ the reserve fund or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.~~

#### **DIVIDENDS**

**Amendment:  
October 29,  
1963**

111. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid in proportion to the amounts paid up or credited as paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article and of Article 5 no amount paid on a share in advance of calls shall be treated as paid on the share.
112. The ~~Company in General Meeting~~Board of Directors may declare a dividend to be paid to the ~~MemberShareholders~~ according to their rights and interests in the profits and may fix the time for payment. ~~No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend~~
113. Save as hereinbefore provided no dividend shall be payable except out of the profits of the Company and no dividend shall carry interest as against the Company. The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive.
114. The Board of Directors may from time to time pay to the ~~MemberShareholders~~ on account of the next forthcoming dividend such interim dividends as in ~~their~~its judgment the position of the Company justifies.
115. The Board of Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
116. The Board of Directors may retain the dividends payable upon shares in respect of which any person is ~~under the transmission article~~ entitled to become a ~~MemberShareholder in accordance with Article 41 above~~, or which any person under that article is entitled to transfer ~~under that article~~ until such person shall become a ~~MemberShareholder~~ in respect of such shares or shall duly transfer the same.
117. In case several persons are registered as the joint holders of any share any one of such persons may give effectual receipts for all dividends and payments on account of dividends, return of capital and other money payable in respect of such share.
118. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.

119. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in manner hereinafter provided.
120. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the ~~Member~~ Shareholders or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. All dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed.

#### DIVIDEND IN SPECIE AND CAPITALISATION OF PROFITS

121. ~~Any General Meeting declaring a dividend~~ The Board of Directors may resolve that such dividend be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one or more of such ways.

- 122 A ~~(a) Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full — either at par or at such premium as the resolution may provide — any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock. The General Meeting resolving upon such capitalisation and distribution may decide that any shares so distributed may be of one class for all the shareholders or if approved by separate meetings of the holders of the different classes of shares of the same class as already held by them respectively: such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum~~ Revoked.

**Amendments:**  
**October 29,**  
**1963,**  
**April 29, 1976**

**Amendments:**  
**April 29, 1976,**  
**March 10, 1977,**  
**July 9, 1981**

- (b)1. On each occasion that the Company ~~makes any issue~~ bonus shares by way of capitalization of profits or reserves on a date when any Rights of conversion into or subscription for shares in the capital of the Company (below called "the Rights") are outstanding the Board of Directors may (to the extent that all or any of such Rights are not otherwise



adjusted in accordance with their terms) transfer to a special reserve (to be entitled as the Board of Directors thinks fit and below called "the Special Reserve") a sum equal to the nominal amount of the share capital which the holders of all or any of such Rights would have received on the capitalization, had they exercised their Rights before the record date for the capitalization issue including fractional entitlements and in the case of a second or subsequent capitalization the entitlement arising from any previous capitalization.

(b)2. Upon the allotment by the Company of shares pursuant to the exercise by a holder of his Rights, where the Board of Directors have made a transfer to the Special Reserve on account of such Rights in accordance with Sub-Paragraph (1) of this Special Resolution the Company shall also allot to such holder, in addition to the shares to which he is entitled on exercising his rights, credited as fully paid by means of capitalizing part of the Special Reserve the nominal amount of Ordinary Shares which equals the amount relating to his Rights which shall have been transferred to the Special Reserve so that all fractional entitlements shall be dealt with as the Board of Directors thinks fit.

(b) 3. If after any transfer has been made to the Special Reserve the Rights shall be terminated or the period for exercising the relevant Rights to which any holder was entitled shall have expired and the Rights shall remain unexercised, then any amounts transferred to such Special Reserve in respect of such unexercised Rights shall be set free from the Special Reserve and thereafter shall be capable of being dealt with by the Company in any way in which the Company could have dealt with the same had the same not been transferred to the Special Preserve.

(b) 4. These Articles of Association are hereby altered to the extent necessary to give effect to the provisions of this Resolution

123. For purposes of Article 122 the bearers for the time being of share warrants shall be treated as the persons entitled to receive that portion of the sum capitalized by a resolution passed under that article attributable to the shares comprised in such share warrants and in order that the Board of Directors may allot to them any shares, debentures or debenture stock to which they shall so become entitled, they shall surrender the share warrants for the purpose of having endorsed thereon a record of such allotment. If any bearers fail within six months or such extended period as the Board of Directors may fix to claim the shares, debentures or debenture stock to which they are so entitled, the Board of Directors may allot and issue the same to trustees to be held by them in trust for and until claimed by such bearers and confer upon any such trustees powers with regard to the realisation of the shares for purposes of distribution and otherwise as the Board of Directors may deem expedient and any such allotment

and issue as aforesaid shall constitute full satisfaction to such bearers of share warrants of their interest in the capitalised sum.

**Amendment:  
July 9, 1981**

124. For the purpose of giving effect to any resolution under the four last preceding Articles the Board of Directors may settle any difficulty which may arise in regard to the distribution subject to any law as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed or that fractions whose value is equal to less than one pound sterling or such other amount as may, from time to time be permitted by the Stock Exchanges upon which the shares of the Company may then be listed may be disregarded in order to adjust the rights of all parties and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors. Where requisite a proper contract shall be filed in accordance with Section 93 of the Companies Ordinance and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.

#### **ACCOUNTS AND FINANCIAL STATEMENTS**

**Amendment:  
February 11,  
2014**

125. The Board of Directors shall cause to be kept proper books of account with respect to all sums received and expended by the Company and the matters in respect of which such receipts and expenditure takes place and of the assets, credits and liabilities of the Company.
126. The books of account and financial statements shall be kept at the office or at such other place as the Board of Directors think fit and shall always be open to inspection by the Directors. No Member/Shareholder (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Ordinance in accordance with the provisions of the law or as authorised by the Board of Directors or by the Company in General Meeting.
127. At the Ordinary General Meeting in each year the Board of Directors shall lay before the Company a balance sheet and a profit and loss account both made in accordance with the provisions of the law and the relevant regulatory requirements.
128. Every such balance sheet as aforesaid shall be signed by the Secretary or Manager (if any) and where there are more than three Directors by at least three of the Directors and where there are not more than three Directors then by all the Directors, and shall have attached to it

**Amendments:  
October 19,  
1950,  
April 6, 1995**

~~a report by the Directors with respect to the state of the Company's affairs and the amount, if any, which they recommend shall be paid by way of dividend to the Members and the amount (if any) which they have carried or propose to carry to reserve. It shall also have attached to it the Auditors' report. Any such balance sheet as aforesaid shall be signed by the Chairman of the Directors, the President & CEO of the Company, the Head Accountant and the most senior officeholder in the finance field (though if any of the foregoing is prevented from signing, any director authorized for such purpose by the Board of Directors may sign instead of any of the foregoing), and shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs and the amount they approve, if they approve, to pay as dividend, to the Shareholders and the amount (if any) which they have carried or propose to carry to reserve. It shall also have attached to it the Independent Auditors' report.~~

129. ~~A printed copy of t~~The profit and loss account, balance sheet (including every document required by law to be annexed thereto) ~~and the Board of Directors' and Independent Auditors' report shall, seven days previously to the meeting, be published delivered or sent by post to the registered address of every Member in accordance with the law.~~

#### INDEPENDENT AUDITOR

130. ~~Once at least in every year the accounts of the Company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more Auditor or Auditors~~Revoked.

131. The Company at each Ordinary Meeting shall appoint an Independent Auditor or Independent Auditors to hold office until the next Ordinary Meeting, or for a longer period, but no later than the end of the third annual meeting after the meeting in which they were appointed ~~and their appointment, remuneration, rights and duties shall be regulated by Sections 105 and 109 of the Companies Ordinance.~~

131A. The Independent Auditor's fees for the audit work and other services provided to the Company shall be determined by the Board of Directors after receiving the Audit Committee's recommendation in accordance with the applicable regulations.

## NOTICES

**Amendment:  
October 19,  
1950**

132. ~~Subject as in these Articles otherwise provided a notice may be served by the Company upon any Member either personally or by sending it through the post in a prepaid letter, envelope or wrapper addressed to such Member at his registered place of address or by advertisement as hereinafter provided. In the case of Members with registered addresses in the United Kingdom notices shall be posted in the United Kingdom~~A notice may be served by the Company to a Shareholder registered in the Register of Shareholder in person, by post to the address registered in the Register of Shareholders, by email or by any other technological means; a notice which was posted shall be deemed to have been duly delivered if a letter containing the notice was posted, which bears the Shareholder's registered address, and postage for which was paid in advance.

Any Shareholder whose registered address is not in Israel may inform the Company from time to time of an address in Israel that will be deemed his registered address as defined in Article 132 above. Registered Shareholders who did not provide a registered address in Israel as stated above a notice posted up in the office shall be deemed to be duly served on them at the time the same is posted up.

**Amendment:  
October 19,  
1950**

- ~~133. Each holder of registered shares whose registered place of address is not in Israel or the United Kingdom may from time to time notify in writing to the Company an address in Israel or the United Kingdom which shall be deemed his registered place of address within the meaning of the last preceding Article. As regards those Members who have no registered place of address in Israel or the United Kingdom a notice posted up in the office shall be deemed to be well served on them at the time the same is posted up~~Revoked.

**Amendment:  
February 11,  
2014**

- 133A. A Shareholder of the Company shall submit reports to the Company in accordance with the set forth in the law, including submission to the Company of reports regarding his holdings in the Company, in accordance with the specified in the Banking Law (Licensing).

**Amendment:  
October 19,  
1950**

134. ~~The holders of share warrants shall not unless otherwise expressed therein be entitled in respect thereof to notice of any General Meeting of the Company and it shall not be necessary to give notice of General Meetings to any person entitled to a share by transmission unless such person shall have been duly registered as a Member of the Company~~Revoked.

**Amendment:  
February 11,  
2014**

135. Subject to any law, any notice which by these Articles may or is required to be given by the Company to the ~~Member~~Shareholders or any of them by advertisement shall be sufficiently advertised if advertised once in two Israel daily newspapers and two leading ~~London~~Israeli daily

newspapers, the Company's website or in accordance with the provisions of the law.

136. All notices with respect to any registered shares to which persons are jointly entitled shall be given to whichever of such persons is named first in the register and notice so given shall be sufficient notice to all the holders of such shares.
137. Any notice sent by post shall be deemed to have been served on the day on which the letter is delivered for dispatch at the post office bearing the correct address and properly stamped. The notice shall be deemed to have been served at the time the letter would have been delivered by normal post and no later than five days from the date on which the letter containing such notice as aforesaid was deposited at the post office, envelope or wrapper containing the same is posted and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and put into the post office. A certificate in writing signed by any Company Director, Manager, Secretary or other Company officer of the Company to the effect that the envelope or wrapper containing the notice was so addressed and posted shall be conclusive evidence thereof. A notice received by email shall be deemed to have been served at the beginning of the business day following the day on which it was sent, subject to confirmation of receipt thereof by phone.
138. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
139. Any notice or document sent by post to or left at the registered address of any MemberShareholder in pursuance of these Articles shall, notwithstanding such MemberShareholder be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such MemberShareholder until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such shares.
140. Where a given number of days' notice or notice extending over any other period is required to be given the day of service shall, unless it is otherwise provided, be counted in such number of days or other period.

#### **WINDING-UP**

141. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of an Extraordinary Resolution, divide among the contributories in specie or kind any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidator with the like sanction shall think fit.
142. If thought expedient any such division may be otherwise than in accordance with the legal rights of the contributories and in particular any class may be given preferential or special rights or may be excluded altogether or in part; but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on any contributory who would be prejudiced thereby shall have such statutory rights of dissent and ancillary rights as are incapable of being varied or excluded by these Articles.

**Amendments:  
June 4, 1991,  
December 9,  
2001,  
October 31,  
2005,  
October 30,  
2011  
August 1, 2012  
February 11,  
2014**

**INSURANCE, INDEMNITY AND EXEMPTION**

143. a. The Company may release its officer in advance of all or any of his liability for damage due to a breach of the duty of care to it. Despite the above, the Company may not release its Director in advance of his liability to it due to a breach of the duty of care in the case of a "distribution" (as defined in the Companies Law).
- b. The Company may indemnify its officer in respect of a liability or expense, as set out below in this Article, that is imposed upon him or incurred by him due to an act committed by him in his capacity as its officer:
- (1) a pecuniary liability imposed upon him in favour of another person pursuant to a judgement, including a judgement awarded on a compromise or an arbitrator's award that has been confirmed by a court;
- (2) reasonable litigation expenses, including lawyers' professional fees, incurred by the officer due to an investigation or proceeding carried out against him by an authority authorized to carry out investigations or proceedings, and which was concluded without the filing of a criminal indictment against him and without the imposition of a monetary obligation as an alternative to criminal proceedings, or which was concluded without the filing of a criminal indictment against him, but with the imposition of a monetary obligation as an alternative to criminal proceedings in an offence that does not necessitate the proof of *mens rea* or in connection with a monetary sanction.

"conclusion of proceedings without the filing of a criminal indictment in a matter in which a criminal investigation was opened" – shall have the meaning of closing of the file in accordance with Section 62 to the Criminal Procedure Law [Consolidated Version], 1982 (for the purposes of this subparagraph – the Criminal Procedure Law), or a stay in proceedings by the Attorney General, in accordance with Section 231 of the Criminal Procedure Law.

"monetary obligation as an alternative to criminal proceedings" – monetary obligation imposed by law as an alternative to criminal proceedings, including an administrative fine in accordance with the Administrative Offences Law, 1985, a fine in respect of an offence determined to be a finable offence in accordance with the provisions of the Criminal Procedure Law, a financial sanction or composition.

- (3) Reasonable litigation expenses, including lawyers' professional fees, incurred by the officer or for which he is made liable by the court, in proceedings brought against him by or on behalf of the Company or by another person or on a criminal indictment of which he is acquitted, or on a criminal indictment under which he is convicted of an offence that does not necessitate the proof of *mens rea*.
- (4) Expenses, including reasonable litigation expenses, including lawyers' professional fees, incurred in connection with a proceeding conducted in his regard pursuant to one or more of the following:
  - (a) pursuant to Chapter H3, Chapter H4 and/or Chapter I1 of the Securities Law, 1968;
  - (b) pursuant to Chapter G1, Chapter G2 and/or Chapter H1 of the Regulation of Investment Advising, Investment Marketing and Investment Portfolio Management Law, 1995;
  - (c) pursuant to Chapter J, Chapter J1 and/or Chapter K1 of the Joint Investment Trusts Law, 1994.
  - (d) pursuant to Chapter G1 of the Anti-Trust Law, 1988
- (5) Payment to an injured party as stated in Section 52BBB(a)(1)(a) of the Securities Law, 1968, within the scope of a proceeding as defined in paragraph (4) above.

c. The Company may given an undertaking in advance to indemnify its



officer, in each of the following (for the purposes of this paragraph – the "Undertaking to Indemnify"):

(1) as detailed in paragraph b(1) above, but only provided that the Undertaking to Indemnify shall be limited to events that, in the opinion of the Board of Directors, are foreseeable at the time of giving the Undertaking to Indemnify in light of the actual activities of the Company and to such amount or criterion that the Board of Directors has determined as reasonable under the circumstances, and provided that the events that, in the opinion of the Board of Directors, are foreseeable at the time of giving the Undertaking to Indemnify in light of the actual activities of the Company and such amount or criterion that the Board of Directors has determined as reasonable under the circumstances are indicated in the Undertaking to Indemnify<sup>1</sup>;

(2) as detailed in paragraphs b(2) to b(5) above.

d. The Company may indemnify its officer *ex post facto*.

e. The Company may enter into a contract to insure the liability of its officer in respect of liability that is imposed upon him due to an act committed by him in his capacity as its officer by reason of any of the following:

a breach of the duty of care to the Company or to another person; a breach of the fiduciary duty to the Company, provided that the officer acted in good faith and had reasonable grounds to believe that the act would not prejudice the Company's interests; a pecuniary liability that is imposed upon him in favour of another person; expenses, as defined in Article 143(b)(4) above; payment to an injured party, as defined in Article 143(b)(5) above.

f. Notwithstanding as provided in clauses (a) to (e) above, the Company shall not enter into a contract to insure the liability of its officer, indemnify its officer or release its officer of his liability to the Company in respect of any of the following:

(1) a breach of fiduciary duty, other than for the purposes of indemnity and insurance in respect of a breach of a fiduciary duty to the Company when the officer acted in good faith and had reasonable grounds to believe that the act would not prejudice the Company's interests;

(2) a breach of the duty of care committed with intent or recklessly,

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<sup>1</sup> For the form of indemnity, the limitations determined therein (type of events and maximum amount of indemnity) – see the Company's Immediate Report regarding the Results of the General Meeting of October 30, 2011 (reference: 2011-01-311388)

other than if such is committed negligently only;

(3) an act with intent to produce an unlawful personal gain;

(4) a fine, civil fine, monetary sanction or composition imposed upon him.

**Amendments:  
June 4, 1991,  
December 9,  
2001,  
June 29, 2005**

144. The Company may amend its Articles by a resolution approved at the General Meeting by a simple majority.

**Amendment:  
June 29, 2005**

145. A. The Company may contribute a reasonable amount to an appropriate cause, even if the contribution does not fall within business considerations.

B. The Company may also consider community causes or activities as part of its profitability considerations.

## Appendix E - Compensation policy

**Appendix A**

**Compensation Policy for Officers  
of Bank Leumi Le-Israel B.M. (hereinafter – the  
“Bank”)**

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## **Chapter A - Definitions**

In this policy paper, the following terms shall have the meaning specified alongside them, unless it is explicitly stated otherwise.

<b>"Senior Executives" or "Management Members" -</b>	The Bank's President and CEO and members of its management.
<b>"Directive 301A" -</b>	Proper Conduct of Banking Business Directive 301A ("compensation policy in a banking corporation").
<b><del>"Compensation Committee"</del></b>	<del>The Board of Directors' Audit Committee sitting as a Compensation Committee, or a Compensation Committee, to the extent that it serves separately from the Audit Committee.</del>
The <b>"Companies Law" -</b>	The Companies Law, 1999.
<b>"Compensation Limitation Law" -</b>	The Law for Compensation of Officers in Financial Corporations (Special Approval and Disallowing the Deduction of Extraordinary Compensation for Tax Purposes), 2016.
<b>"Monthly Salary" -</b>	Basic (gross) salary for social contributions, <del>in accordance with an annual calendar average.</del>
<b>"Officer" -</b>	Members of Bank's management, <del>the Bank's Secretary</del> and other officials whom the Board of Directors will determine, from time to time, to be officers, noting the provisions of the Companies Law (excluding directors). <sup>1</sup>
<b>"Bonus Year" -</b>	The calendar year in respect of which any of the variable annual bonuses was awarded, as described in Chapter E of this Policy.
<b>"Fixed Compensation" and "Variable Compensation" -</b>	As these terms are defined in Directive 301A.
<b>"Return on Equity"</b>	The Return on Equity in respect of the net income to the Bank's shareholders as per the Bank's financial statements for the relevant year.

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<sup>1</sup>As to the service and employment terms of the directors – see Chapter H of the Policy.

## **Chapter B – Background, objectives and scope**

1. This policy paper is drawn up in accordance with the provisions set in the Companies Law regarding service and employment terms of company's officers, the requirements set in Directive 301A, and subject to the limits set out in the Compensation Limitation Law.
2. This document constitutes the Bank's policy with regard to the terms of service and employment of Bank's Officers for the three-year period: 2020<sup>3</sup>, 2021<sup>4</sup> and 2022<sup>5</sup>.
3. The Compensation Policy establishes the framework for compensation of Bank's Officers; among other things, it addresses salary components, related benefits, retirement benefits, variable bonuses to Bank's Officers and the transitional provisions applicable to benefits previously accumulated by officers, including until the effective date of the Compensation Limitation Law.
4. Among other things, the Compensation Policy is designed to retain the Bank's Officers and recruit senior employees possessing the experience and capabilities to run a large and complex financial entity, by paying a proper and fair consideration, subject to the limitations set in the Compensation Limitation Law, as well as to incentivize Bank's Officers to achieve adequate performances over time without exceeding the Bank's risk appetite.

## **Chapter C – General Provisions**

5. Upon entering into engagement with an Officer regarding the terms of his service and employment by the Bank, the Compensation Committee and the Board of Directors shall take into consideration the qualification data set out in the Companies Law and Directive 301A, the restrictions set hereunder in this policy and in the Compensation Limitation Law; the Compensation Committee and the Board of Directors shall also consider, among other things, the following,: the job to which the Officer is appointed and his compensation in his previous job; the scope and areas of responsibility of the Officer in the Leumi Group, his expertise, skills, achievements and education, professional experience, roles that he previously held, including in the Bank, and his experience in the field relevant to the job he is appointed to.

The compensation payable to the Bank's Chairman of the Board of Directors, President and CEO and other Senior Executives thereof shall be composed of fixed and variable compensation. Nevertheless, the Bank's Chairman of the Board of Directors is not entitled to variable annual bonus, and the President and CEO may be entitled to variable annual bonus based on the composition of his compensation as approved by the Bank's Compensation Committee and the Bank's Board of Directors.

6. In accordance with the provisions of the Companies Law, upon approval of the Compensation Policy, the Board of Directors and Compensation Committee assessed the ratio between the cost of Officers' service and employment terms and the cost of compensation of other Bank employees (including contractors employed at the Bank) and the Compensation Policy's impact on work relations at the Bank.
7. All compensation to Bank's Officers<sup>2</sup> will be paid directly thereto and not through any other corporation or entity.
8. The Board of Directors will assess, from time to time, the Compensation Policy and monitor, on an ongoing basis, including through the Compensation Committee, the implementation of the policy's provisions in order to ensure that it does not encourage taking extraordinary risks and allows the maintenance of a robust equity base.

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<sup>2</sup>Except for directors (including the Chairman of the Board of Directors).



## **Chapter D – Salary and Related Benefits**

### **Monthly Salary**

9. The monthly salary of each of the Bank's Officers will be determined based on his position in the Bank, the considerations set out in Section 5 above, and according to the following:
  - 9.1. The President and CEO's monthly salary shall be determined such that the total compensation to the President and CEO (including the salary and Variable Compensation<sup>3</sup>) shall be in line<sup>4</sup> with the provisions set in the Compensation Limitation Law,<sup>5</sup> and shall not exceed the potential maximum compensation as per the Compensation Limitation Law. The compensation payable to the President and CEO may be updated to an immaterial extent pursuant to the provisions of Section 272(d) of the Companies Law. The President and CEO may convert compensation components to current wages, provided that such conversion shall not increase the cost of employment.<sup>6</sup>
  - 9.2. The monthly salary of all other Senior Executives (separately) will be determined such that the total amount of the compensation payable to that Senior (including salary and Variable Compensation) will be in line<sup>7</sup> with the provisions of the Compensation Limitation Law.<sup>8</sup> The compensation of any of the Senior Executives may exceed, in accordance with the resolution of the Audit Committee and the Board of Directors, the threshold set in Section 2(A) of the Compensation Limitation Law, in which case a portion of those officers' salary will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.
  - 9.3. The monthly salary of non-senior Officers (separately) will be determined such that the total amount of the compensation payable to each of those non-senior Officers will not

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<sup>3</sup>The President and CEO may be entitled to a Fixed Compensation only, with no entitlement to variable annual bonus.

<sup>4</sup>Reducing the total amount of compensation in order to meet the provisions of the Compensation Limitation Law, to the extent required, shall be carried out by reducing the amount of the variable bonus for that relevant calendar year, if any.

<sup>5</sup>For the avoidance of doubt, it is hereby clarified that for the purpose of calculating the total amount of compensation as aforesaid, the Bank will not take into account any compensation, the expense in respect of which is not projected in accordance with generally accepted accounting principles, and statutory contributions for pension and severance pay. It should further be noted that if as a result of the aforesaid calculation the total cost of compensation exceeds the ceiling set in the Compensation Limitation Law, then a portion of the wage will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

<sup>6</sup>Except for an increase stemming from statutory contributions for severance pay and pension.

<sup>7</sup>Reducing the total amount of compensation payable to a Bank's Senior in order to meet the provisions of the Compensation Limitation Law, to the extent required, shall be carried out by reducing the amount of the variable bonus payable to that Senior for that relevant calendar year.

<sup>8</sup>For the avoidance of doubt, it is hereby clarified that for the purpose of calculating the total amount of compensation as aforesaid, the Bank will not take into account any compensation, the expense in respect of which is not projected in accordance with generally accepted accounting principles, and statutory contributions for pension and severance pay. It should further be noted that if as a result of the aforesaid calculation the total cost of compensation exceeds the ceiling set in the Compensation Limitation Law, then a portion of the wage will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

exceed 90 percent of the cost of employment of any of the Bank's Senior Executives as aforesaid.

The abovementioned amounts may be linked to the rate of increase of the Bank's lowest compensation as set out in the Compensation Limitation Law,<sup>9</sup> and also in the event where it turns out that other components (apart from statutory contributions for pension and severance pay) are not included in the compensation ceiling set in the Compensation Limitation Law including compensation for overtime) (hereinafter – the “**Wage Ceiling**”), or if it turns out, as a result of the manner of the calculating the product of the minimum wage set in the Compensation Limitation Law, that the Wage Ceiling that may be paid by the Bank is higher than the ceiling set in the Compensation Limitation Law (hereinafter – the “**Updated Wage Ceiling**”), then the current wage as aforesaid may be updated according to the ratio between the Updated Wage Ceiling and the Wage Ceiling, at the approval of the Compensation Committee and the Board of Directors.<sup>10</sup>

It is hereby clarified that a material change<sup>11</sup> in Senior Executives' salaries as set out above in this Section as a result of revisions to the Compensation Limitation Law or revocation thereof, such that the total cost of employing the Senior Executives will be materially higher<sup>12</sup> as compared to the restrictions applicable to the Bank by virtue of Section 2(B) of the Compensation Limitation Law as of the date of publication of this Compensation Policy<sup>10</sup> – shall also be subject to approval of the Bank's General Meeting.

It is hereby clarified that reducing the total amount of compensation in order to meet the provisions of the Compensation Limitation Law, to the extent required, shall be carried out by reducing the amount of the variable bonus for that relevant calendar year, if any.

10. The monthly salary of such Officers shall be linked to the Consumer Price Index,<sup>12</sup> and the total amount paid in compensation to the Chairperson of the Board of Directors and the President and CEO shall be linked to the rate of increase in the salary of the lowest paid Bank employee, as stated in the Compensation Limitation Law<sup>13</sup>.

<sup>9</sup> Based on the cost of a full-time job paid by the Bank to an employee thereof as aforesaid (including a manpower contractor employee who is, in effect, employed by the Bank, and a service contractor employee who is employed as a service provider of the Bank). The lowest compensation paid by the Bank for purposes of Section 2(B) of the Compensation Limitation Law is NIS 94.683 thousand (excluding statutory contributions for severance pay and pension). The linkage as set out in this Section is subject to compliance with the provisions of the Compensation Limitation Law.

<sup>10</sup> This will be the case even if the total cost of compensation exceeds the ceiling set in the Compensation Limitation Law, and a portion of the salary will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

<sup>11</sup> Material change of more than 30 percent.

<sup>12</sup> ~~It is hereby clarified that in the event of a decrease in the index, there will be no corresponding reduction of the salary.~~ That is to say, linked to the known Consumer Price Index as of the date of engagement with the officer (subject to the provisions of the Compensation Limitation Law).

<sup>13</sup> Should the increase in the total amount paid in compensation to the Chairperson of the Board of Directors or the President & CEO exceed 5% as a result of the linkage to the increase in the amount paid in compensation to the lowest paid Bank employee as per the Compensation Limitation Law, the said increase will be brought for approval by the Compensation Committee and Board of Directors.

### **Social benefits and related benefits**

11. Officers shall be entitled to related benefits that include social benefits such as contributions for provident and severance pay funds,<sup>14</sup> contributions for workers' compensation insurance policy and contributions for a study fund.<sup>15</sup>
12. Officers will be entitled to other related benefits, such as annual leave,<sup>16</sup> sick leave,<sup>16</sup> recreation pay, car and telephone, reimbursement of expenses in accordance with the Bank's procedures, professional and medical insurance, training and courses, membership fees to professional bodies, discounts and benefits relating to banking services as is generally accepted to Bank's employees, grossing-up of the tax value of any of the related and/or social benefits, etc. The Officer may, at his own discretion, waive any of the aforesaid related benefits, subject to the provisions of the law, and receive their monetary value.

### **Fixed compensation to the President and CEO and the Chairman of the Board of Directors in line with the Compensation Limitation Law**

13. In view of the requirements and restrictions set in the Compensation Limitation Law, upon the coming into effect of the Compensation Limitation Law the Bank revised and reduced the wage levels and service and employment terms of the Bank's serving Officers. Therefore, the Compensation Policy sets mechanisms allowing the Bank's Audit Committee and Board of Directors to revise the different components over the term of the policy, whenever the circumstances as of the revision date will justify, in the opinion of the Bank's Compensation Committee and Board of Directors, the application of such revisions.

Accordingly, ~~subject to approval of the Compensation Committee and Board of Directors,~~ the President and CEO and Chairperson~~man~~ of the Board of Directors ~~may become~~will be entitled to an additional Fixed Compensation component. The amount of this component shall be determined such that total compensation components to the President and CEO and/or Chairman of the Board of Directors (excluding a compensation the expense in respect of which is not projected in accordance with generally accepted accounting principles), will be in line with the limitation set in Section 2(B) of the Compensation Limitation Law.<sup>17</sup>

<sup>14</sup> Including managers' insurance, pension fund, etc. It should be noted that the statutory contributions for pension and severance pay shall not be included in the calculation of the limitations set in the Compensation Limitation Law. It should further be noted that if as a result of the aforesaid calculation the total cost of compensation exceeds the ceiling set in the Compensation Limitation Law, then a portion of the salary will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

<sup>15</sup> Provisions for study fund may be up to the entitling ceiling for tax purposes.

<sup>16</sup> Bank's Officers may not redeem sick leave. Bank's Officers may not accumulate annual leave days, and the Bank will redeem and pay the value of such days that were not used in a certain calendar year, subject to the provisions of the law and the restrictions set out in the Compensation Limitation Law (Section 2(B) of the Compensation Limitation Law).

<sup>17</sup> It should be noted that the statutory contributions for pension and severance pay shall not be included in the calculation of the limitations set in the Compensation Limitation Law. It should further be noted that if as a result of the aforesaid calculation the total cost of compensation exceeds the ceiling set in the Compensation Limitation Law, then a portion of the salary will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

No contributions for social benefits will be made in respect of this component, apart from statutory contributions for pension and severance pay [for the President and CEO](#).

#### Fixed compensation to other Officers (other than the President and CEO)

14. Upon entering into engagement with an Officer,<sup>18</sup> the Compensation Committee and Board of Directors may determine, for purposes of his service and employment terms pursuant to this Compensation Policy, that the engagement period will be fixed,<sup>19</sup> in which case the Compensation Committee and Board of Directors may approve a fixed monthly or annual payment to that Officer at an overall amount of up to 6 salaries for the entire engagement period. No contributions for social benefits will be made in respect of this fixed payment.

#### Equity-based compensation

15. [Subject to the approval by the Bank's competent organs and subject to the provisions of any law, the Bank's officers \(including directors\) may become entitled to equity-based compensation in the form of options and/or shares and/or share-based instruments<sup>20</sup>](#)

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<sup>18</sup>Apart from the President and CEO.

<sup>19</sup>It is clarified that the employer-employee relations between the parties may also be terminated during the course of the aforesaid engagement period by giving advance notice pursuant to the provisions of Section [5048](#) below.

<sup>20</sup> [The provisions of this section shall apply as part of the Bank's compensation policy in respect of 2022 as from the date of approval by the General Meeting.](#)

## Chapter E – the Bonus Scheme

### Overview

16. The bonus scheme and/or bonuses awarded in accordance therewith or any other bonuses (including all bonuses listed in this chapter hereunder) shall not be and are not part of the wages paid to any of the Officers,<sup>21</sup> and will not be taken into account for purposes of contributions for social benefits, severance pay or pension, nor will they be considered as a related term of any kind and type whatsoever of any of the Bank's Officers.
17. The Bank's Officers will not create private hedge arrangements that may offset the impact of the risk sensitivity inherent in the bonus scheme.
18. In any event, the ~~total amount of annual~~ variable bonuses a Bank Officer may be entitled to ~~in a certain year~~ (other than the Chair~~person~~~~man~~ of the Board of Directors),<sup>22</sup> shall not exceed 9 monthly salaries<sup>23</sup>.

### Measurable Annual Bonus

19. Bank's Officers (other than the Chairman of the Board of Directors)<sup>24</sup> (hereinafter in this Chapter- the "Officers") may be entitled to an annual bonus based on measurable criteria, at a total amount of up to 5 monthly salaries per Officer.
20. Officers' entitlement to ~~each of the components of~~ the measurable annual bonus will be subject to the Bank's meeting the capital adequacy ratios in the Bonus Year as required under the Banking Supervision Department's directives.
- ~~21. The measurable annual bonus shall be composed of the amounts of the three bonus components listed below:~~
- ~~21. The measurable annual bonus shall be composed of the number of monthly salaries that will be determined by the Compensation Committee and Board of Directors every year at the beginning of the year for meeting the following targets (hereinafter – the "Minimum Targets List") and other targets, to the extent that the Compensation Committee and Board of Directors decided to set other targets regarding senior officers other than the President and CEO.~~
- ~~22. The Minimum Targets List is as follows:~~

#### ~~21.1.22.1. Bonus component based on the Bank's return on equity~~

<sup>21</sup>Except for purposes of tax withholding as required by law.

<sup>22</sup>The Chairman of the Board of Directors is not entitled to a variable annual bonus. The President and CEO may not be entitled to variable annual bonus, noting the service terms set by the Bank's ~~Compensation Committee and Board of Directors~~competent organs.

<sup>23</sup> ~~Regarding non-senior officers – entitlement to the maximum number of salaries with respect to key Bank employees who are not officers, but in any event no more than 9 salaries.~~

<sup>24</sup>The Chairman of the Board of Directors is not entitled to a variable annual bonus. The President and CEO may not be entitled to variable annual bonus, or he may be entitled to some of the variable annual bonus (measurable, qualitative and/or special), noting the service terms set by the Bank's ~~Compensation Committee and Board of Directors~~competent organs.

~~The amount of this component will be determined based on the Bank's weighted return on equity; in no case will it exceed a ceiling of 2.5 monthly salaries. At the beginning of each Bonus Year, the Compensation Committee and Board of Directors will set and approve the range of weighted return on equity targets for that Bonus Year and the number of bonus salaries payable in respect of each such weighted return on equity target, provided that: (1) The minimum return on equity target will not be less than 7 percent, and the maximum return on equity target will not exceed 11 percent; (2) The total amount of bonus payable in respect of this bonus component shall not exceed 2.5 monthly salaries.~~


The weighted return on equity for purposes of this bonus component shall be calculated over three years as follows: 50 percent in accordance with the Bank's return on equity in the Bonus Year, 30 percent in accordance with the Bank's return on equity in the year preceding the Bonus Year (hereinafter – the “**Previous Year**”), and 20 percent in accordance with the Bank's return on equity in the year preceding the Previous Year.

To the extent that the weighed return on equity will be at a rate within the range of values to be set as aforesaid, the amount of such bonus component, for each of the Officers, will be determined linearly between the two nearest values.

#### 21.2.22.2. Bonus component based on the return of the Bank's share

This bonus shall be determined based on the weighted difference between the annual return on the Bank's share listed on the Tel Aviv Stock Exchange in the Bonus Year (including dividend) and in the two years prior to the Bonus Year, and the annual return of the Tel Aviv-Banks index after excluding the Bank's share (including dividend) in the Bonus Year and in the two years prior to the Bonus Year (hereinafter – the “**Share Return Difference**”), ~~as follows:~~

<b>Weighted Share Return Difference</b>	<b>Bonus in terms of monthly salaries</b>
0%	0.5
0.5%	1
1% — or higher	1.5

At the beginning of each Bonus Year, the Compensation Committee and Board of Directors will approve the Share Return Difference range for that Bonus Year and the number of bonus salaries in respect of various rates of the Share Return Difference. The weighted Share Return Difference for purposes of this bonus component shall be calculated over three years as follows: 50 percent in accordance with the Share Return Difference in the Bonus Year, 30 percent in accordance with the Share Return Difference

in the year preceding the Bonus Year (hereinafter – the “**Previous Year**”), and 20 percent in accordance with the Share Return Difference in the year preceding the Previous Year.

To the extent that the Share Return Difference will be at a rate within the range of values listed above to be determined as stated above, the amount of such bonus component, for each of the Officers, will be determined linearly between the two nearest values.

#### 21.3.22.3. Bonus component based on the Bank’s efficiency ratio

The amount of this component will be determined based on the Bank’s weighted efficiency ratio as calculated based on the Bank’s financial statements; ~~in no event will this component exceed one (1) monthly salary~~. At the beginning of each Bonus Year the Compensation Committee and Board of Directors shall ~~set and~~ approve the range of the efficiency ratio targets for that Bonus Year and the number of salaries to be paid as bonus in respect of each achievement of such efficiency ratio, ~~provided that: (1) The minimum efficiency ratio target will not exceed 62 percent, and the maximum efficiency ratio target will not be less than 52 percent (2) The total amount of bonus payable in respect of this bonus component shall not exceed one (1) monthly salary~~.

The efficiency ratio for purposes of this bonus component shall be calculated over three years as follows: 50 percent in accordance with the Bank’s efficiency ratio in the Bonus Year, 30 percent in accordance with the Banks efficiency ratio in the year preceding the Bonus Year (hereinafter – the “**Previous Year**”), and 20 percent in accordance with the Bank’s efficiency ratio in the year preceding the Previous Year.

To the extent that the weighted efficiency ratio will be at a rate within the range of values listed above that will be determined as stated above, the amount of such bonus component, for each of the Officers, will be determined linearly between the two nearest values.

#### 21.4.22.4. Another component or components that will be set, as stated above, by the Compensation Committee and Board of Directors at the beginning of each year may apply only to that year, and other components will be set without a mechanism for accounting for the results of those components in the two years prior to the Bonus Year.

22.23. The calculation of the measurable annual bonus will be carried out by the Bank and reviewed by an external entity possessing expertise in this field, whose identity has been approved by the Compensation Committee. The opinion of the said external expert regarding the appropriateness of the calculations will be presented to the Compensation Committee ~~and the Board of Directors~~.

23.24. After receiving the Compensation Committee’s approval to that effect, the Bank’s Board of Directors will be allowed to decide, for special considerations, to reduce the measurable annual bonus amount (in whole or in part) of all or some of the Bank’s Officers.

### **Personal Annual Bonus (Qualitative)**



~~24,25~~. The Compensation Committee<sup>25</sup> and Board of Directors may approve a qualitative personal bonus in respect of the Bonus Year for any of the Officers; such bonus shall not exceed 3 monthly salaries for each of the Officers.

~~25,26~~. The personal bonus will be based on personal measurement and qualitative criteria, including criteria that cannot be measured quantitatively, in accordance with the relevant Officer's areas of responsibility, such as (open list): contribution to the Bank's strategic planning, implementation, performance and promotion of strategic plans and targets; streamlining; initiating, leading and promoting the Bank's business, structural or ethical projects and processes and more. As part of the personal measurement as stated above, the following will be assessed and taken into account: Was the officer involved in non-compliance with laws and regulations, non-compliance with the Bank's procedures and non-compliance with material provisions of policy papers set by the Board of Directors, including non-compliance with the Bank's risk management policy and risk appetite; another aspect that will be taken into account is whether -audit reports were issued in connection with the officer's area of responsibility.

As part of the annual discussion on awarding a personal annual (qualitative) bonus to an Officer, ~~the Board of Directors shall consider~~ those of the abovementioned issues which are relevant to that Officer will be considered.

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<sup>25</sup>With regard to the Internal Auditor - this bonus shall be determined by the Compensation Committee and Board of Directors at the recommendation of the Audit Committee.

## **Special Bonus**

**26-27.** The Compensation Committee and the Board of Directors may, in exceptional cases [and based on the recommendation of the President and CEO](#), approve the award of an additional variable bonus in respect of special events to any of the Officers; the amount of such bonus shall not exceed one monthly salary for each Officer.

**27-28.** The Special Bonus may be approved and awarded to any of the Officers during the calendar year in respect of an extraordinary event, such as the completion of a one-off project, material structural change and/or an extraordinary transaction in terms of its scope and nature.

## **Deferral of Payment of Variable Bonuses**

**28-29.** In the event that the total amount of the variable bonuses ~~listed above in this chapter~~, to which the Bank's Officer will be entitled in the calendar year, exceeds 40 percent<sup>2627</sup> of the Fixed Compensation of that Officer for that year, then half (50 percent) of the said variable bonuses shall be paid to the relevant Officer in cash, and half (50 percent) of the said variable bonuses shall be paid subject to the terms listed in Section [3028](#) below, in three equal installments: at the end of one, two and three years from the date of award of the variable bonuses to the Officers, respectively (hereinafter – the “**Deferred Bonus**”). The Variable Compensation may be paid, in whole or in part, in the form of shares and/or share-based instruments, the entitlement to which vests over several years, subject to the terms listed in Section [3028](#) below or any other terms that will be determined upon allocation of the equity instrument.

**29-30.** The vesting of the relevant portion of the Deferred Bonus on each of the vesting dates is conditional upon the Bank's meeting the required capital adequacy ratio as per the directives of the Banking Supervision Department in accordance with the latest financial statements published by the Bank shortly before each of the vesting dates, [or the vesting terms set in the equity-based compensation \(if such compensation was awarded\), as the case may be](#). In the event that the Bank did not meet such ratio, the vesting of the relevant portion of the Deferred Bonus shall be deferred to the next date on which the Bank will meet such capital adequacy ratio pursuant to the financial statements it will publish as stated above.

## **Recovery of Variable Bonuses**

**30-31.** Pursuant to the Companies Law, an Officer shall repay the Bank bonus amounts paid thereto, if any, based on data that turned out to be erroneous and which were restated in the Bank's financial statements; repayment shall take place in the manner set by the Board of Directors' Compensation Committee.

**31-32.** Without derogating from the aforesaid, every variable annual bonus to a Bank Officer will be awarded and paid thereto, subject to the condition that the Bank can recover the bonus from the Officer, as described below, in whole or in part, upon fulfillment of any of the following criteria:

<sup>26</sup>~~Provided that the compensation to the Officer complies with the compensation ceiling requirements of the Compensation Limitation Law.~~

<sup>27</sup> [Provided that the compensation to the Officer complies with the compensation ceiling requirements of the Compensation Limitation Law.](#)

31.1.32.1. The Officer was involved in actions that caused extraordinary damage to the Bank, including: unlawful activity, breach of fiduciary duty, deliberate breach or grossly negligent disregard of the Bank's policy, rules and procedures.

For that purpose, "**Extraordinary Damage**" – a significant financial expense due to fines or sanctions imposed on the Bank by legally competent authorities, or pursuant to a peremptory ruling, a final arbitrator's ruling, compromise settlement, etc. that exceed 3 percent of the Bank's equity as of the date on which the Extraordinary Damage was caused.

It is hereby clarified that the expense relating to the Extraordinary Damage, if any, shall be attributed to the relevant year/s in which the action or failure to act due to which the Extraordinary Damage was caused occurred, rather than to the current year in which the expense was actually recorded, all as determined by the Compensation Committee.

31.2.32.2. Fraud or intentional misconduct of the Officer, due to which data turned out to be erroneous and therefore the Bank was required to carry out a material restatement in its financial statements.

31.3.32.3. Circumstances under which the Bank may dismiss the Officer without paying severance pay in accordance with the applicable law.

A variable annual bonus to a Bank Officer as aforesaid shall be recoverable up to the full amount of the variable annual bonus upon fulfillment of one of the abovementioned criteria.

32.33. The variable annual bonus shall be recoverable as aforesaid for a 5-year period from the date of award thereof to the Officer; (the period during which the bonus will be recoverable includes the deferral period of the variable annual bonus).

Despite the above, the recovery period in respect of an Officer shall be extended by two further years, subject to the fulfilment of all of the following conditions:

32.1.33.1. During the recovery period, the Board of Directors approved the conducting of an internal investigation, or alternatively, a regulatory authority (including a foreign regulatory authority) issued the Bank with a notice to the effect that an investigation is being conducted.

32.2.33.2. The Compensation Committee and the Board of Directors believed that during the course of the investigation it might transpire that the criteria for recovery, as set out in Section 320 above, have been fulfilled.

32.3.33.3. The Compensation Committee and the Board of Directors decided that the circumstances for extending the recovery period for the Officer as aforesaid have been met. When making this decision, the Compensation Committee and Board of Directors will take into account, among other things, the level of the Officer's responsibility and the extent of his involvement in the matter. The extension period will expire when the relevant investigation ends and the level of the Officer's responsibility transpires.

33-34. The activation of the recovery mechanism in connection with any of the Bank's Officers is subject to Compensation Committee and Board of Directors' confirmation that the criteria for recovery, as aforesaid in Section 302 above, have been met.

To the extent that the Compensation Committee and Board of Directors confirm that the recovery criteria have been met as aforesaid in Section 302 above, they will set the amount to be recovered, bearing in mind, among other things, all relevant considerations of the matter, including the extent of the Officer's contribution to the Extraordinary Damage caused to the Bank, the level of the Officer's responsibility and the extent of his involvement in the matter, in respect of which the recovery mechanism has been activated; the scope and implications of the Extraordinary Damage caused to the Bank, the Officer's intentions, the dates on which the events and circumstances that led to the Extraordinary Damage have taken place, etc. In order to consider the above, the Board of Directors may appoint a committee that will discuss the issue and consider the circumstances of the case and the evidence for fulfillment of the criteria; such a committee will deliver its recommendations on the matter to the Compensation Committee and Board of Directors. The Board of Directors shall determine the committee's composition; such committee may include members who do not serve on the Bank's Board of Directors.

34-35. The Compensation Committee and Board of Directors' decision as aforesaid shall be made after the Officer has been given a reasonable opportunity to lay out his position before the committee and the Board of Directors.

35-36. Once the Compensation Committee and Board of Directors confirmed the aforesaid, the Bank will take all possible measures (subject to any law) including legal measures, in order to recover the amount decided upon.

36-37. It is hereby clarified that the Officer will not be required to repay the Bank that portion of the bonus that was deducted and paid as tax to the Tax Authorities.

37-38. Notwithstanding the provisions of this Chapter above, where the total amount of the Variable Compensation awarded to an Officer in respect of a certain calendar year did not exceed 1/6 of the Fixed Compensation of that Officer in that year, the variable bonus recovery mechanism as aforesaid will not be activated with regard to that Officer.

### **Officer's Retirement and Joining of a New Officer**

#### **38-39. Officer who retired from the Bank**

38-1-39.1. A Bank Officer who will retire during a calendar year<sup>28</sup> (whether on his own accord or at the Bank's initiative), may be entitled to a partial variable bonus in respect of his service during the calendar year in which he retired (hereinafter – the "**Retirement Year**"), to the extent that he will be entitled to such variable bonus in respect of that year, all subject to the discretion of the Compensation Committee and Board of Directors. Nevertheless, in special cases the Compensation Committee and Board of Directors may approve a higher variable annual bonus.

38-2-39.2. In order to calculate the variable annual bonus payable to such Officer, who retired, the variable annual bonus will be first calculated as if the Officer has worked throughout

<sup>28</sup>Date of actual termination of employment.

the entire Bonus Year; the result of this calculation will then be multiplied by the percentage of the period of his service during the Retirement Year out of the entire year.

~~38.3.~~39.3. The partial variable annual bonus shall be paid on the dates and terms set above in this policy. It is hereby clarified that such Officer shall receive the remaining balance of the annual bonus pertaining to previous years (prior to the Retirement Year), to the extent that he was entitled to variable annual bonus for those years; this remaining balance shall be paid on the dates and terms set in Sections ~~297~~ and ~~3028~~ above.

~~39.40.~~39.40. An Officer who was dismissed following an event that allows the Bank to dismiss him without payment of severance pay

An Officer who was dismissed following an event that allows the Bank to dismiss him without payment of severance pay during a calendar year<sup>29</sup> shall not be entitled to variable annual bonus for the Retirement Year, nor will he be entitled to payment of the remaining balance of the annual bonus for previous years (prior to the Retirement Year).

~~40.41.~~40.41. Bank employee who was promoted and appointed as Officer in the Bank

~~40.1.41.1.~~40.1.41.1. A Bank employee who was promoted and appointed as Officer in the Bank during a calendar year, will be entitled to partial variable annual bonus in respect of his actual service period during the calendar year in which he was appointed as Officer (hereinafter – the “**Appointment Year**”), to the extent that he will be entitled to such a bonus in respect of that year. The Officer shall be entitled to a proportionate share of the compensation in respect of the period preceding his appointment as an Officer, during which he worked in another position in the Bank; such compensation shall be paid in accordance with the terms set for that position, noting the period during which he served in this other position.

~~40.2.41.2.~~40.2.41.2. In order to calculate the variable annual bonus payable to such Officer, who was appointed as aforesaid, the variable annual bonus will be first calculated as if the Officer has worked throughout the entire Bonus Year; the result of this calculation will then be multiplied by the percentage of the period of his service during the Appointment Year out of the entire year.

~~41.42.~~41.42. A new employee appointed as Officer in the Bank

~~41.1.42.1.~~41.1.42.1. The Compensation Committee and Board of Directors may decide that a person appointed as Bank Officer during a calendar year, and was not a Bank employee prior to that, will be entitled to partial variable annual bonus, to the extent that he will be entitled to such variable annual bonus in respect of that year.

~~41.2.~~ In order to calculate the variable annual bonus payable to such Officer, who was appointed as aforesaid, the variable annual bonus will be first calculated as if the Officer has worked throughout the entire Bonus Year; the result of this calculation will then be multiplied by the percentage of the period of his service during the Appointment Year out of the entire year.

<sup>29</sup>Date of actual termination of employment.

### **Sign-on Bonus to New Officer**

42-43. The Compensation Committee and subsequently the Bank's Board of Directors may decide that a new bank employee appointed as Bank Officer will be awarded a sign-on bonus for his first year of employment<sup>30</sup>, amounting to up to 12 monthly salaries. In order to reach a decision on the award of such sign-on bonus and its amount, the Compensation Committee and Board of Directors shall consider, among other things, the circumstances of his appointment, the nature of the role he is appointed to, the areas and scope of his responsibility, etc.<sup>31</sup> The award of a sign-on bonus to the new Officer may cause the exceeding of the overall compensation approved for that Officer, all subject to the Compensation Limitation Law.

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<sup>30</sup> The first 12 months of the new employee's employment by the Bank

<sup>31</sup> The provisions of this section regarding a sign-on bonus are subject to the condition that the Variable Compensation in a calendar year shall not exceed 100 percent of that Officer's Fixed Compensation during that calendar year.

## Chapter F – Insurance, Exemption and Indemnification

~~43.44.~~ The Bank will provide insurance, indemnification and exemption to its Officers for their work as Officers in the Bank and/or subsidiaries and other companies on behalf of the Bank, subject to the limitations set in the law and in the Bank's Articles of Association.

~~44.45.~~ Subject to the approval of the Compensation Committee, the Board of Directors and/or the General Meeting, as the case may be, the Bank updates its Articles of Association and its advance undertaking to indemnify Officers, such that they reflect changes in the law. Furthermore, the advance indemnification undertaking is limited to indemnity events that, in the opinion of the Board of Directors, can be expected in view of the Bank's activities. The Bank updates the list of indemnity events for which advance indemnity undertaking is given in accordance with and subject to the resolutions of the Compensation Committee, the Board of Directors and/or the General Meeting, noting the changes and developments in the nature and scope of the legal risks the Bank faces from time to time.

Without derogating from the aforesaid, the maximum amount that the Bank will pay in respect of actual indemnity payable in connection with one of the expected events as aforesaid, shall not exceed, at any given time, 25 percent of the Bank's equity as per its latest (annual or quarterly) financial statements published prior to actual payment of indemnity.

~~45. The Bank purchases a professional liability policy covering directors and other Officers in the Bank and the Group<sup>32</sup> in accordance with a framework resolution that was approved by the Bank's General Meeting on August 6 2014, and which pre-authorized the Bank to purchase such a policy, from time to time and for a number of insurance periods until no later than the end of the policy period to be renewed in 2020 (without being required to seek further approval from the General Meeting), subject to the conditions set in the aforesaid framework resolution.~~

46. ~~Without derogating from the aforesaid and in addition thereto, the~~ Bank is hereby authorized<sup>33</sup> to purchase, from time to time, professional liability insurance in respect of directors and other Officers in the Bank and the Group~~3231~~ (hereinafter in this section – the "Policy") without being required to seek further approval from the General Meeting, in accordance with and subject to the following conditions:

- 46.1. The resolution period – the Bank will enter into professional liability insurance policies in respect of directors and other Officers for a number of insurance periods until no later than the end of the policy period to be renewed during the Compensation Policy period, i.e., the one that will be renewed by the end of 2022, even if it will end in subsequent years.
- 46.2. The policies may be purchased by extending or renewing the Policy and/or by purchasing another Policy, where necessary.
- 46.3. For each purchased Policy, the Compensation Committee will confirm that its terms are reasonable, bearing in mind Officers and Bank's exposures, the scope of coverage and market conditions; the Compensation Committee will also confirm that the Policy is purchased under market conditions and that it will not have a material impact on the Bank's earnings, assets or undertakings, provided that: (1) The Group Policy's liability cap will not be ~~less than USD 200 million or~~ more than USD ~~40350~~ million per claim and per

<sup>32</sup>~~The insurance policy also covers directors and other Officers who previously served in the Bank.~~

<sup>33</sup>In accordance with Section 1B1 of the Companies Regulations (Reliefs in Transactions with Interested Parties), 2000. The insurance policy also covers the directors and other former Bank officers.



period (with reinstatement right of no more than USD ~~35400~~ million), all with the addition of the annual devaluation rate of the dollar compared to the NIS (if any), as from the date of approval of this Compensation Policy. ~~(2) Premium in respect of the Policy: The annual premium in respect of the Policy shall not exceed USD 2.6 million, plus up to 20 percent per year and up to a maximum annual premium of no more than USD 4 million.~~

47. Furthermore, the Bank is authorized to purchase a run-off professional liability insurance policy in respect of directors and other Officers of the Bank and the Group (hereinafter in this section – the “**Policy**”), including pursuant to the approval of the Bank’s General Meeting ~~of August 1 2012~~ (without being required to seek further approval from the General Meeting), before transfer, purchase or formation of control in the Bank by any entity or person in any way whatsoever, subject to the following conditions:
  - 47.1. The Policy’s purchase date – the Bank will purchase the Policy, at its own discretion and pursuant to what is stated below, before transfer, acquisition or formation of control<sup>34</sup> in the Bank by any entity or person in any way whatsoever.
  - 47.2. The Policy period – the policy period will be up to 10 years.
  - 47.3. Policy’s cost – the cost of premium in respect of the policy shall not exceed 4.5 times the annual cost of the existing D&O policy in respect of the professional liability of Board of Directors and other Officers in the Bank and the Group, as set in the latest renewal prior to the Policy’s purchase date.
  - 47.4. The Policy is taken in addition to the professional liability insurance policy in respect of directors and other Officers of the Bank and the Group, and it does not detract from the current insurance of Officers that will serve in the Bank and the Group after transfer or purchase of control in the Bank.
  - 47.5. The Compensation Committee and thereafter the Board of Directors will approve the purchase of the policy and confirm that its terms are reasonable, bearing in mind Officers and Bank’s exposures, the scope of coverage and market conditions; they will also confirm that the Policy is purchased under market conditions and that it will not have a material impact on the Bank’s earnings, assets or undertakings.
  - 47.6. It is hereby clarified that the option to purchase the Policy in accordance with what is stated above does not detract from the option to include run-off coverage within the current insurance policy.
  
48. Subject to the provisions of the Companies Law and any other law, the Bank may exempt an Officers therein, in advance and/or retroactively, from his liability toward the Bank due to any damage of any type that was caused and/or will be caused, directly or indirectly, to the Bank, its subsidiaries, related companies and/or any other corporations, whose securities the Bank holds and/or will hold, from time to time (hereinafter – the “**Company’s Related Corporations**”), due to any act or failure to act (including any decision, failure to make a decision or any derivative thereof), which constitutes breach of duty of care by the Officers. The aforesaid will also apply to the exemption of a Bank Officer in his capacity as an Officer in the Bank’s Related Corporations.

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<sup>34</sup>Control – seeking a control permit pursuant to provisions of the Banking (Licensing) Law, 1981.

## **Chapter G – Term of Agreement and Retirement Benefits**

49. When determining the retirement benefits of a Bank's Officer, the Compensation Committee and the Bank's Board of Directors will take into account, among other considerations, the Officer's role in the Bank, his areas of responsibility, experience, period of service in the Bank and his terms of service and employment during that period, including his entitlement to some or all of the Bank's Generation A retirement benefits (in whole or in part).

50. Term of agreement and advance notice -

Officers' employment agreements with the Bank may be fixed-term agreements or non-fixed term agreements, as decided by the Compensation Committee and Board of Directors. The termination of employer-employee relations between the Bank and Officers shall be done by giving advance notice of up to 6 months, and in special cases up to 9 months, as decided by the Compensation Committee and Board of Directors; during the notice period, there shall be employer-employee relations between the Officer and the Bank, and the Officer shall be entitled to his salary and all other related benefits during that period. The duration of the notice period may also be determined having noted the Officer's number of service years in the Bank.

51. Terms of termination of employment -

51.1. In the event of dismissal<sup>35</sup> or retirement, Bank's Officers will be eligible to severance pay at a rate of 100 percent to 250 percent of their last monthly salary per each year of service in the Bank, plus the funds accumulated in their pension savings (Officers will be required to repay the Bank an amount equal to the contributions for severance pay made in respect thereof)<sup>36</sup>.

51.2. Officers' right for increased severance pay, unfunded pension from the Bank in accordance with the employment terms of Generation A employees (hereinafter – the "**Pension Annuity**") (or immediate Pension Annuity and/or interim annuity,<sup>37</sup> accumulated in respect of the period through the end of the Compensation Limitation Law's transition period<sup>38</sup> (hereinafter – the "**End of the Transition Period**"), are retained (subject to the provisions of Section 5149.3 below, as the case may be), and the Officers will be entitled to those benefits in case of dismissal,<sup>35,34</sup> [A1] resignation or retirement, as the case may be. These benefits will be calculated based on the Officer's number of years of service and his salary shortly before the end of the Transition Period. The Officer will

<sup>35</sup>The terms of termination of the President and CEO's employment will be identical in the event of dismissal, resignation or other retirement.

<sup>36</sup> [A defined group of managers from among the Bank's Generation B employees, which, in case of termination and subject to meeting various conditions, including seniority and/or age conditions, were entitled to opt to receive an Interim Annuity from the Bank in lieu of increased severance pay until they become eligible for pension pursuant to the fund's rules and the provisions of the law, or to receive, under certain cases, severance pay and a temporary monthly allowance.](#)

<sup>37</sup>The transition period of the Compensation Limitation Law is a 6-month period starting on April 12 2016 and ending on October 12 2016.

<sup>38</sup> [A defined group of managers from among the Bank's Generation B employees, which, in case of termination and subject to meeting seniority and/or age conditions, were entitled to opt to receive an Interim Annuity from the Bank in lieu of increased severance pay until they become eligible for pension pursuant to the fund's rules and the provisions of the law.](#)

not continue accumulating benefits and will not be entitled to any further funds and benefits in respect of these entitlements subsequent to the End of the Transition Period (unless otherwise provided below).

- 51.3. Upon<sup>[A2]</sup> dismissal<sup>39</sup> or resignation,<sup>40</sup> as relevant, Bank Officers who are eligible to some or all of the Bank's Generation A benefits (in whole or in part) shall be entitled to those benefits in accordance with one of the following alternatives, as agreed between the Officer and the Bank:

- 51.3.1. In respect of the Officer's service after the end of the Transition Period – in respect of his service after the end of the Transition Period, the Officer shall be eligible to dismissal or retirement benefits, in accordance with the provisions of Section 5149.1 above.

In respect of the Officer's service until the end of the Transition Period – in the event of dismissal (or resignation that, according to the Bank's resolution shall be subject to the rules applicable to dismissal), or in the event of retirement from the Bank, the Officer shall be eligible to all benefits accumulated in his name, in respect of his service in the Bank through the End of the Transition Period, with regard to the Bank's Pension Annuity and/or Immediate or Deferred Pension Annuity obligation, as relevant. These benefits will be calculated based on the Officer's number of years of service, his salary and the percentage of the pension he is eligible to shortly before the End of the Transition Period. The Officer will not continue accumulating benefits and will not be entitled to any further funds and benefits in respect of this entitlement to Pension Annuity or Immediate (or Deferred) Pension Annuity subsequent to the End of the Transition Period.

- 51.3.2. **Alternatively**, upon reaching retirement age, the Officer shall be eligible to a Pension Annuity from the Bank and may continue accumulating this right on a current basis even after the End of the Transition Period; (however, he will not be entitled to continue accumulating towards an Immediate Pension Annuity). The percentage of Pension Annuity is 2.67 percent per annum for the first 15 years of employment. Subsequently – 1.5 percent per annum for each year until a personal contract is signed; 2 percent per annum for each year of employment under a personal contract and 2.5 percent per annum for each year of service as member of management, up to a maximum of 70 percent. Where the Officer opted for this option, eligibility for Pension Annuity from the Bank is subject to the Officer having all the benefits and funds accrued in the pension savings and severance pay fund (in respect of Generation A benefits) in his name available as the source from which the Pension Annuity will be paid by the Bank as aforesaid. The Officer's eligibility to pension in respect of Generation A benefits relates to his service with the Bank through the End of the Transition Period, and to his service after the End of the Transition Period and through the date of his retirement.

<sup>39</sup>Including resignation in the case of the President and CEO.

<sup>40</sup>Generation A – including employees who are members of the pension fund of Bank Leumi's tellers, who began working for the Bank before January 1 1999 and received permanent employee status before the date of signing the special collective pension arrangement on December 19 1999, and including management members who are eligible to Generation A benefits.

In the event of dismissal (or resignation that, according to the Bank's resolution shall be subject to the rules applicable to dismissal), the Officer shall be eligible to dismissal benefits as set out in Section [5149.3.1](#) above (i.e., - (1) in respect of the Officer's service after the End of the Transition Period, he will be eligible to severance pay at a rate of 100 percent to 250 percent of his last monthly salary per each year of service in the Bank, plus the funds accumulated in his pension savings, as stated in Section [4951.1](#) above; and (2) in respect of the Officer's service until the End of the Transition Period he shall be eligible to all benefits accumulated in his name, in respect of his service in the Bank through the End of the Transition Period, with regard to the Bank's Immediate Pension Annuity obligation, and these benefits will be calculated based on the Officer's number of years of service, his salary and the percentage of the pension he is eligible to shortly before the End of the Transition Period – as set out in Section [5149.3.1](#) second paragraph above).

- 51.3.3. **Alternatively**, upon reaching retirement age, the Officer will be eligible to a Pension Annuity from the Bank, and may continue accumulating towards this right on a current basis even after the End of the Transition Period; the Officer may also continue accumulating towards an Immediate Pension Annuity until the date on which he becomes eligible to a Pension Annuity, pursuant the Bank's rules regarding Officers (years of service in the Bank plus age) (hereinafter – the **"Date of Eligibility to Immediate Pension Annuity"**); when an Officers becomes eligible to an Immediate Pension Annuity, this right will be frozen.
- The percentage of Pension Annuity is 2.67 percent per annum for the first 15 years of employment. Subsequently – 1.5 percent per annum for each year until a personal contract is signed; 2 percent per annum for each year of employment under a personal contract and 2.5 percent per annum for each year of service as member of management, up to a maximum of 70 percent. Where the Officer opted for this option, eligibility for Pension Annuity from the Bank is subject to the Officer having all the benefits and funds accrued in the pension savings and severance pay fund (in respect of Generation A benefits) in his name available as the source from which the Pension Annuity will be paid by the Bank as aforesaid. The Officer's eligibility to pension in respect of Generation A benefits relates to his service through the End of the Transition Period, and to his service after the End of the Transition Period and through the date of his retirement.

In the event of dismissal (or resignation that, according to the Bank's resolution shall be subject to the rules applicable to dismissal), the Officer shall be eligible to dismissal benefits as set out in Section [5149.3.1](#) above (i.e., - (1) in respect of the Officer's service after the End of the Transition Period, he will be eligible to severance pay at a rate of 100 percent to 250 percent of his last monthly salary per each year of service in the Bank, plus the funds accumulated in his pension savings, as stated in Section [5149.1](#) above; and (2) in respect of the Officer's service until the End of the Transition Period, he shall be eligible to all benefits accumulated in his name, in respect of his service in the Bank through the End of the Transition Period, with regard to the Bank's Immediate Pension Annuity obligation, and these benefits will be calculated based on the Officer's number of years of service, his salary and the percentage of the pension he is eligible to shortly before the End of the Transition Period – as set out in Section [5149.3.1](#) second paragraph above); as to the Immediate Pension Annuity, the Officer's benefits will be calculated based on his salary and the percentage of pension he

is eligible to, as accrued in his name until the Date of Eligibility to Immediate Pension Annuity.

The frozen amounts and benefits as stated in Section [5149.2](#) and [5149.3](#) above, in respect of Officer's benefits accumulated for the period through the End of the Transition Period (or through the Date of Eligibility to Immediate Pension Annuity, as relevant), shall be deposited with an external personal fund or continue to be held by the Bank; however, where the Officer is eligible to Immediate Pension Annuity, Interim Annuity or Increased Severance Pay, as relevant, the amounts and benefits to be paid to the Officer shall be limited to the amounts and benefits deposited as stated above; any surpluses in accordance with a periodic account settlement mechanism that will be set, will be repaid to the Bank. It is hereby clarified that deposit of funds as aforesaid towards Immediate Pension Annuity or Interim Annuity, as relevant, shall be carried out subject to partial recovery obligation, such that if the Officers continues working for the Bank, a proportionate share of the amounts funded in respect of the Officer's benefits shall be released and repaid (as relevant) to the Bank, in accordance with the shortening of the Bank's period of exposure to payment of Immediate Pension Annuity or Interim Annuity. Settlement of accounts as aforesaid will be carried out every 3 years or any other period agreed upon between the Bank and the Officer.

In the case of an Officer for whom the Bank makes contributions towards an Interim Annuity (under the terms of Generation B benefits) – after the date on which the contributions toward the Interim Annuity reach the required maximum, the Bank and the relevant Officer will carry out an annual settlement of accounts, such that the Officer will be eligible to an annual bonus at an amount equal to the amount deducted from the abovementioned contributions, in accordance with the shortening of the Bank's period of exposure to payment of Interim Annuity, provided that the total amount of bonuses to be paid by the Bank as aforesaid will not exceed the overall amount provided by the Bank toward Interim Annuity as from January 1 2017.

- 51.4. Officers employed under Generation A employment contracts replaced their contracts with a Generation B employment contracts and/or Generation C employment contracts with the Bank, or are in the process of doing so. After such replacement of contracts as aforesaid, the retirement benefits of the said Officers will be Generation A retirement benefits, as described above, in respect of the frozen salary (salary on the date on which that Officer replaced his Generation A employment contract with a Generation B and/or Generation C employment contract, with the addition of linkage to the index), plus Generation B and/or Generation C benefits relating to pay rises in excess of the frozen salary.
- 51.5. Without derogating from the provisions of Section [5149.6](#) below, an Officer who resigned on his own accord is eligible to severance pay amounting to 100 percent of his last monthly salary multiplied by the number of years of service in the Bank plus the funds accumulated in the provident fund. A management member who will resign from the Bank upon reaching the age of 62 or older is eligible to severance pay as aforesaid at a rate of 200 percent.
- 51.6. The Board of Directors may determine, after obtaining the Compensation Committee's approval to that effect, that some or all of the retirement benefits and conditions set in an Officer's employment agreement will apply also in the event that the said Officer

resigns. Furthermore, the Board of Directors may decide, after obtaining the Compensation Committee's approval to that effect, that the term "dismissal" will also include a resignation due to worsening of work conditions, including resignation due to changes in the Bank or changes that impact the Officer's work in the Bank.

## 52. Non-compete and adaptation grant

52.1. An Officer may undertake towards the Bank to maintain a non-compete period of up to 6 months as from the actual termination date, as decided by Compensation Committee and the Board of Directors. During the non-compete period, the Officer will be entitled to receive the salary and all other relating benefits (excluding contributions for social benefits). ~~Notwithstanding the aforesaid, in the event that the Officer will not be required by the Bank to work during his entire notice period, the Compensation Committee may decide that some of the payment in respect of the non-compete period will be on account of a portion of the notice period.~~

~~52.1.~~52.2. The duration of the non-compete period may be decided noting the Officer's number of years of service with the Bank and/or the Officer's number of years of service as a member of management.

~~52.2.~~52.3. Upon termination, an Officer may be entitled to an adaptation grant of up to 6 monthly salaries (including relating benefits and excluding contributions for social benefits).

~~52.3.~~52.4. The term of the non-compete undertaking and the amount of the adaptation grant as aforesaid may also be determined taking into account the Officer's number of years of service with the Bank.

53. The termination of employer-employee relations between the Bank and an Officer may include other immaterial benefits, such as eligibility to purchase the Bank's car used by the Officer at terms generally accepted in the Bank for senior employees, and other benefits awarded by the Bank to senior Bank retirees such as medical tests, recreation pay, newspaper, holiday gifts, discount in bank account service charges, etc.

## 54. Variable retirement benefits

54.1. Pursuant to the provisions of Directive 301A,<sup>41</sup> any retirement benefits to Bank's Officers beyond those normally awarded by the Bank to its employees (hereinafter – "**Variable Retirement Benefits**"), shall factor in the actual performance over time and the reason of termination, and shall be classified, accordingly, as Variable Compensation. Payment of variable retirement benefits as aforesaid shall be subject to the arrangements for deferral of payments until after the date on which the Officer stops working for the bank; such payment will also be subject to the activation of ex-post facto performance alignment mechanisms, which will only be activated under stress scenarios in the Bank in order to ensure that taking excessive risk is not encouraged.

54.2. Upon determining or revising the Variable Retirement Benefits of an Officer, members of the Compensation Committee and the Board of Directors will take into account, among other things and in addition to the considerations listed in Section 479 above, the Officer's

<sup>41</sup>It is hereby clarified that the Compensation Policy does not set stricter provisions than those set in the Transitional Provisions relating to Directive 301A, nor does the Compensation Policy's provisions impair any benefits protected under the Transition Provisions.



period of service as a Bank Officer, the Bank's performances during the said period, and the Officer's contribution to the achievement of the Bank's targets and performances as aforesaid.

- 54.3. Without derogating from the provisions of Section 542.2 above, in the event that Extraordinary Damage (as defined in Section 320.1) is caused to the Bank during an Officer's period of service as a Bank Officer, then the Board of Directors may, after obtaining the Compensation Committee's approval, reduce the amount of some or all of the Variable Retirement Compensation payable to that Officer. The aforesaid resolution shall be reached, among other things, bearing in mind the Officer's role and areas of responsibility in the Bank and the answer to the question of whether the Extraordinary Damage was caused by exogenous factors and/or by decisions made during the Officer's term in office as a Bank Officer, and after the Officer has been given a reasonable opportunity to lay out his position before the committee and the Board of Directors.
- 54.4. An amount at a rate of 50 percent of the Variable Retirement Compensation to which the Officer will be entitled shall be deferred and spread equally over three consecutive years from the date of termination of employment thereof; this amount will be linked to the index, and payment of such deferred Variable Retirement Compensation will be subject to the provisions of Section 524.5 below.
- 54.5. If it was discovered that a "Default Event" (as defined below) has taken place, which relates to the Officer's term in office as a Bank Officer, the Board of Directors may, at the recommendation of the Compensation Committee, reduce some or all of the Variable Retirement Compensation to which the relevant Officer is eligible and which have not yet been paid thereto. The said decision shall be reached, among other things, bearing in mind the circumstances under which the Default Event has occurred, including: the severity of the Default Event, the scope and consequences of the damage, the Officer's intentions, the date on which the Default Event occurred, the extent of the Officer's contribution to the occurrence thereof, etc., and after the Officer has been given a reasonable opportunity to lay out his position before the committee and the Board of Directors.

For the purpose of this Section 542, a "**Default Event**" means any of the following: (a) Material deviation from the Bank's risk appetite with regard to an issue that falls under the responsibility of the Officer, which caused the Bank material financial losses and triggered the conversion of the Bank's subordinated bonds into shares as per Section 9 of Appendix D to Proper Conduct of Banking Business Directive 202;<sup>42</sup> (b) breach of fiduciary duty toward the Bank, which caused Material Damage to the Bank, provided that the Officer did not act in good faith and had reasonable grounds to assume that the action will adversely affect the Bank; (c) circumstances that allow the Bank to dismiss the Officer without paying severance pay, pursuant to the applicable law.

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<sup>42</sup> Section 9 of Appendix D of Directive 202: "An instrument must have a principal loss absorption mechanism, by which conversion to ordinary shares or a principal write-down will be carried out when the ratio of the banking corporation's Common Equity Tier 1 capital falls below 5 percent".



## **Chapter H – Compensation to Directors**

55. Members of the Board of Directors, including the Chairperson of the Board of Directors will only be paid a Fixed Compensation. ~~It is the Bank's policy that the~~ The compensation paid to all Bank directors (excluding the Chairperson of the Board of Directors) is in accordance with the provisions of the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000, as worded from time to time, including an annual compensation and compensation for participation in meetings, according to the "maximum amount" payable to an outside director or an expert outside director, as relevant, ~~pursuant to the provisions of the Companies Regulations (Rules Regarding Compensation and Expenses to Outside Director), 2000, as worded from time to time.~~
56. It is hereby clarified that the above provisions of the Compensation Policy do not apply to the directors, apart from what is stated in Section 51.5 above and in Chapters F and H.

### **Compensation to the Chairman of the Board of Directors**

57. The Chairperson of the Board of Directors' service terms and the total amount of compensation ~~payable thereto, including the monthly compensation and/or salary to which he/she is entitled,~~ shall be determined in accordance with the provisions of Directive 301A, such that they shall be in line with the provisions set in the Compensation Limitation Law<sup>43</sup> and the provisions of any law, and the total compensation amount shall not exceed the potential maximum compensation as per the Compensation Limitation Law.<sup>44</sup> The Chairman of the Board of Directors' service terms shall be determined bearing in mind the compensation paid to the other members of the Board of Directors of the Bank, taking into consideration, among other things, the size of the Bank, the complexity of its activities and the scope of employment and roles of the Chairman of the Board of Directors.

57-58. It is hereby clarified that the Chairperson of the Board of Directors is allowed to provide services to the Bank through a management company under his/her ownership, against the issuance of a tax invoice to the Bank

~~Subject to the provisions of any law, the Chairman of the Board of Directors shall only be entitled to receive a Fixed Compensation for his service in the Bank. Notwithstanding the above, the Chairman of the Board of Directors shall be entitled to relating benefits, including social benefits as set out in Sections 11 and 12 above; he will also be entitled to retirement benefits as set out in Chapter G above, in line with his position and as relevant, in accordance with the Bank's normal practice in relation to the employment terms of its senior employees.~~

<sup>43</sup>For the avoidance of doubt, it is hereby clarified that for the purpose of calculating the total amount of compensation as aforesaid, the Bank will not take into account any compensation, the expense in respect of which is not projected in accordance with generally accepted accounting principles, and statutory contributions for pension and severance pay. It should further be noted that if as a result of the aforesaid calculation the total cost of the Chairman of the Board of Directors' compensation exceeds the ceiling set in the Compensation Limitation Law, then a portion of the wage will not be recognized as an expense deductible for tax purposes, as set out in Section 32(17) of the Income Tax Ordinance.

<sup>44</sup> It is hereby clarified that a material change (of more than 30 percent) in the compensation paid to the Chairman of the Board of Directors as set out above in this Section, as a result of revisions to the Compensation Limitation Law or revocation thereof, such that the total cost of employing the Chairman of the Board of Directors will be materially higher as compared to the restrictions set by the Compensation Limitation Law as of the date of publication of this Compensation Policy – shall also be subject to approval of the Bank's General Meeting.

~~58,59.~~ Without derogating from the above, ~~Furthermore,~~ the Chairman of the Board of Directors may be entitled to an additional Fixed Compensation Component as set in Section 13 above of this policy and to reimbursement of expenses and ancillary benefits subject to the provisions of Directive 301A.

## **Chapter I - Miscellaneous**

~~59,60.~~ In accordance with the Companies Regulations (Reliefs in Transactions with Interested Parties), 2000, it is hereby stipulated that: Notwithstanding the provisions of Sections 272(C) and (D) of the Companies Law, immaterial revisions to the service and employment terms of the Bank's Officers (other than the President and CEO and directors), shall be subject to approval of the President and CEO (without approval of the Compensation Committee), provided that the revisions to the service and employment terms of such Officer, as well as the service and employment terms of the Officer subsequent to the said revision, are in line with the provisions of this Compensation Policy.

~~Nothing in the provisions of this Compensation Policy impairs and/or derogates from Bank Officers' eligibility to rights and/or benefits, in addition to those they are eligible to pursuant to this Compensation Policy, if any, in connection with the arrangements for privatization of the Bank, including the participation in such arrangements and/or in offerings to employees to purchase Bank's shares from the Government.~~

## **Bank Leumi le-Israel B.M.**

### **Voting slip in accordance with the Companies Regulations (Ballots and Position Notices), 2005 (hereinafter - the "Regulations") for an extraordinary general meeting to be convened on August 4, 2022**

#### **Part One**

1. **Company:** Bank Leumi le-Israel B.M. (hereinafter: **"the Bank"**).
2. **Type, date and location of general meeting:** The Bank's extraordinary general meeting. The extraordinary general meeting will convene on Thursday, August 4, 2022, at 14:00 at the Bank's offices at Beit Lin, 35 Yehuda Halevy Street, Tel Aviv. If the meeting is adjourned, it will be held on Thursday, August 11, 2022, at the same venue, at 14:00.
3. **List of items on the agenda of the general meeting which may be voted on by means of a voting slip:**
  - 3.1 **Item No. 2 on the agenda - The re-appointment of the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar & Co. (Deloitte) as joint independent auditors of the Bank and the authorization of the Bank's Board of Directors to set the fees paid thereto and report those fees**

#### **The Proposed Resolution:**

To reappoint the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar and Co. (Deloitte) as joint external auditors of the Bank for a period that will commence on the date of approval of the current Annual General Meeting through the end of the next Annual General Meeting of the Bank and to authorize the Bank's Board of Directors to set the fees paid thereto.

For further details, please see Section 2 to the Meeting Summons Report.

#### **3.2 Items 3 -7 on the agenda - appointment of directors**

3.2.1 One (1) external director that will serve in the Bank's Board of Directors shall be appointed in this General Meeting, pursuant to the provisions of the Companies Law (hereinafter - **"ED"**) for a period of three years, out of the candidates who were proposed by the Committee for the Appointment of Directors, as follows:

The candidates who were proposed by the Committee for the Appointment of Directors for selection for service as ED are as follows:

- (1) Mr. Dan Laluz - for more information, see **Appendix C1** to the Meeting Summons Report;
- (2) Mr. Zvi Naggan - for more information, see **Appendix C2** to the Meeting Summons Report;

3.2.2 Two (2) directors that will serve in the Bank's Board of Directors as directors who are not EDs as set out in Section 11D(a)(2) to the Banking Ordinance (hereinafter - **"Other Director"**) shall be selected in this General Meeting for a period of three years, out of the candidates who were proposed by the Committee for the Appointment of Directors.

The candidates who were proposed by the Committee for the Appointment of Directors for selection for service as Other Directors are as follows:

- (1) Ms. Esther Eldan - for more information, see **Appendix C3** to the Meeting Summons Report;
- (2) Ms. Esther Dominissini - for more information, see **Appendix C4** to the Meeting Summons Report;
- (3) Ms. Irit Shlomi - for more information, see **Appendix C5** to the Meeting Summons Report;

For further information about the appointment of the directors to the Bank's Board of Directors, including proposed resolutions on Items 3 to 7 on the agenda of the Meeting, see Section 3 and Section B to Appendix B of the Meeting Summons Report.

**The vote shall be cast separately for each of the candidates. Voters may vote for any of the candidates to serve as an ED.**

**Set forth below are details regarding candidates for service as directors in the Bank's Board of Directors pursuant to Regulations 26 and 36B(a)(10) to the Reports Regulations:**

**Item No. 3 on the agenda - additional information about the candidate for service as ED - Mr. Dan Laluz**

<b>Candidate</b>	<b>Mr. Dan Laluz</b>
<b>ID number</b>	<b>022183321</b>
<b>Date of birth</b>	<b>November 30, 1965</b>
<b>Address for serving court documents</b>	<b>48/25 Levi Eshkol St. Tel Aviv</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>TBD</b>  <b>To the extent that he/she is elected by the Meeting and receives the approval or non-objection of the Banking Supervision Department to his/her appointment, he/she will be appointed, in accordance with the decision of the Board of Directors, as a member of its committees, at least as a member of the Audit Committee and Compensation Committee, by virtue of his/her status as ED under the Companies Law.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301 of the Proper Conduct of Banking Business Directives</b>	<b>Yes, according to the classification of the Committee for the Appointment of Directors and the declaration of the candidate, which is attached to the Meeting Summons Report and subject to appointment by the General Meeting and to receipt of the approval or notice of non-objection of the</b>

	<b>Banking Supervision Department.</b>
<b>Independent Director as defined by the Companies Law</b>	<b>Yes, according to the declaration of the candidate, which is attached to this immediate report and subject to appointment by the General Meeting and to receipt of the approval or notice of non-objection of the Banking Supervision Department.</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>Subject to election by the General Meeting, to approval or non-objection of the appointment by the Banking Supervision Department and to that stated in Section (4) of the Meeting Summons Report.</b>
<b>Education/professional qualifications</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>Employment during the last five years and list of corporations in which he served as director</b>	<p><b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b></p> <p><b>It should be noted that the candidate declared that if he is to be selected for service as a director in the Bank, he will terminate his tenure as a director in the credit card company - Max IT Finance Ltd<sup>2</sup>.</b></p>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Please see according to the candidate's statement and subject to the approval of the Bank's Board of Directors</b>

<sup>2</sup> It should be noted that in accordance with Proper Conduct of Banking Business Directive No. 301 a one-year period should elapse between the term in office as a director in one banking corporation and the term in office as a director in another banking corporation (including credit card companies); this will be the case unless the first bank's Board of Directors agreed to terminate the director's term in office, or the Banking Supervision Department gives its consent to the appointment having consulted the Chairperson of that bank's Board of Directors. According to the information provided to the Bank by the Bank of Israel, the Banking Supervision Department is of the opinion that if Max's Board of Directors will agree to terminate the director's term in office, the director's appointment for a term in office as a Bank director immediately prior to the termination of his term in office in Max will not give rise to a conflict of interest during his term in office, provided that he will terminate his term in office in Max upon his appointment as a Bank director, and provided that at least two months have elapsed since the termination of his term in office in Max and the commencement of his term in office in the Bank. The Bank was also informed that the candidate advised the Bank of Israel that Max's Board of Directors will waive the cooling off period if the candidate is selected as a Bank director.

### **Audit Committee's Resolution**

On June 6, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation. Furthermore, these circumstances constitute an interest pursuant to Section 240(b) to the Companies Law, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an interest, in accordance with the Companies Regulations (Matters that Do Not Constitute an Interest), 2006 (hereinafter – the “Negligible Interest Regulations”). These circumstances include, inter alia:

- (a) Cases of account management and/or facility with Bank Leumi, in a company controlled by Bank Leumi or a material shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of his/her relatives or anyone who has close contact with him/her or other companies and entities in which the candidate or person has close contact with him/her holds positions that are considered as having business relations with the Bank. In addition, these circumstances may include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's material shareholders.
- (b) For the avoidance of doubt, it is clarified that the relations with the Bank of those that the candidate may have reported to, directly or indirectly, as part of his term in office as an independent director in Maytronics, which ended in November 2021, during the two years prior to his potential appointment as an ED in the Bank, and the relations of the controlling shareholder in Maytronics with the Bank.

**Item No. 4 on the agenda - additional information about the candidate for service as ED - Mr. Zvi Naggan**

<b>Candidate</b>	<b>Mr. Zvi Naggan</b>
<b>ID number</b>	<b>055486872</b>
<b>Date of birth</b>	<b>September 17, 1958</b>
<b>Address for serving court documents</b>	<b>27 Nehar Ha'Yarden St, Kiryat Ono.</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>TBD</b>  <b>To the extent that he/she is elected by the Meeting and receives the approval or non-objection of the Banking Supervision Department to his/her appointment, he/she will be appointed, in accordance with the decision of the Board of Directors, as a member of its committees, at least as a member of the Audit Committee and Compensation Committee, by virtue of his/her status as ED under the Companies Law.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301 of the Proper Conduct of Banking Business Directives</b>	<b>Yes, according to the classification of the Committee for the Appointment of Directors and the declaration of the candidate, which is attached to the Meeting Summons Report and subject to appointment by the General Meeting and to receipt of the approval or notice of non-objection of the Banking Supervision Department.</b>
<b>Independent Director as defined by the Companies Law</b>	<b>Yes, according to the declaration of the candidate, which is attached to this immediate report and subject to appointment by the General Meeting and to receipt of the approval or notice of non-objection of the Banking Supervision Department.</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>Subject to election by the General Meeting, to approval or non-objection of the appointment by the Banking Supervision Department and to that stated in Section B(4) of the Meeting</b>



	<b>Summons Report.</b>
<b>Education/professional qualifications</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>Employment during the last five years and list of corporations in which he served as director</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Please see according to the candidate's statement and subject to the approval of the Bank's Board of Directors</b>

#### **Audit Committee's Resolution**

On June 13, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation. Furthermore, these circumstances constitute an interest pursuant to Section 240(b) to the Companies Law, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an interest, in accordance with the Companies Regulations (Matters that Do Not Constitute an Interest), 2006 (hereinafter – the “**Negligible Interest Regulations**”). These circumstances include, inter alia:

Cases of account management and/or facility with Bank Leumi, in a company controlled by Bank Leumi or a material shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of his/her relatives or anyone who has close contact with him/her or other companies and entities in which the candidate or person has close contact with him/her holds positions that are considered as having business relations with the Bank. In addition, these circumstances may include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's material shareholders.

**Item No. 5 on the agenda - additional information about the candidate for service as “Other Director” - Ms. Esther Eldan**

<b>Candidate</b>	<b>Ms. Esther Eldan</b>
<b>ID number</b>	<b>067515759</b>
<b>Date of birth</b>	<b>July 14, 1954</b>
<b>Address for serving court documents</b>	<b>15 Vormaiza St., Tel Aviv</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>TBD.</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301</b>	<b>No</b>
<b>Independent Director as defined by the Companies Law</b>	<b>No</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>Subject to election by the General Meeting, to approval or non-objection of the appointment by the Banking Supervision Department and to that stated in Section B(4) of the Meeting Summons Report.</b>
<b>Education/professional qualifications</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>Employment during the last five years and list of corporations in which she served as director</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Please see according to the candidate’s statement and subject to the approval of the Bank’s Board of Directors.</b>

### **Audit Committee's Resolution**

On June 27, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation. These circumstances include, inter alia:

- (a) Cases of account management and/or facility with Bank Leumi, in a company controlled by Bank Leumi or a material shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of his/her relatives or anyone who has close contact with him/her or other companies and entities in which the candidate or person has close contact with him/her holds positions that are considered as having business relations with the Bank. In addition, these circumstances may include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's material shareholders.
- (b) The business relations between Water Planning for Israel Ltd. (hereinafter - "**Tahal**"), in which the candidate served as CEO, and the Bank.

The business relations between the Bank and Gadot Chemical Terminals (1985) Ltd. (hereinafter - "**Gadot**"), in which the candidate has been serving as a director since August 1 2014, and between a company controlled by the Bank and Gadot's controlling shareholder.

### **Item No. 6 on the agenda - additional information about the candidate for service as "Other Director" - Ms. Esther Dominissini**

Ms. Esther Dominissini (an "Other Director" in the Bank), who is a candidate for reappointment in this meeting, is expected to end her second term in office on January 16 2023.

<b>Candidate</b>	<b>Ms. Esther Dominissini</b>
<b>ID number</b>	<b>060525441</b>
<b>Date of birth</b>	<b>April 22, 1950</b>
<b>Address for serving court documents</b>	<b>Beit Leumi, 34 Yehuda Halevi St., Tel Aviv, 6513616</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>As of the publication date of the Meeting Summons Report, Ms. Esther Dominissini is a member of the Compensation Committee, the Risk Management Committee, the Procedure Committee, and the IT and Technological Innovation Committee, and the Chairperson of the Resources Committee.</b>

<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301</b>	<b>No</b>
<b>Independent Director as defined by the Companies Law</b>	<b>No</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>January 17, 2017</b>
<b>Commencement date of third term as director</b>	<b>January 17, 2023, subject to appointment by the General Meeting, and approval or non-objection of the Banking Supervision Department for the appointment.</b>
<b>Education/professional qualifications</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>Employment during the last five years and list of corporations in which she served as director</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Yes</b>

### **Audit Committee's Resolution**

On June 6, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation:

Cases of account management and/or a facility with Bank Leumi, and/or a trust and/or securities, in a company controlled by Bank Leumi or a material shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of her relatives or anyone who has close contact with her or other companies and entities in which the candidate or person having close contact with her holds positions that are considered as having business relationships with the Bank. In addition, these circumstances include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's material shareholders.

**Item No. 7 on the agenda - additional information about the candidate for service as “Other Director” - Ms. Irit Shlomi**

Ms. Irit Shlomi (an “Other Director” in the Bank), who is a candidate for reappointment in this meeting, is expected to end her first term in office on September 18 2022.

<b>Candidate</b>	<b>Ms. Irit Shlomi</b>
<b>ID number</b>	<b>053992913</b>
<b>Date of birth</b>	<b>June 28, 1956</b>
<b>Address for serving court documents</b>	<b>Beit Leumi, 34 Yehuda Halevi St., Tel Aviv, 6513616</b>
<b>Citizenship</b>	<b>Israeli</b>
<b>Membership in Board of Directors Committees</b>	<b>As of the Meeting Summons Report’s publication date, Ms. Irit Shlomi is a member of the Audit and Financial Statements Committee, the Credit and Business Committee, and the Procedure Committee</b>
<b>ED as defined in the Companies Law/ External Director pursuant to Directive 301</b>	<b>No</b>
<b>Independent Director as defined by the Companies Law</b>	<b>No</b>
<b>Employee of the Bank, a subsidiary, related company or an interested party of the bank</b>	<b>No</b>
<b>Date on which term in office as director commenced</b>	<b>September 19, 2019</b>
<b>Date on which second tenure in office as director commenced</b>	<b>September 19, 2022, subject to appointment by the General Meeting, and approval or non-objection of the Banking Supervision Department for the appointment.</b>
<b>Education/professional qualifications</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>Employment during the last five years and list of corporations in which she served as director</b>	<b>Please see the statement and curriculum vitae of the candidate attached to the Meeting Summons Report.</b>
<b>A relative of another interested party in the corporation</b>	<b>No</b>
<b>Possesses accounting and financial expertise pursuant to Section 92(a)(12) to the Companies Law</b>	<b>Yes</b>

### **Audit Committee's Resolution**

On June 13, 2022, the Audit Committee approved, based on the facts it was presented with and the candidate's declarations, that the circumstances which harbor a potential fear of alleged affiliation of the candidate and/or anyone closely associated with him/her as outlined below, do not constitute an affiliation in accordance with Section 11E(b) to the Banking Ordinance and in accordance with the position of the Banking Supervision Department, or alternatively that those circumstances constitute, at most, negligible relationships and therefore do not constitute an affiliation.

Cases of account management and/or a facility with Bank Leumi, and/or a trust and/or securities, in a company controlled by Bank Leumi or a material shareholder in Bank Leumi, in the ordinary course of business, by the candidate or any of her relatives or anyone who has close contact with her or other companies and entities in which the candidate or person having close contact with her holds positions that are considered as having business relationships with the Bank. In addition, these circumstances include the candidate's holdings or the holdings of a person in close contact with him/her of investment portfolios and/or pensions and/or provident funds and/or other financial products with the Bank's material shareholders.

#### **3.3 Item 8 on the agenda - amendment of the Bank's Articles of Association**

The Proposed Resolution:

- a. To adopt the amendments to the Bank's Articles of Association, in accordance with the text of the Articles of Association attached as **Appendix D** to the Meeting Summons Report.
- b. For more information about the amendment of the Bank's Articles of Association, please see Section 4 to the Meeting Summons Report.

#### **3.4 Item 9 on the agenda - approval of the compensation policy**

The Proposed Resolution:

To approve the revised compensation policy as described in **Appendix E** to the Meeting Summons Report, in accordance with the provisions of Sections 267A and 267B to the Companies Law, 1999, and in accordance with the directives of the Banking Supervision Department regarding compensation policy in a banking corporation, and in accordance with the Law of Officeholders Compensation in Financial Corporations (Special Permit and Non-Deductible Expenses Due to Extraordinary Compensation), 2016.

#### **4. Place and date for reviewing the full text of the proposed resolutions:**

Documents relating to the items on the agenda of the General Meeting may be reviewed at the Bank's secretariat, at the Bank's registered office at Beit Leumi, 34 Yehuda Halevi St. (11th floor), Tel Aviv, Tel: +972-76-8859419, from Sunday to Thursday between 08:00 to 15:00, as well as in the Israel Securities Authority's publication website and the Tel Aviv Stock Exchange Ltd.'s website, at the addresses detailed in Section 11.

#### **5. The majority required to pass the resolutions in the meeting on the topics which may be voted on using a voting slip:**

##### **5.1. For Items 3 and 4 on the agenda**

Pursuant to the provisions of Section 239(b) of the Companies Law, and taking into consideration the fact that the Bank is a corporation without a control core, the majority required in order to pass a resolution on Items 3 and 4 on the agenda is a ordinary majority out of the total voting rights of the shareholders that are entitled to

vote and that vote themselves, as long as one of the following conditions is met:

- a. The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the appointment; or
- b. The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the appointment; or the total objecting votes from among the shareholders detailed in Subsection a above shall not exceed a rate of 2% of all voting rights in the Bank.
- c. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

5.2. Items 2 and 5 through 8 on the agenda

An ordinary simple majority of the total voting rights of eligible shareholders voting in person or by proxy. Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

5.3. Item 9 on the agenda

Pursuant to the provisions of Section 267A(b) to the Companies Law, and taking into consideration the fact that the Bank is a corporation without a control core, and is not a second tier publicly traded company, the majority required in order to pass a resolution on the above item (approval of the revised compensation policy) is a simple majority out of the total voting rights of the shareholders that are entitled to vote and that vote themselves or by proxy, as long as one of the following conditions is met:

- a. The number of majority votes shall include a majority out of the participants in the vote who have no vested interest in the approval of the resolution being voted on, mutatis mutandis; or
- b. The total objecting votes from among the shareholders detailed in Subsection a above shall not exceed a rate of 2% of all voting rights in the Bank.

Abstaining votes shall not be taken into account in counting the votes of the said shareholders.

It should be noted that in accordance with section 267A(c) to the Companies Law, the Board of Directors is entitled to approve and set the revised compensation policy, even if the General Meeting opposes its approval, provided that the Audit Committee and thereafter the Board of Directors will resolve, based on detailed reasons and having discussed again the revised compensation policy, that the approval of the revised compensation policy despite the objection of the General Meeting is in the Bank's best interest.

5.4. Vested interest, interested party in the Bank, senior officer and institutional investor

- a. Anyone with a vested interest in the passing of resolutions 3, 4, and 9 on the agenda will be subject to the provisions of Section 276 to the Companies Law, as amended. Section 276 to the Companies Law stipulates that: "If a shareholder participates in a vote under Section 275, then he shall inform the company before the vote – and if the vote is by voting slip, on the voting slip – whether or not he has a vested interest in the approval of the transaction; if the shareholder failed to inform as aforesaid, then he shall not vote and his vote shall not be counted."



- b. It is hereby clarified that Section 1 to the Companies Law stipulates that a vested interest is also “a vested interest of a person who votes according to a power of appointment given to him by another person, even if that other person has no vested interest, and the vote of a person who was given a power of attorney to vote on behalf of a person with a vested interest shall also be considered as the vote of a person with a vested interest, regardless of whether the voter can exercise discretion regarding the vote or not.”
  - c. Therefore, a shareholder participating in a vote, is required to inform the Bank before casting his vote in the Meeting or, if he votes via a voting slip, on the voting slip (if he so votes), if he has vested interest in the approval of Items 3 and 4 and 9 on the agenda of the General Meeting – the appointment of Mr. Dan Laluz or Mr. Zvi Naggan as ED or approval of the compensation policy). **A shareholder who fails to give such notice shall not be regarded as having voted on that item, and his vote shall not be counted.**
  - d. Furthermore, and in accordance with Regulation 36D to the Reports Regulations and in accordance with the Voting in Writing Regulations, a shareholder participating in a vote is required to inform the Bank before casting his vote in the Meeting or, if he votes via a voting slip, on the voting slip, if he is an interested party of the bank (as the term “interested party” is defined in Section 1 of the Securities Law, 1968), a senior officer in the Bank (as the term “senior officer” is defined in Section 37(d) of the said law), an institutional investor as defined in regulation 1 to the Supervision of Financial Services Law Regulations (Provident Funds) (Participation of a Management Company in a General Meeting), 2009, or a mutual fund manager (as defined in the Joint Investments in Trust Law, 1994). If the participating shareholder is an interested party, senior officer, institutional entity or mutual fund manager, he is required to provide details regarding other relationships he has with the Bank or senior officers of the Banks and regarding the nature of those relationships. If the vote is cast under power of attorney, such details shall also be given to the grantor and the recipient of the power of appointment.
6. A voting slip shall have effect only if it is attached a proof of ownership of the unregistered shareholder on the effective date (i.e. any person to whose credit the Bank’s shares are registered with a Stock Exchange Member, when such shares are included in the registered shares in the shareholder register, in the name of a nominee company) (hereinafter - “**Unregistered Shareholder**”) or if such a proof of ownership is sent to the Bank through the electronic voting system, and in case of a shareholder registered in the Bank’s shareholder register, the voting slip shall have effect only if it is attached a photocopy of an identity card, passport or certificate of incorporation. The Bank must be delivered, at the address detailed in Section 8 below, this Proxy Statement together with the documents attached thereto, as foregoing, no later than four hours before the time of the convening of the meeting, i.e. by 10:00 AM on Thursday, August 4, 2022.
  7. Time of turning off the Electronic Voting System - Unregistered shareholders may also vote with respect to all of the items on the agenda of the General Meeting via an electronic voting slip that will be sent to the Bank through the Electronic Voting System. Voting shall be possible starting from the end of the effective date and until 6 hours before the convening of the general meeting, i.e. until 08:00 on Thursday, August 4, 2022.
  8. The Bank’s address for the delivery of voting slips and position notices: Beit Leumi, 34 Yehuda Halevi St., Tel Aviv 6513616, care of the Bank’s Secretariat (Floor 11).

9. The deadline for submission of position notices to the Bank: Monday, July 25, 2022 (inclusive).
10. The deadline for submission of the Board of Directors' response to the position notices: Thursday, July 28 2022 (inclusive).
11. Address of the Israel Securities Authority's publication website and the Tel Aviv Stock Exchange Ltd.'s website (hereinafter - "the TASE") where the voting slips and the position notices are available:
  - The Israel Securities Authority's publication website: <http://www.magna.isa.gov.il/>.
  - The TASE's website: <http://maya.tase.co.il/>
12. An unregistered shareholder may receive the proof of ownership at the branch of the TASE member or by postal delivery, if it so requests. An application on this matter shall be delivered in advance for a particular securities account. An Unregistered Shareholder may instruct the Member of the Stock Exchange to deliver his proof of ownership to the Bank via the Electronic Voting System.
13. An Unregistered Shareholder is entitled to receive by email, free of charge, a link to the format of the voting slip and position notices on the distribution website of the Israel Securities Authority, from the Stock Exchange member through which it holds its shares, unless it informs the Stock Exchange member that it is not interested in receiving such a link, or that it is interested to receive voting slips by mail in consideration for a fee; a notice on the matter of the voting slips shall also apply to the matter of receiving position notices.
14. One or more shareholders holding on the effective date (Wednesday, July 6, 2022) a rate constituting five percent or more of the total voting rights in the Bank, and any person holding such a rate out of the total voting rights that are not held by the controlling shareholder in the Bank as defined in Section 268 of the Companies Law (hereinafter - the "Controlling Shareholder"), may review whether by itself or through an agent on its behalf, after the convening of the general meeting, at the Bank's registered headquarters, during regular work hours, the statements of proxy as detailed in Regulation 10 of the Regulations.  
  
The quantity of shares constituting 5% of the total voting rights in the Bank is: NIS 77,190,255 par value ordinary shares of the Bank (as of June 28, 2022).
15. After the publication of the voting slip, changes may take place in the agenda and position notices may be published. In such a case, it shall be possible to review the up-to-date agenda and the position notices published in the Bank's reports on the distribution website as provided in Section 11 above.

**A shareholder shall state its vote with regard to the topics on the agenda in the second part of this voting slip.**

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**Voting Slip - Part Two**

The Companies Regulations (Voting by Ballot and position notices), 2005 (the “**Regulations**”)

Company: Bank Leumi le-Israel B.M.

The Company’s address (for the delivery and mailing of voting slips): Beit Leumi, 34 Yehuda Halevi St., Tel Aviv 6513616, Floor 11, care of the Bank’s Secretariat.

Company No.: 52-001807-8

Time of the meeting: Thursday, August 4, 2022, 14:00.

Type of meeting: Extraordinary and annual.

Effective date: Wednesday, July 6 2022.

**Shareholder Information**

Shareholder name - \_\_\_\_\_

ID No. - \_\_\_\_\_

If the shareholder does not have an Israeli ID card -

Passport No. - \_\_\_\_\_

Country of issue - \_\_\_\_\_

Expiry date - \_\_\_\_\_

If the shareholder is a corporation -

Corporation No. - \_\_\_\_\_

Place of incorporation - \_\_\_\_\_

**Votes**

No. of topic on the agenda	Vote <sup>1</sup>			In accordance with the approval of a transaction in accordance with Sections 255 and 272 - 275 to the Companies Law, where the majority required for approval is not a simple majority, or a compensation policy in accordance with section 267A - do you have a vested interest in the resolution? <sup>2</sup>		On the matter of the appointment of an External Director (Section 239(b) or 245(a1) of the Companies Law) - Are you an interested party or do you have any vested interest in approving the appointment? <sup>2</sup>	
	In favor	Against	Abstaining	Yes	No	Yes	No
2. To reappoint the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar and Co. (Deloitte) as joint external auditors of the Bank for a period that will commence on the date of approval of the current Annual General Meeting through the end of the next Annual General Meeting of the Bank and to authorize the Bank's Board of Directors to set the fees paid thereto.							
3. To appoint Mr. Dan Laluz as an ED for a period of 3 years.							
4. To appoint Mr. Zvi Naggan as an ED for a period of 3 years.							
5. To appoint Ms. Esther Eldan as an Other Director							

for a period of 3 years.					
6. To appoint Ms. Esther Dominissini as an Other Director for a period of 3 years.					
7. To appoint Ms. Irit Shlomi as an Other Director for a period of 3 years.					
8. To adopt the amendments to the Bank's Articles of Association, in accordance with the wording of the Articles of Association attached as Appendix D to the Meeting Summons Report.					
9. To approve the revised compensation policy as described in Appendix E to the Meeting Summons Report, in accordance with the provisions of Sections 267A and 267B to the Companies Law, 1999, and in accordance with the directives of the Banking Supervision Department regarding compensation policy in a banking corporation, and in accordance with the Law of Officeholders Compensation in Financial Corporations (Special Permit and Non-Deductible Expenses Due to Extraordinary Compensation), 2016.					

**Details:**

Are you an interested party, senior officer<sup>3</sup>, fund manager<sup>4</sup> or institutional investor<sup>5</sup>? Yes \_\_\_\_\_ No \_\_\_\_\_.

If yes, please provide details regarding additional relations between you and the Bank or senior officers in the Bank, and the nature of such relations:

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Please detail your interest or other characteristic as a shareholder or your vested interest, as relevant, in passing Resolution 3 detailed above:

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Please detail your interest or other characteristic as a shareholder or your vested interest, as relevant, in passing Resolution 4 detailed above:

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Please detail your interest or other characteristic as a shareholder or your vested interest, as relevant, in passing Resolution 9 detailed above:

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**For shareholders holding shares through a Stock Exchange member (pursuant to Section 177 (1) of the Companies Law) - This voting slip is effective only when attached a proof of ownership, excluding cases where voting is performed through the system.**

**For shareholders registered in the Bank's shareholder registry - The voting slip is effective when attached a photocopy of the ID card/passport/certificate of incorporation.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

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\*Provide details in the lines designated for this purpose below the table.

<sup>1</sup> Failure to mark shall be deemed as abstaining from voting on that topic.

<sup>2</sup> The vote of a shareholder who does not fill this column or who signs "yes" and does not specify, shall not be counted.

<sup>3</sup> As the term “senior officer holder” is defined in Section 37(d) of the Securities Law, 1968.

<sup>4</sup> As the term is defined in the Joint Investments in Trust Law 1994.

<sup>5</sup> As the term “institutional investor” is defined in Regulation 1 of the Companies Regulations (Voting by Ballot and Position Notices), 2005.





## Appendix B

### Statement of a Candidate for Service as an External Director Pursuant to Proper Conduct of Banking Business Directive No. 301 or an External Director Pursuant to the Companies Law in Bank Leumi of Israel Ltd.

I the undersigned, Mr. Dan Laluz, ID Number 022183321, of 48 Levi Eshkol St. Flat 25 Tel Aviv, hereby provide the following statement as a candidate for the office of an external director as defined in Proper Conduct of Banking Business Directive No. 301 (hereinafter – “**External Director**”) or as an external director as defined in the Companies Law, 1999 (hereinafter – the “**Companies Law**”, “**ED**”), who also meets the eligibility criteria of an External Director at Bank Leumi of Israel Ltd. (hereinafter - “the **Bank**”), having been cautioned that I must state the truth and that I will be subject to penalties prescribed by law if I fail to do so, as set out below:

#### 1. Personal details

- 1.1 Name: Dan Laluz
- 1.2 Identification Number: 022183321
- 1.3 Date of Birth: November 30 1965
- 1.4 Address for service of court papers: 48 Levi Eshkol St. Flat 25 Tel Aviv
- 1.5 Nationality: Israeli
- 1.6 Residency: Israeli
- 1.7 Is the candidate a relative of another interested party<sup>1</sup> in the Bank (and if s/he is – please provide details): No

2. I am not an employee of the Bank, any of its subsidiaries, related companies or of an interested party thereof; (if I am such an employee – the position or positions that I hold are):

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#### 3. Eligibility

I possess the qualifications required to serve as a director in the Bank and in particular, possess the education, knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, financing, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or any other area approved by the Banking Supervision Department, and I am able to dedicate the amount of time required to fulfill my role as a director of the Bank, taking into account the scope of the Bank’s activity and its size.

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<sup>1</sup> **An interested party**- whoever holds 5% or more of the issued share capital of the corporation or voting rights therein, whoever is entitled to appoint one or more of the corporation’s directors or its CEO, whoever serves as a director of the corporation or as its CEO, or a corporation in which such person holds 25% or more of its issued share capital or voting rights or is entitled to appoint 25% or more of its directors. For the purpose of this paragraph, a manager of a Fund for Joint Investments in Trust shall be deemed as the holder of the securities included in the fund’s assets. If a person holds securities through a trustee, the trustee shall also be deemed to hold the said securities. For this purpose, “trustee” – will not include a nominee company and a party who held the securities only in its capacity as a trustee for an arrangement, as defined in Section 46(A)(2)(f) of the Securities Law, 1968, or a trustee for the allocation of shares to employees, as defined in Section 102 of the Income Tax Ordinance. Furthermore, a subsidiary of a corporation, other than a nominee company, shall also be deemed as an interested party.



My said qualifications are as follows:<sup>2</sup> (*education, qualifications, experience*):

Education

Academic degree/certificate	Major subject/field	Name of academic institution
BA	Economics	Tel Aviv University
MBA	Business Administration	Tel Aviv University

Professional certificates

Academic degrees as described

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- 3.1 Describe main occupations during the past five years, and specify the corporations in which you serve as a director (please specify the number of years of service in each position).<sup>3</sup>

Maytronics (ED) – I completed 9 years of service as an ED in November 2021  
Max IT Finance – ED since 2014, Chairman of the Audit Committee, Compensation Committee, Risk Management Committee  
Adgar Investment and Development – ED since 2014, Chairman of the Audit and Compensation Committee, Member of the Balance Sheet Committee  
Intelicanna – ED (April 24 2022)

Private companies – Director at: Teldor Cables and Systems Ltd. Lev gum Ltd., Gal Or Investments and Initiatives (2002) Ltd. High Street Ltd.

- 3.2 In view of my education, experience and past and present employment and skills, I am professionally eligible, as defined below, based on the aforementioned, all on the basis of what is described above. (Note – the assessment of whether a candidate is professionally eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed above, relevant to my education and experience, which indicate that I meet the conditions and tests for being professionally eligible:

Academic degrees in the field of economics and finance  
Senior managerial roles in Clal Insurance, Migdal Insurance – Head of the Investment Division.  
Dash Securities and Investments, Migdal Capital Markets – Chairman of the Board of Directors  
ED – Leumi Card / Max IT Finance  
Over 15 years of experience as director/ ED in publicly-traded companies

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<sup>2</sup> The candidate must attach a CV to this Appendix which must include, at the very least, the details of the candidate's education and employment during the past five years, as required.

<sup>3</sup> The candidate must attach a CV to this Appendix which must include, at the very least, a specification of the candidate's education and employment during the past five years, as required.



Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.

- 3.3 In view of my education, experience and past and present employment and skills, I possess accounting and financial expertise, as defined below, all on the basis of what is described above. (Note – the assessment of whether a candidate has an accounting and financial expertise will be made by the Board of Directors). Set forth below are further details in addition to those listed above relevant to my education and experience, which indicate that I meet the conditions and tests for having such expertise:

Academic degrees in the field of economics and finance

Senior managerial roles in Clal Insurance, Migdal Insurance – Head of the Investment Division.

Dash Securities and Investments, Migdal Capital Markets – Chairman of the Board of Directors

Over 15 years of experience as director/ ED in publicly-traded and finance companies

Active Chairman and CEO of the investment house Migdal Capital Markets during the 2008-2009 financial crisis

Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.

For the purpose of this section:

**“Professional qualification”** - an academic degree as required under one of the conditions listed in paragraphs (1) or (2) below, and experience required under paragraph (3) below:

(1) An academic degree in one of the following subjects: economics, business administration, accounting, law and/or public administration; (2) Other academic degree or completion of other higher education studies, in an area which is relevant to the Bank's business or to the position; (3) at least five years of experience in one of the following, or accumulated experience of at least five years in two or more of the following: (a) senior position in the business management of a corporation with a substantial scope of business; or (b) senior public office or a senior position in the public service; or (c) senior banking position.

**“Director with accounting and financial expertise”** - is a person who, in the opinion of the Board of Directors, meets the following conditions: a director who by virtue of his/her education, experience and qualifications, possesses a high level of proficiency and understanding of business-accounting issues and financial statements, such that he or she has in-depth understanding of the Bank's financial statements and is able to raise issues relating to the manner in which financial data are presented therein. When assessing the accounting and financial skills of the candidate, the Board of Directors' considerations will include, among other things, the candidate's education, experience and knowledge in the following areas: (1) accounting issues and accounting control issues typical of the banking sector and to companies of the size and complexity of the Bank; (2) the functions and duties of the independent auditor; (3) financial statements preparation and approval processes under the Securities Law, 1968, and the Companies Law.

- 3.4 A director who, in his/her opinion, does not possess accounting and financial expertise is required to state whether he/she is able to read and understand financial statements –Yes.



- 3.5 In view of my education, experience, past and present employment and my skills as described above, to the best of my knowledge, I possess "banking experience"<sup>4</sup>—Yes.
4. During the past five years, I have not been convicted in a final judgment of an offense set forth in Section 226 of the Companies Law.
- 4.1. Offences under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 to the Penal Law, 1977 and under Sections 52c, 52d, 53(A) and 54 to the Securities Law.
- 4.2. Conviction in a court of law outside of Israel on offenses of bribery, fraud, corporate manager offenses or offenses involving the use of inside information.
- 4.3. Conviction in another offense which the court determined that due to its nature, severity or circumstances, I am not fit to serve as director in a public company. There is no pending indictment against me on such an offense.
5. I have not been charged by the Administrative Enforcement Committee<sup>5</sup> with enforcement measures prohibiting me from serving as director in a public company.
6. I am not a minor, I am not legally incompetent to stand trial, nor have I been declared bankrupt.<sup>6</sup>
7. My other duties or occupations do not create or might create a conflict of interest with my position as director with the Bank, nor do they impair my ability to serve as a director with the Bank.
8. All the conditions for my serving as director in a banking corporation without a controlling core have been met pursuant to the provisions of the Banking Ordinance, including:
- 8.1. I or my relatives do not hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "material holder", other than holding marketable shares at a percentage of no more than one quarter of one percent of the issued and paid up share capital of any of them

No

Please specify:

I or my relatives do not hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "material holder" of more than one quarter of one percent of the issued share capital.

8.2

- 8.2.1 In the two years preceding the date of the appointment or from the date of the appointment and thereafter, I, or a person who is in "close association" with me have had affiliation with the Bank or with a corporation under the Bank's control, with an office holder of the Bank or with a "material holder" [it is clarified that having served as director with the Bank and being a candidate for re-election as aforesaid does not constitute affiliation].

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<sup>4</sup> As required pursuant to Proper Conduct of Banking Business Directive No. 301.

<sup>5</sup> A committee appointed under Section 52lb(a) to the Securities Law, 1968.

<sup>6</sup> As long as I have not been dismissed.



No

Please specify: The Bank's Audit Committee has confirmed that circumstances that may raise a concern regarding my alleged affiliations that do not constitute an affiliation pursuant to Section 11E(b) to the Banking Ordinance and subject to the position of the Banking Supervision Department and Section 240 to the Companies Law, or, alternatively, constitute, at most, negligible connections in accordance with the Banking Ordinance and/or the Negligible Affiliation Regulations. A summary of the Audit Committee's decisions is detailed in the General Meeting summons.

- 8.2.2 From the date of appointment and thereafter, I have an affiliation with a relative of a Bank office holder, a relative of a "material holder" or to a partner of a "material holder"; it is clarified that having served as director at the Bank and being a candidate for re-election as aforesaid does not constitute affiliation.

No

Please specify:  
There is no affiliation

- 8.3 I or anyone in "close association" with me, have business or professional relations with the Bank or with a corporation under the Bank's control, with a Bank office holder, or with a "material holder" who has nominated me as a candidate to serve as director with the Bank, even if such relations, as aforesaid, are not permanent, and I did not receive nor do I currently receive any consideration contrary to Section 244(b) of the Companies Law.

No

Please specify: The Bank's Audit Committee has confirmed that circumstances that may raise a concern regarding my alleged affiliations that do not constitute an affiliation pursuant to Section 11E(b) to the Banking Ordinance and subject to the position of the Banking Supervision Department and Section 240 to the Companies Law, or, alternatively, constitute, at most, negligible connections in accordance with the Banking Ordinance and/or the Negligible Affiliation Regulations. A summary of the Audit Committee's decisions is detailed in the General Meeting summons.

- 8.4 A director who was nominated by the Committee for the Appointment of Directors under Section 11D(a)(1) to the Banking Ordinance (hereinafter – the “Committee”) hereby adds and states that:

8.4.1 As of the appointment date, I have no affiliation with a Committee member;

8.4.2 I am not a minister, deputy minister or member of the Knesset, nor do I have a personal, business or political affiliation with a minister or deputy minister or government employee or an employee of a statutory corporation;



- 8.4.3 I have not been convicted of an offense which due to its nature, severity or circumstances renders me unfit to serve in the position, and no indictment for such an offense is pending against me.

Please provide specifics, as necessary:

There is no affiliation or association in accordance with the above sections, and I was not convicted of any offense and no indictment is outstanding against me.

For the purpose of section 8 above:

**"Close association"** – A relationship between a person and his/her relative, partner, employer, to whom he/she is directly or indirectly subordinate, and a corporation in which he/she is the controlling shareholder;

**"Affiliation"**- employment relationship, regular business or professional relations, with the exception of negligible relations, as well as service as office holder; however, retail business relations between the corporation and a customer shall not be deemed an affiliation.

**"Material holder"**- A person who holds more than two and a half percent of a certain type of means of control in the banking corporation, a person who controls such holder, a person controlled by any of them, a member of a body of holders as defined by Section 11D(a)(3)(b), whoever controls such a member or a body of holders, and whoever is controlled by any of them. For a list of the Bank's material holders, please see the Bank's website at [www.leumi.co.il](http://www.leumi.co.il).

**"Office holder"**– As defined in the Companies Law, and any other employee reporting to them directly.

9. I do not serve as a director in any other company (hereinafter – the "Other Company") in which one of the Bank's directors serves as an External Director.
10. If, during the course of my service as an External Director or ED in the Bank, it transpires that I am prevented by law from serving as an office holder in the Other Company, I will resign from my position in the Other Company so that I will be able to continue serving as an External Director or ED in the Bank.
11. I am not an employee of the Israel Securities Authority or of the Stock Exchange in Israel.
12. To the best of my knowledge I meet the conditions for qualifying as an Independent Director<sup>7</sup>.  
Yes / No [delete the irrelevant information].
13. I hereby declare that there is no impediment or restriction whatsoever to my appointment as an External Director or ED with the Bank, including, among other things, pursuant to the provisions of the Companies Law, Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981, and/or under any law, including, among other things, due to serving in other corporations.

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<sup>7</sup> "Independent Director" – An External Director or an individual who serves as a director and meets the following conditions: (1) he meets the eligibility conditions for appointment as an External Director set in Section 240 (b) through (f) of the Companies Law and the Audit Committee has confirmed this; (2) he has not served as a director of the Bank for more than nine consecutive years (Companies Law, Section 1).



14. The Bank has provided me with all the information regarding the compensation of directors as practiced by the Bank and I agree to it.
15. If, and to the extent, that a change in the aforesaid will occur, including if I no longer meet conditions required by law to serve as an External Director or ED in the Bank, I hereby undertake to inform the Bank Secretariat immediately.
16. I am aware that if I no longer meet any of the conditions required for service as an External Director or ED in the Bank, my service will end on the date of such notice.
17. This is my name, my signature and all of the above is true.

Date: April 28 2022 Signature of declarant: [Signature]

Confirmation:

I, the undersigned, Adv. David Cohen, hereby confirm that Dan Laluz, whom I know personally/who identified himself/herself to me with his/her ID card No. 022183321, after I cautioned him/her that he/she must declare the truth and that he/she will be subject to penalties prescribed by law if he/she does not do so, confirmed his/her above declaration, and signed it in my presence.

Date: April 28 2022 Name and Signature of attorney: [Seal and signature]  
David Cohen Adv.  
License No. 14031





**Conditions for Service as a Director in a Bank Without a Controlling Core**

Sections 11E(b)–(e) of the Banking Ordinance

(b)

(1) In a banking corporation without a controlling core, no person shall be appointed nor serve as director if one of the following is met:

(a) He or his relative holds means of control of any kind in the banking corporation, in a corporation controlled by the banking corporation or in a material holder other than the holding of marketable shares at a rate not exceeding one quarter of one percent of the issued and paid up share capital of any of the above.

(b) A person who in the two years preceding the date of the appointment or from the date of the appointment and thereafter, has, or a person to whom he is closely associated has, an affiliation to the banking corporation or a corporation controlled by the banking corporation, an office holder of the banking corporation or a material holder, and whoever, from the date of the appointment and thereafter has an affiliation to a relative of an office holder of the banking corporation, a relative of a material holder or a partner of a material holder; for this purpose, service as director in a banking corporation without a controlling core by a candidate for re-election as aforesaid shall not be deemed an affiliation.

(2) Without derogating from the provisions of Section (1)(b), an individual may not serve as a director if he, or a person with whom he has a close association has business or professional relations with the banking corporation or with a corporation controlled by the banking corporation, with an office holder of the banking corporation, or with a material holder who nominated that candidate to serve as a director, even if such relations are not regular, except for negligible relations;

(3) Without derogating from the provisions of Sections (1) and (2), a director who was nominated by the Committee under Section 11D(a)(1) shall not be appointed and shall not serve if any of the following applies to him:

(a) He has an affiliation to a member of the Committee at the time of the appointment;

(b) The provisions of Section 36B(b)(3) of the Banking (Licensing) Law apply to him;

(c) He was convicted of an offense which due to its nature, severity or circumstances renders him unfit to serve in the position, and there is an indictment pending against him for such an offense;

(d) The provisions of Section 240(c) of the Companies Law apply to him;

(4) A director who was nominated by the Committee under Section 11D(a)(1) shall have the professional qualifications or possess accounting and financial expertise, pursuant to the provisions of Section 240(a1) of the Companies Law.

(c) Notwithstanding the provisions of subsection (b), a director serving in a banking corporation on the eve of its becoming a banking corporation without a controlling core may continue to serve until the end of his term in office even if the conditions prescribed in the said subsection do not apply to him, but no more than three years from the date on which the banking corporation became a banking corporation without a controlling core, whichever is earlier.





- (c1) The Banking Supervision Department may approve the appointment or service as a director of a person who, in the two years preceding the date of appointment or from the date of appointment and thereafter, had or a person with whom he is closely associated had an affiliation to a material holder, relative of a material holder or a partner of a material holder, even if this affiliation is not negligible, if the Banking Supervision Department finds that, under the circumstances, this affiliation does not give rise to a concern of conflict of interest in such office.
- (d) The provisions of this section shall prevail over any contradictory provision of the law.
- (e) In this section –

“General Meeting” “Special Meeting” and “Annual Meeting” – as defined in the Companies Law;

“Close association” – as defined in section 36B(a) of the Banking Law (Licensing);

“Affiliation” – employment relationship, regular business or professional relations – with the exception of negligible relations, as well as service as office holder; however, retail business relations between a corporation and a customer shall not be deemed an affiliation.

“Material holder” – a party holding more than two and one half percent of a particular type of means of control in the banking corporation; a party controlling such a holder, or controlled by any of them; a member of a body of holders as defined in Section 11D(a)(3)(b), a party who controls a member of such a body of holders, and a party controlled by any of them.



## ***Dan Laluz***

Cellphone: 054-7655050

email: **Error! Hyperlink reference not valid.**

Address: 48 Levi Eshkol St., Tel Aviv

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- ✓ More than 25 years of senior management experience in companies in the Israeli capital market, in positions of Chairman of the Board of Directors, CEO, Chief Investment Officer, Public Director.
  - ✓ Leadership skills and proven ability to successfully lead processes of profound organizational change
  - ✓ Management capabilities for dominance and growth by motivating managers and workers alike and mobilizing them to engage in processes
- 

### **Membership of boards of directors:**

- Max Credit Cards (formerly Leumi Card Ltd.) – Chairman of the Audit and Compensation Committee, member of the Balance Sheet and Risk Management Committee - a director since 2014.
- Intelicanna Ltd. – Member of the Audit Committee and Balance Sheet Committee (April 2022).
- Edgar Investments Ltd. – ED (External Director), Chairman of the Audit and Compensation Committee, a member of the Balance Sheet Committee, a director since 2014.

### **Completed directorships:**



Maytronics Ltd., Anglo Saxon Ltd., Ramat Aviv Mall, Plastro Irrigation Ltd. Club 365 (Hamashbir Latzarchan), Kahal - Workers Study Fund, Latet NGO, Migdal Capital Markets (1965) Ltd., Dash Securities and Investments Ltd.

### **2006-2010**

**Chairman and CEO of Migdal Capital Markets Ltd.** An investment house owned (50%) by Migdal Insurance, and the US investment house Bear Sterns (50%).

Brought into this position in order to manage the company according to the rules and expectations of the US shareholders, the Bear Stearns investment house, and following the Bachar Committee's examination of the Israeli banking system and its ramifications on the capital market, an extremely complex and in-depth process due to the intense cultural differences between Migdal Capital Markets (formerly the Central Securities Company) and the US, Wall Street based investment house.

This process was completed after substantial changes were made in the personnel, working procedures and the business culture, and it was deemed a great success, much to the satisfaction of the shareholders.

During this process, three extremely large acquisitions were carried out amounting to an overall sum of beyond NIS 650 million. The acquisition of the Dikla Mutual Funds from the First International Bank of Israeli (FIBI), Afikim Mutual Funds - a privately-held company and the Kahal Study Fund from Bank Leumi and Israel Discount Bank. Migdal Capital Markets was transformed from a 50-strong company to a company with 330 employees, and from total managed assets of NIS 6 billion to a sum of NIS 35 billion. The change generated was dramatic and mainly took the form of issues that were not characterized by a high degree of visibility. Attaining a strong capability to produce daily financial and profitability statements, upgrading and replacing the entire IT setup in the company, construction of the Migdal Capital Markets building on Saadia Gaon St. in Tel Aviv, reorganization of working procedures and processes at all levels throughout the company, to the point of the company being singled out as a positive example and role model for the Israel Money Laundering and Terror Financing Prohibition Authority.



## ***2004-2005***

### **Chairman of the Board of Directors of Dash Securities & Investments Ltd.,**

brought into this position by the Berger Group and with the aim of completing the merger between Berger Capital Markets and Dash Securities & Investments, and also to push the company forward towards substantial growth. A change of control carried out by the National Labor Federation put an end to this tenure.

## ***1999-2002***

**Deputy CEO, senior management member,** and Head of the Investments Branch of the Migdal Insurance Group.

Recruited for this position by the Migdal CEO, who was seeking to effect a profound change in the field of investment management following a history of extremely mediocre results in the years preceding this appointment.

A new Investments Branch was built, with all that such an effort involved, the workforce grew from 12 to 50 employees, the Investments Branch was transformed into an extremely significant unit within Migdal, producing outstanding results.

Total managed assets – NIS 60 billion in assets, provident funds, pensions, life insurance, nostro funds on all the main investment channels: securities in Israel, securities abroad, investment funds, mortgages for the general public, income-generating real estate, entrepreneurial real estate, corporate credit, derivatives, etc.

Prominent transactions:

- ✓ In 2001, led the acquisition of the Central Securities Company that subsequently changed its name to Migdal Capital Markets, appointed Chairman of the company and member of the Board of Directors committee on the Tel Aviv Stock Exchange (TASE).
- ✓ In 2000, led the sale of two public companies owned by Migdal, Elran and Elgar – extremely complex transactions that were successfully completed for Migdal.
- ✓ During this tenure, for the first time Migdal entered as a developer into a project to construct a luxury high-rise office block in Tel Aviv, the Museum Tower, a transaction effected, built and completed by Migdal's Investments Branch, and at



the time of its completion (2005), it was considered to be the best and most exclusive office block in Tel Aviv.

### ***1994-1999***

Manager of planholders' investment funds in the Clal Insurance Group. (Pension, provident funds, life insurance schemes, participating policies)

Management of all the investment channels amounting to a total sum of NIS 25 billion: securities in Israel and abroad, mortgages, leading the way into the field of investments in income-generating real estate as an institutional entity, leading the way into the field of ETF investments and investments in foreign securities (which until that point in time had been prohibited for institutional investors), leading the way into the field of investment in private investment funds.

Team building, 20 investment managers, analysts and traders, and formulating the processes, reaching a prominent and leading position in the institutional funds management in Israel at that time. Attaining outstanding returns and results for the institutional funds sector in the insurance companies, and leading it year after year. 1994-1998.

Key efforts:

- ✓ Establishment of Canaf – Clal Financial Management – the planholders' funds management firm under the Clal Insurance Group.
- ✓ Pioneering the way forward as an institutional entity in ETF investments, investments in foreign securities, investment funds.
- ✓ Leading the way into the field of investment as an institutional entity in income-generating real estate – acquisition of 8 floors in the Beit Rubinstein landmark skyscraper in Tel Aviv, 6 floors in the Sha'ar Ha'ir building in Ramat Gan.
- ✓ Effecting a change in the field of acquisition and trading in securities – by separating the trading entity (brokerage) from the entity holding and safekeeping the security (custodian) – a personally led effort involving conducting the



dialogue with the Department for Supervision over the Stock Exchange and Trading Platforms, the TASE and the large banks.

### ***1993-1994***

Head of Marketing and Sales at Batucha Securities, **Tel Aviv Branch.**

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### ***Academic education***

**A BA cum laude in Economics, Tel Aviv University.**

**MBA, MABA (Self Management Spaces) program for managers - Tel Aviv University.**

### ***Military service***

**1984-1991 – Combat helicopter pilot, rank of major (res.), holder of citation awarded by the Israel Air Force Commander.**

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## **Appendix B**

### **Statement of a Candidate for Service as an External Director Pursuant to Proper Conduct of Banking Business Directive No. 301 or an External Director Pursuant to the Companies Law in Bank Leumi of Israel Ltd.**

I the undersigned, Mr. Zvi Naggan, ID Number 055486872, of 27 Nehar Ha'Yarden St, Kiryat Ono, hereby provide the following statement as a candidate for the office of an external director as defined in Proper Conduct of Banking Business Directive No. 301 (hereinafter – “**External Director**”) or as an external director as defined in the Companies Law, 1999 (hereinafter – the “**Companies Law**”, “**ED**”), who also meets the eligibility criteria of an External Director at Bank Leumi of Israel Ltd. (hereinafter – “the **Bank**”), having been cautioned that I must state the truth and that I will be subject to penalties prescribed by law if I fail to do so, as set out below:

#### **1. Personal details**

- 1.1 Name: Zvi Naggan
- 1.2 Identification Number: 05548672
- 1.3 Date of Birth: September 17 1958
- 1.4 Address for service of court papers: 27 Nehar Ha'Yarden St, Kiryat Ono
- 1.5 Nationality: Israeli
- 1.6 Residency: Israeli
- 1.7 Is the candidate a relative of another interested party<sup>1</sup> in the Bank (and if s/he is – please provide details): No

2. I am not an employee of the Bank, any of its subsidiaries, related companies or of an interested party thereof; (if I am such an employee – the position or positions that I hold are):

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#### **3. Eligibility**

I possess the qualifications required to serve as a director in the Bank and in particular, possess the education, knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, financing, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or any other area approved by the Banking Supervision Department, and I am able to dedicate the amount of time required to fulfill my role as a director of the Bank, taking into account the scope of the Bank's activity and its size.

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<sup>1</sup> **An interested party**- whoever holds 5% or more of the issued share capital of the corporation or voting rights therein, whoever is entitled to appoint one or more of the corporation's directors or its CEO, whoever serves as a director of the corporation or as its CEO, or a corporation in which such person holds 25% or more of its issued share capital or voting rights or is entitled to appoint 25% or more of its directors. For the purpose of this paragraph, a manager of a Fund for Joint Investments in Trust shall be deemed as the holder of the securities included in the fund's assets. If a person holds securities through a trustee, the trustee shall also be deemed to hold the said securities. For this purpose, "trustee" – will not include a nominee company and a party who held the securities only in its capacity as a trustee for an arrangement, as defined in Section 46(A)(2)(f) of the Securities Law, 1968, or a trustee for the allocation of shares to employees, as defined in Section 102 of the Income Tax Ordinance. Furthermore, a subsidiary of a corporation, other than a nominee company, shall also be deemed as an interested party.



My said qualifications are as follows:<sup>2</sup> (*education, qualifications, experience*):

Education

Academic degree/certificate	Major subject/field	Name of academic institution
B.Sc.	Industrial and Management Engineering	Technion
MBA	Information Systems	Tel Aviv University
MA	Cyber Politics & Government	Tel Aviv University
No degree	Advanced Executive Program	Kellogg, Northwestern
No degree	Directors course	Israeli Center of Management

Professional certificates

Academic degrees as described

- 3.1 Describe main occupations during the past five years, and specify the corporations in which you serve as a director (please specify the number of years of service in each position).<sup>3</sup>

**Director at Govnyte since February 2021**

**Partner in a venture capital fund since December 2015 through November 2019**

- 3.2 In view of my education, experience and past and present employment and skills, I am professionally eligible, as defined below, based on the aforementioned, all on the basis of what is described above. (Note – the assessment of whether a candidate is professionally eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed above, relevant to my education and experience, which indicate that I meet the conditions and tests for being professionally eligible:

**I served as a member of a bank's management. I have a B.Sc. in Industrial and Management Engineering, MBA (specializing in Information Systems), and managerial experience of over 20 years during which I served as a member of management and CEO in large international companies and complex organizations. Experience as a director in a publicly-traded company. Experience in investments, extensive knowledge in the field of finances, IT and cyber.**

Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.

<sup>2</sup> The candidate must attach a CV to this Appendix which must include, at the very least, the details of the candidate's education and employment during the past five years, as required.

<sup>3</sup> The candidate must attach a CV to this Appendix which must include, at the very least, a specification of the candidate's education and employment during the past five years, as required.





- 3.3 In view of my education, experience and past and present employment and skills, I possess accounting and financial expertise, as defined below, all on the basis of what is described above. (Note – the assessment of whether a candidate has an accounting and financial expertise will be made by the Board of Directors). Set forth below are further details in addition to those listed above relevant to my education and experience, which indicate that I meet the conditions and tests for having such expertise:
- 
- 

Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.

For the purpose of this section:

**“Professional qualification”** - an academic degree as required under one of the conditions listed in paragraphs (1) or (2) below, and experience required under paragraph (3) below:

(1) An academic degree in one of the following subjects: economics, business administration, accounting, law and/or public administration; (2) Other academic degree or completion of other higher education studies, in an area which is relevant to the Bank's business or to the position; (3) at least five years of experience in one of the following, or accumulated experience of at least five years in two or more of the following: (a) senior position in the business management of a corporation with a substantial scope of business; or (b) senior public office or a senior position in the public service; or (c) senior banking position.

**“Director with accounting and financial expertise”** - is a person who, in the opinion of the Board of Directors, meets the following conditions: a director who by virtue of his/her education, experience and qualifications, possesses a high level of proficiency and understanding of business-accounting issues and financial statements, such that he or she has in-depth understanding of the Bank's financial statements and is able to raise issues relating to the manner in which financial data are presented therein. When assessing the accounting and financial skills of the candidate, the Board of Directors' considerations will include, among other things, the candidate's education, experience and knowledge in the following areas: (1) accounting issues and accounting control issues typical of the banking sector and to companies of the size and complexity of the Bank; (2) the functions and duties of the independent auditor; (3) financial statements preparation and approval processes under the Securities Law, 1968, and the Companies Law.

- 3.4 A director who, in his/her opinion, does not possess accounting and financial expertise is required to state whether he/she is able to read and understand financial statements –**Yes**.

- 3.5 In view of my education, experience, past and present employment and my skills as described above, to the best of my knowledge, I possess "banking experience"<sup>4</sup>–**Yes**.

4. During the past five years, I have not been convicted in a final judgment of an offense set forth in Section 226 of the Companies Law.

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<sup>4</sup> As required pursuant to Proper Conduct of Banking Business Directive No. 301.



- 4.1. Offences under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 to the Penal Law, 1977 and under Sections 52c, 52d, 53(A) and 54 to the Securities Law.
- 4.2. Conviction in a court of law outside of Israel on offenses of bribery, fraud, corporate manager offenses or offenses involving the use of inside information.
- 4.3. Conviction in another offense which the court determined that due to its nature, severity or circumstances, I am not fit to serve as director in a public company. There is no pending indictment against me on such an offense.
5. I have not been charged by the Administrative Enforcement Committee<sup>5</sup> with enforcement measures prohibiting me from serving as director in a public company.
6. I am not a minor, I am not legally incompetent to stand trial, nor have I been declared bankrupt.<sup>6</sup>
7. My other duties or occupations do not create or might create a conflict of interest with my position as director with the Bank, nor do they impair my ability to serve as a director with the Bank.
8. All the conditions for my serving as director in a banking corporation without a controlling core have been met pursuant to the provisions of the Banking Ordinance, including:
  - 8.1. I or my relatives do not hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "material holder", other than holding marketable shares at a percentage of no more than one quarter of one percent of the issued and paid up share capital of any of them

**No**

Please specify:

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8.2

- 8.2.1 In the two years preceding the date of the appointment or from the date of the appointment and thereafter, I, or a person who is in "close association" with me have had affiliation with the Bank or with a corporation under the Bank's control, with an office holder of the Bank or with a "material holder" [it is clarified that having served as director with the Bank and being a candidate for re-election as aforesaid does not constitute affiliation].

**No**

Please specify: **The Bank's Audit Committee has confirmed that circumstances that may raise a concern regarding my alleged affiliations**

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<sup>5</sup> A committee appointed under Section 52lb(a) to the Securities Law, 1968.

<sup>6</sup> As long as I have not been dismissed.



**that do not constitute an affiliation pursuant to Section 11E(b) to the Banking Ordinance and subject to the position of the Banking Supervision Department and Section 240 to the Companies Law, or, alternatively, constitute, at most, negligible connections in accordance with the Banking Ordinance and/or the Negligible Affiliation Regulations. A summary of the Audit Committee's decisions is detailed in the General Meeting summons.**

- 8.2.2 From the date of appointment and thereafter, I have an affiliation with a relative of a Bank office holder, a relative of a "material holder" or to a partner of a "material holder"; it is clarified that having served as director at the Bank and being a candidate for re-election as aforesaid does not constitute affiliation.

**No**

Please specify:

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- 8.3 I or anyone in "close association" with me, have business or professional relations with the Bank or with a corporation under the Bank's control, with a Bank office holder, or with a "material holder" who has nominated me as a candidate to serve as director with the Bank, even if such relations, as aforesaid, are not permanent, and I did not receive nor do I currently receive any consideration contrary to Section 244(b) of the Companies Law.

**No**

Please specify: **The Bank's Audit Committee has confirmed that circumstances that may raise a concern regarding my alleged affiliations that do not constitute an affiliation pursuant to Section 11E(b) to the Banking Ordinance and subject to the position of the Banking Supervision Department and Section 240 to the Companies Law, or, alternatively, constitute, at most, negligible connections in accordance with the Banking Ordinance and/or the Negligible Affiliation Regulations. A summary of the Audit Committee's decisions is detailed in the General Meeting summons.**

- 8.4 A director who was nominated by the Committee for the Appointment of Directors under Section 11D(a)(1) to the Banking Ordinance (hereinafter – the “**Committee**”) hereby adds and states that:

8.4.1 As of the appointment date, I have no affiliation with a Committee member;

8.4.2 I am not a minister, deputy minister or member of the Knesset, nor do I have a personal, business or political affiliation with a minister or deputy minister or government employee or an employee of a statutory corporation;

8.4.3 I have not been convicted of an offense which due to its nature, severity or circumstances renders me unfit to serve in the position, and no indictment for such an offense is pending against me.

Please provide specifics, as necessary:



---

For the purpose of section 8 above:

**“Close association”** – A relationship between a person and his/her relative, partner, employer, to whom he/she is directly or indirectly subordinate, and a corporation in which he/she is the controlling shareholder;

**"Affiliation"**- employment relationship, regular business or professional relations, with the exception of negligible relations, as well as service as office holder; however, retail business relations between the corporation and a customer shall not be deemed an affiliation.

**"Material holder"**- A person who holds more than two and a half percent of a certain type of means of control in the banking corporation, a person who controls such holder, a person controlled by any of them, a member of a body of holders as defined by Section 11D(a)(3)(b), whoever controls such a member or a body of holders, and whoever is controlled by any of them. For a list of the Bank's material holders, please see the Bank's website at [www.leumi.co.il](http://www.leumi.co.il).

**"Office holder"**– As defined in the Companies Law, and any other employee reporting to them directly.

9. I do not serve as a director in any other company (hereinafter – the “Other Company”) in which one of the Bank's directors serves as an External Director.
10. If, during the course of my service as an External Director or ED in the Bank, it transpires that I am prevented by law from serving as an office holder in the Other Company, I will resign from my position in the Other Company so that I will be able to continue serving as an External Director or ED in the Bank.
11. I am not an employee of the Israel Securities Authority or of the Stock Exchange in Israel.
12. To the best of my knowledge I meet the conditions for qualifying as an Independent Director<sup>7</sup>.  
**Yes.**
13. I hereby declare that there is no impediment or restriction whatsoever to my appointment as an External Director or ED with the Bank, including, among other things, pursuant to the provisions of the Companies Law, Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981, and/or under any law, including, among other things, due to serving in other corporations.
14. The Bank has provided me with all the information regarding the compensation of directors as practiced by the Bank and I agree to it.
15. If, and to the extent, that a change in the aforesaid will occur, including if I no longer meet conditions required by law to serve as an External Director or ED in the Bank, I hereby undertake to inform the Bank Secretariat immediately.

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<sup>7</sup> “Independent Director” – An External Director or an individual who serves as a director and meets the following conditions: (1) he meets the eligibility conditions for appointment as an External Director set in Section 240 (b) through (f) of the Companies Law and the Audit Committee has confirmed this; (2) he has not served as a director of the Bank for more than nine consecutive years (Companies Law, Section 1).



16. I am aware that if I no longer meet any of the conditions required for service as an External Director or ED in the Bank, my service will end on the date of such notice.

17. This is my name, my signature and all of the above is true.

Date: June 27 2022 Signature of declarant: [Signature]

Confirmation:

I, the undersigned, Adv. Ran Felder, hereby confirm that Zvi Naggan, whom I know personally/who identified himself/herself to me with his/her ID card No. 055486872, after I cautioned him/her that he/she must declare the truth and that he/she will be subject to penalties prescribed by law if he/she does not do so, confirmed his/her above declaration, and signed it in my presence.

Date: June 27 2022 Name and Signature of attorney: [Seal and signature]

Ran Felder Adv.

License No. 63922



**Conditions for Service as a Director in a Bank Without a Controlling Core**

Sections 11E(b)–(e) of the Banking Ordinance

(b)

(1) In a banking corporation without a controlling core, no person shall be appointed nor serve as director if one of the following is met:

(a) He or his relative holds means of control of any kind in the banking corporation, in a corporation controlled by the banking corporation or in a material holder other than the holding of marketable shares at a rate not exceeding one quarter of one percent of the issued and paid up share capital of any of the above.

(b) A person who in the two years preceding the date of the appointment or from the date of the appointment and thereafter, has, or a person to whom he is closely associated has, an affiliation to the banking corporation or a corporation controlled by the banking corporation, an office holder of the banking corporation or a material holder, and whoever, from the date of the appointment and thereafter has an affiliation to a relative of an office holder of the banking corporation, a relative of a material holder or a partner of a material holder; for this purpose, service as director in a banking corporation without a controlling core by a candidate for re-election as aforesaid shall not be deemed an affiliation.

(2) Without derogating from the provisions of Section (1)(b), an individual may not serve as a director if he, or a person with whom he has a close association has business or professional relations with the banking corporation or with a corporation controlled by the banking corporation, with an office holder of the banking corporation, or with a material holder who nominated that candidate to serve as a director, even if such relations are not regular, except for negligible relations;

(3) Without derogating from the provisions of Sections (1) and (2), a director who was nominated by the Committee under Section 11D(a)(1) shall not be appointed and shall not serve if any of the following applies to him:

(a) He has an affiliation to a member of the Committee at the time of the appointment;

(b) The provisions of Section 36B(b)(3) of the Banking (Licensing) Law apply to him;

(c) He was convicted of an offense which due to its nature, severity or circumstances renders him unfit to serve in the position, and there is an indictment pending against him for such an offense;

(d) The provisions of Section 240(c) of the Companies Law apply to him;

(4) A director who was nominated by the Committee under Section 11D(a)(1) shall have the professional qualifications or possess accounting and financial expertise, pursuant to the provisions of Section 240(a1) of the Companies Law.

(c) Notwithstanding the provisions of subsection (b), a director serving in a banking corporation on the eve of its becoming a banking corporation without a controlling core may continue to serve until the end of his term in office even if the conditions prescribed in the said subsection do not apply to him, but no more than three years from the date on which the banking corporation became a banking corporation without a controlling core, whichever is earlier.



(c1) The Banking Supervision Department may approve the appointment or service as a director of a person who, in the two years preceding the date of appointment or from the date of appointment and thereafter, had or a person with whom he is closely associated had an affiliation to a material holder, relative of a material holder or a partner of a material holder, even if this affiliation is not negligible, if the Banking Supervision Department finds that, under the circumstances, this affiliation does not give rise to a concern of conflict of interest in such office.

(d) The provisions of this section shall prevail over any contradictory provision of the law.

(e) In this section –

“General Meeting” “Special Meeting” and “Annual Meeting” – as defined in the Companies Law;

“Close association” – as defined in section 36B(a) of the Banking Law (Licensing);

“Affiliation” – employment relationship, regular business or professional relations – with the exception of negligible relations, as well as service as office holder; however, retail business relations between a corporation and a customer shall not be deemed an affiliation.

“Material holder” – a party holding more than two and one half percent of a particular type of means of control in the banking corporation; a party controlling such a holder, or controlled by any of them; a member of a body of holders as defined in Section 11D(a)(3)(b), a party who controls a member of such a body of holders, and a party controlled by any of them.



## Zvika Naggan

GENERAL	Broad experience and extensive knowhow in banking, financial, IT industries and cyber. A record of senior management positions in large and complex organizations, in some of the largest multinational corporations in the Israeli economy. Considerable experience in investments in tech companies.
PROFESSIONAL EXPERIENCE	<p><u>2015-2019 Red Dot Capital Partners (Venture capital fund)</u></p> <p><i>Managing partner in venture capital fund</i></p> <p>The fund invested USD 150 million in startups. Four successful exits including three unicorns –</p> <p>Global E, Armis, Claroty</p> <p><u>2015 Team 8 (An incubator for cyber security companies)</u></p> <p><i>Executive Director</i></p> <p>Establishment of cyber startups along with work as a senior manager on cyber projects with customers.</p> <p><u>2011-2014 Bank Hapoalim (TASE: POLI)</u></p> <p><i>Deputy CEO and Head of the Technology &amp; IT Division</i></p> <p>Leading the Technology and IT Division. The Division comprises some 1500 workers with an annual budget of USD 350 million. The Division provides services and products for banking and business enterprises to two million customers via a variety of direct and indirect channels. Direct responsibility for the IT activity in the bank's branches abroad. The position involved routine, ongoing work with the Board of Directors, the Bank of Israel and the law enforcement authorities on cyber and IT-related issues. In charge of ensuring the bank's operation during an emergency.</p> <p><u>2005-2010 Amdocs (NASDAQ: DOX)</u></p> <p><i>President of the Products Division, a member of the company management</i></p> <p>Amdocs leads the software and IT services market for the telecom market with sales exceeding USD 4 billion and more than 25,000 employees. Led all the product divisions in the company, an organization comprising 3,500 people globally and a budget of USD 400 million.</p>





	<p><u>2003-2005 Cimatron (NASDAQ: CIMT)</u> <i>President and CEO of CAD software company</i></p> <p><u>1992-2002 Comverse (NASDAQ: CMVT)</u> <i>Member of company management, President of the Intelligent Network Division.</i></p>
EXPERIENCE AS A MEMBER OF THE COMPANY'S BOARD OF DIRECTORS.	<p>2021 - Present <b>COGNYTE</b> – A cyber and intelligence software company.</p> <p>2019 - 2016 <b>GLOBAL E</b> -A company providing an online trading platform.</p> <p>2016 - 2018 <b>CLAROTY</b> – A cyber security company for infrastructure management.</p> <p>2016 - 2019 <b>CELENO</b> – A Wi-Fi chipsets company.</p> <p>2015 -2017 <b>Migdal Mutual Funds</b> – ED (External Director), Chairman of the Audit Committee, member of the Investments Committee.</p> <p>2015 - 2015 <b>Migdal Stock Exchange Services</b> – ED and member of the Audit Committee.</p>
INVESTMENT EXPERIENCE	<p><b>Bank Hapoalim</b> –Member of the bank's Nostro Investment Committee.</p> <p><b>Migdal Mutual Funds</b> – Member of the Investments Committee.</p> <p><b>Red Dot Capital Partners</b> –Member of the fund's Investments Committee.</p>
EDUCATION	<p>2020-2021 <b>Tel Aviv University</b> – <b>MA</b> in Cyber, Politics &amp; Government.</p> <p>1984-1986 <b>Tel Aviv University</b> – Recanati Faculty of Management, <b>MBA</b> in Information Systems</p> <p>1977-1981 <b>The Technion – Israel Institute of Technology</b>, B.Sc. in Industrial Engineering.</p>
SENIOR COURSES	<p>2002 - <b>Northwestern University</b> – Kellogg School of Management – Advanced Executive Program.</p> <p>2014 – <b>Hamil</b> – Israeli Management Center – Directors' Course.</p>

## Appendix C

### Statement of a Candidate for the Office of Director (who is not an External Director or ED) at Bank Leumi le-Israel B.M.

I, the undersigned, Esther Eldan, bearer of Identity Card No. 067515759, of 15 Vormaiza St., Tel Aviv

hereby provide this statement as a candidate for the office of director in Bank Leumi le-Israel B.M. (hereinafter - the "**Bank**"), after I have been warned that I am required to state the truth, and that I shall be subject to the penalties prescribed by law if I fail to do so, as detailed below:

#### 1. Personal information

Name: Esther Eldan

ID number: 067515759

Date of birth: July 14, 1954

Address for service of process: 15 Vormaiza St., Tel Aviv

Citizenship: Israel

Residence: Israel

Is he/she a relative of another interested party<sup>1</sup> in the Bank (if yes - please specify): No

2. I am / ~~I am not~~ an employee of the Bank, of a subsidiary thereof, of an affiliated company thereof or of an interested party thereof (if yes – specify the position/s filled by the candidate):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

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<sup>1</sup> **Interested party** – whoever holds 5% or more of the issued share capital of the corporation or of the voting power therein, whoever is entitled to appoint one or more directors of the corporation or its general manager, whoever serves as a director of the corporation or as its general manager or a corporation in which such a person holds 25% or more of its issued share capital or voting rights, or may appoint 25% or more of its directors. For the purpose of this paragraph, a mutual fund manager shall be considered as the holder of securities included in the fund's assets. If a person holds securities through a trustee, the trustee shall also be deemed to hold the said securities. For this purpose, "trustee" - excluding a nominee company and excluding a person who has held securities only by virtue of his position as trustee for an arrangement as defined in Section 46(a)(2)(f) of the Securities Law, 1968, or as trustee for the allotment of shares to employees as defined in Section 102 of the Income Tax Ordinance. In addition, a subsidiary of a corporation other than a nominee company.

### 3. **Competency**

I possess the qualifications necessary to serve as director of the Bank and, specifically, possess the knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, finance, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or another area approved by the Banking Supervision Department and I have the time required to fulfill my functions as director of the Bank, taking into consideration, among other things, the scope of activity and size of the Bank.

My qualifications are as follows:<sup>2</sup> *[education, training, experience]*

#### 3.1 **Education:**

<b>Degree / academic certificate</b>	<b>My profession / primary field</b>	<b>Name of the academic institution</b>
Undergraduate degree	Mathematics and social sciences	Haifa University
Diploma	Advanced international management	Harvard University

#### 3.2 **Professional certifications: **certified public accountant****

#### 3.3 Specification of the main occupations during the **past five years**, detailing the corporations in which the candidate serves as director (please specify the number of years of service in each position):<sup>3</sup>

CEO of Gadot Biochemical Industries Ltd., 2014-2018

Chairperson of Delek, Delek the Israel Fuel Corporation Ltd., 2016

CEO of Delek, Delek the Israel Fuel Corporation Ltd., 2016-2018

CEO of Egged Taavura Ltd., 2019-2020

CEO of the Tahal Group, 2020-2021

External Director at Tiv Taam Holdings 1 Ltd., 2010-2019

Director at Gadot Chemical Terminals Ltd., 2014-present

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<sup>2</sup> The candidate must attach to this appendix a CV which includes, at least, specification of their education and of their occupations in the past five years, as required.

<sup>3</sup> The candidate must attach to this appendix a CV which includes, at least, specification of their education and of their occupations in the past five years, as required.

- 3.4 In view of my education, experience, past and present employment and skills, **I possess** professional competency, as defined below, based on the aforementioned (note: the evaluation of the professional qualifications of a candidate to serve as director shall be made by the Board of Directors). Following is additional information to the Section 3.3 above regarding my education and experience, indicating that I have met the conditions and tests for my competency as aforesaid:

Holds a BA in accountant and a certified accountant.

Over 25 years of business management experience for corporations in different industries with substantial operations in Israel and overseas (energy, heavy industry, retail, infrastructures, and more.)

Documents and certificates supporting my above statement in this section have been provided to the Bank Secretariat.

- 3.5 In view of my education, experience, past and present employment and skills, **I possess** accounting and financial expertise, as defined below, based on the aforementioned (note: the evaluation of the accounting and financial expertise of a candidate to serve as director shall be made by the Board of Directors). Following is additional information to the aforementioned regarding my education and experience, indicating that I have met the conditions and tests for my expertise as aforesaid:

As an accountant, as the CEO of many companies, and previously as the CFO – many years of experience analyzing and preparing financial statements according to Israeli and international standards, work in cooperation with accountants in multiple companies, handling complex accounting issues, drafting and authorizing prospectuses, and conduct vis-à-vis the Israel Securities Authority.

In view of my education, experience, and qualifications, I am highly skillful and proficient in business and accounting issues and in financial statements, so that I can thoroughly understand the company's financial statements and initiate a debate on how the financial data are presented.

Documents and certificates supporting my above statement in this section have been provided to the Bank Secretariat.

- 3.6 In view of my education, experience, past and present employment, and skills, **I possess** "knowledge and proven experience in the information technology area"<sup>4</sup>, all based on the foregoing (note: the evaluation of a candidate to serve as director shall be made by the Board of Directors). Following is additional information to the aforementioned regarding my education and experience, indicating that I have the expertise as aforesaid:
- Establishing technology units at Haifa Chemicals Ltd., an international company with dozens of extensions worldwide.
- Establishing the technological function for Egged Taavura Ltd., to make the company technologically independent.
- Managing the technology function at Delek Israel – a large, decentralized, and strictly regulated technology function.

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<sup>4</sup> As required under Proper Conduct of Banking Business Directive No. 301.

Documents and certificates supporting my above statement in this section have been provided to the Bank Secretariat.

For the purposes of this section above:

**"Professional Competency"** - an academic degree as required in one of the terms and conditions stated in Paragraphs (1) or (2) below, as well as having experience as required in Paragraph (3) below:

(1) an academic degree in one of the following: economics, business administration, accounting, law and/or public administration; (2) another academic degree or has completed another form of higher education studies in the Bank's field of business or in an area which is relevant to his or her office; (3) at least five years of experience serving in two or more of the following: (a) a senior business management position in a corporation with a substantial scope of business; or (b) a senior public office of a senior position in the public sector; (c) a senior position in the field of banking.

**"Director with Accounting and Financial Expertise"** is a director who, in the opinion of the Board of Directors, has, by virtue of his or her education, experience and qualifications, a high level of proficiency in and understanding of business-accounting issues and financial statements, such that he or she is able to have in-depth understanding of the financial statements and hold a discussion as to the manner in which financial information is presented. When assessing accounting and financial expertise by the Board of Directors, the considerations shall include, among other things, the director's education, experience and knowledge on the following issues: (1) accounting issues and accounting control issues typical to the banking sector and to companies of the scale and complexity of the Bank; (2) the roles and duties of the independent auditor; (3) the process of preparing and approving financial statements in accordance with the Securities Law, 1968 and the Companies Law.

**"Experience in banking"**: one of the following – (a) anyone who has served at least 3 years in a "senior position" (a manager who reports directly to the CEO, and anyone reporting directly to a manager as stated above, including an internal auditor) in a bank or in a foreign bank, and who dealt with management or control of a core area or of a material risk of the banking corporation in which he/she serves as director; (b) Has served during a cumulative period of at least 5 years as an engagement partner at an auditing firm in charge of an audit of a banking corporation, including knowledge of setting up SOX processes (provided that the independence rules set in the provisions of any law have been met). (c) Has served as a director in a banking corporation during a cumulative period of at least 9 years or as Chairman of a board during a cumulative period of at least 3 years. A director who in his/her opinion does not have accounting and financial expertise is required to state whether he/she has the ability to read and understand financial statements - yes / no [delete the unnecessary].

- 3.7 In light of my education, experience, past and present employment, and my skills, as detailed above, to the best of my opinion, I have "banking experience"<sup>5</sup> - yes / ~~no~~ [delete the unnecessary].
4. I have not been convicted in the past five years in a final judgment of an offense set forth in Section 226 to the Companies Law:
- 4.1 Offenses under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 to the Penal Law, 1977 and under Sections 52c, 52d, 53 (a) and 54 to the Securities Law.
- 4.2 Conviction in a court of law outside Israel on offenses of bribery, fraud, corporate manager offenses or offenses involving the use of inside information.
- 4.3 Conviction in another offense which the court determined that due to its nature, severity or circumstances, I am not fit to serve as director in a publicly-traded company. There is no pending indictment against me on such an offense.
5. I have not been charged by the Administrative Enforcement Committee<sup>6</sup> with enforcement measures prohibiting me from serving as director in a publicly-traded company.
6. I am not a minor, I am not incompetent to stand trial and I have not been declared bankrupt.<sup>7</sup>
7. My other duties or occupations do not create or are likely to create a conflict of interest with my position as director with the Bank, nor do they impair my ability to serve as a director with the Bank
8. All the terms and conditions for my serving as director in a banking corporation without a controlling core have been met pursuant to the provisions of the Banking Ordinance, including:
- 8.1 Neither I nor my relatives, hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "substantial holder", other than holding marketable shares at a percentage of no more than one quarter of one percent of the issued and paid up share capital of any of them.
- ~~Yes~~/No [delete the unnecessary]  
Please specify:
- \_\_\_\_\_
- \_\_\_\_\_

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<sup>5</sup> As required under Proper Conduct of Banking Business Directive No. 301, and as set forth above in this document.

<sup>6</sup> A committee appointed under Section 521b(a) to the Securities Law, 1968.

<sup>7</sup> As long as I have not been dismissed.

8.2

8.2.1 In the two years preceding the date of the appointment or from the date of the appointment and thereafter, I, or a person who is in “close connection” with me have **had no** affiliation with the Bank or with a corporation under the Bank's control, with an officer of the Bank or with a "substantial holder" [it is clarified that having served as director at the Bank and being a candidate for re-election at this time does not constitute affiliation].

~~Yes~~/No [delete the unnecessary]

Elaborate: The Bank's audit committee confirmed that the circumstances that give rise to concerns of my apparent affiliations can be considered circumstances that do not constitute an affiliation under Section 11E(B) of the Banking Ordinance and subject to the Banking Supervision Department's position; and alternatively, that they comprise negligible connections at most, and so do not comprise an affiliation. A summary of the audit committee's decisions, as said, appears in the summons to the general meeting.

8.2.2 From the date of appointment and thereafter, I **have no** affiliation with a relative of a Bank officer, a relative of a "substantial holder" or to a partner of a "substantial holder"; it is clarified that having served as director at the Bank and being a candidate for re-election at this time does not constitute affiliation.

~~Yes~~/No [delete the unnecessary]

Please

specify:

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8.3 I, or an individual with whom I have a “close connection”, has a business or professional relationship with the Bank or a corporation under the Bank’s control, with an officer of the Bank or with a “substantial holder” who has put forward my candidacy as director in the Bank, even if such relationships are not routine relationships.

~~Yes~~/No [delete the unnecessary]

Please specify:

The Bank's audit committee confirmed that the circumstances giving rise to a concern of my apparent affiliations can be considered circumstances that do not constitute an affiliation under Section 11E(B) of the Banking Ordinance and subject to the Banking Supervision Department's position; and alternatively, that they comprise negligible connections at most, and so do not comprise an affiliation . A summary of the audit committee's decisions, as said, appears in the summons to the general meeting.

8.4 A director whose candidacy was proposed by the Committee for the Appointment of Directors under Section 11D(a)(1) to the Banking Ordinance (hereinafter - the “**Committee**”) hereby adds and states that:

- 8.4.1 As of the appointment date, I have no an affiliation with a Committee member;
- 8.4.2 I am not a minister, deputy minister or member of the Knesset, nor do I have a personal, business or political affiliation with a minister or deputy minister or government employee or an employee of a statutory corporation;
- 8.4.3 I have not been convicted of an offense which by its nature, severity or circumstances renders me unfit to serve in the position, and no indictment for such an offense is pending against me.

If relevant, please specify:

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For the purposes of Section 8 above:

**"Close connection"** – A relationship between a person and his/her relative, partner, employer, to whom he/she is directly or indirectly subordinate, and to the corporation in which he/she is the controlling shareholder;

**"Affiliation"** - The existence of regular working relations or the existence of professional or business relations, with the exception of negligible relations, as well as appointment as officer; however, retail business relations between the corporation and a customer shall not be considered an affiliation;

**"substantial holder"** - A person who holds more than two and a half percent of a certain type of means of control in a banking corporation, a person who controls such holder, a person controlled by any of them, a member of a group of holders as defined by Section 11D(a)(3)(b), whoever controls a member or a group of holders as aforesaid, and whoever is controlled by any of them. For a list of substantial holders of the Bank, please see the Bank's website at **Error! Hyperlink reference not valid..**

**"Officer"** – As defined by the Companies Law, and every other employee reporting to them directly.

9. I hereby state that there is no impediment or limitation whatsoever to my appointment as director in the Bank, including, among other things, under: Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981; and/or under any law, including, among other things, due to my serving in other corporations.
10. The Bank has provided me with all the information regarding the directors' salary at the Bank and I agree thereto.
11. If, and to the extent, that a change in the aforesaid will occur, including a condition required by law to serve as director in the Bank cease to be met, I hereby undertake to inform the Bank Secretariat thereof effective immediately.
12. This is my name, this is my signature, and all of the above is true.



Date: \_\_\_\_\_

Affiant's signature

**Affirmation**

I, Adv. Eyal Eldan hereby confirm that Esther Eldan, who is personally familiar to me/ who identified himself to me with his ID card No. 067515759, after I had warned him/her that he/she must state the truth and that Esther Eldan will be liable to the penalties prescribed by law if he/she does not, confirmed his/her above statement and signed it before me.

Date: \_\_\_\_\_ Name and signature of the lawyer: \_

\_\_\_\_\_

## **Terms of office as a director of a bank without a controlling core**

### **Sections 11E(b) - (e) to the Banking Ordinance**

(b)(1) In a banking corporation without a controlling core, the following persons shall not be appointed if he/she meets one of the following:

(a) He/she or a relative thereof holds any type of means of control in the banking corporation, in a corporation controlled by the banking corporation or in a substantial holder, excluding holding of marketable shares at a rate that does not exceed a quarter of a percent of the issued and paid up share capital of any of them;

(b) Anyone who, during the two years prior to the appointment date or as from the appointment date and thereafter, has an affiliation with the banking corporation or a corporation controlled by the banking corporation, has an association with an officer in the banking corporation or with a substantial holder, or anyone who is in a close relationship therewith, and anyone who as from the date of appointment and thereafter has an association with a relative of an officer in the banking corporation, a relative of a substantial holder or a partner of a substantial holder; for this purpose, the service as director of a candidate for an additional term as aforesaid in a banking corporation without a controlling core shall not be considered as an affiliation.

(2) Without derogating from the provisions of Section (1)(b), an individual who has a business or professional relationship with the banking corporation or with a corporation controlled by the banking corporation, or whoever is in a close relationship therewith, an officer in the banking corporation or a material holder who put forward that candidate for the office of director shall not serve as an individual director, even if such relationships are not routine relationships, except for negligible relationships;

(3) Without derogating from the provisions of Paragraphs (1) and (2), a director whose candidacy has been proposed by the Committee under Section 11D(a)(1) shall not be appointed or serve, if one of the following exists:

(a) As of the appointment date, he/she has an affiliation with a Committee member;

(b) He/she meets the provisions of Section 36B(b)(3) of the Banking (Licensing) Law;

(c) He/she has been convicted of an offense which, by its nature, gravity or circumstances, renders them unfit to fulfil the position, or such an offense is pending against them;

(d) The provisions of Section 240(c) of the Companies Law apply to them;

(4) A director whose candidacy was put forward by the Committee pursuant to Section 11D(a)(1) shall have professional competency or accounting and financial expertise, in accordance with the provisions of Section 240(a1) to the Companies Law.

(c) Notwithstanding the provisions of subsection (b), a director who serves in a banking corporation on the eve of becoming a banking corporation without a controlling core may continue to serve as such until the end of his/her term of office even if the conditions set forth in that subsection have not been met, but for no more than three years from the banking corporation becoming a banking corporation without a controlling core, whichever the earlier.

(c1) The Banking Supervision Department may approve the appointment or term of office of a director who, in the two years preceding the date of appointment or from the date of appointment onwards has, or a close contact of his/her has, an affiliation with a substantial holder, a relative of a substantial holder or a partner of a substantial holder, even if this affiliation is not negligible, if [the Banking Supervision Department] finds that in the circumstances of the case, this affiliation does not raise concern of a conflict of interest in the position.

(d) The provisions of this section shall prevail over any conflicting provision of law.

(e) In this section -

"General Meeting", "Extraordinary Meeting" and "Annual Meeting" - as defined by the Companies

Law;

"Close Connection" - as defined in Section 36B(a) to the Banking (Licensing) Law;

"Affiliation" - The existence of regular working relations or the existence of professional or business relations, with the exception of negligible relations, as well as appointment as officer; however, retail business relations between the corporation and a customer shall not be considered an affiliation;

"Substantial holder" - A person who holds more than two and a half percent of a certain type of means of control in a banking corporation, a person who controls such holder, a person controlled by any of them, a member of a group of holders as defined by Section 11D(a)(3)(b), whoever controls a member or a group of holders as aforesaid, and whoever is controlled by any of them.

## **Esther Eldan**

Tel: 054-4565657 / Email: c@eldan.cc / ID: 67515759

### **Summary**

Thirty years management experience at the highest levels in the following fields:

Business experience in Israel and abroad, including international marketing and sales systems, a highly developed negotiations capability implemented in large-scale transactions, (M&A) merger & acquisitions activities, etc.

A robust financial background together with a wealth of experience in working with the banking system in Israel and abroad.

Proven experience in turning companies around, strong ability to contend with difficult situations, crises and resolving worker conflicts.

Work experience with shareholders and directors in private and public companies.

### **Professional experience:**

#### **2020-9/2021 Tahal Group – CEO**

A group of companies dealing with water infrastructure, design and engineering, establishing projects in a large number of countries worldwide, including – Russia, Ukraine, Kazakhstan, Angola, Ghana, Georgia, Turkey, and more.

A group on the verge of insolvency, owned by a publicly-traded company in a creditors' arrangement.

Restructuring of the group, reorganization of the funding means and the undertakings to take on and complete projects, sale of non-synergistic activities, streamlining across all the group's headquarters.

#### **1/2019-4/2020 Egged Taavura Ltd. – CEO**

A company providing both public and private transport services with 1,300 employees and a turnover amounting to NIS 550 million.

The position included work on contracts with the Ministry of Infrastructure/Transport (industry-wide regulation and ongoing routine issues), structural reorganization of the company and building an independent technological function, collective agreements and preparing the company for sale by the shareholders.

#### **2016-2018 Delek - The Israel Fuel Corporation Ltd. – CEO (after fulfilling the position of Active Chairperson)**

A company that owns and operates 250 gas stations, a network of convenience stores (Menta), a fuel storage and supply facility (Pi Glilot), a transportation setup and additional activities. The company employs 2,500 workers with a turnover in excess of NIS 10 billion.

The position included implementing growth plans and expanding current areas of activity, regulating the real estate complexes, streamlining, reorganization of various fields of activity, including – technology, HR, distribution, agreements with customers and distributors.

In 2017 and 2018 the company displayed peak results compared with many preceding years.

#### **2014-2018 Gadot Biochemical Industries Ltd. – CEO**

A company belonging to the Delek Group (at the time), engaged in the production of raw materials and supplements for the food industries, health supplements, detergents and toiletries.

The position included conducting a broad turnaround process within the company and facilitating the shift from huge losses and the need for ongoing financial support from its parent company, to a profitable, growth company.

Leading the sale of the company, conducting negotiations on behalf of the owners and its sale to the Fortissimo Fund.

#### **2007-2014 Kitan Textile Industries Ltd. – CEO**

A company from the Clal Industries group, engaged in the design, manufacture and sale of textile products.

The position included implementing corporate renewal and facilitating the company's shift from large-scale losses to profitability. The closure of manufacturing plants in Israel and building production sources abroad. Building a retail network in Israel. Reorganization of the company's activity abroad while focusing on core branded businesses. Preparing the company for sale, locating buyers and accompanying the sale process until its completion.

#### **2000-2006 3I Group / Gaon Holdings Group –CEO of 3I Group, CEO of the Middle East Tube Company Ltd., CEO Vita-Pri-Galil Ltd.**

3I Group is a private group mainly under foreign ownership. At the time, the group owned the Middle East Tube Company Ltd. (Tzinorot), Phoenicia Glass Industries, Vita-Pri-Galil (a public company), Barbur and Naaman.

#### **1981-2000 Haifa Chemicals Ltd. – CEO**

A fertilizer and food phosphates producer with activity (in 2000) amounting to USD 300 million per annum, 90% for export to some 90 countries worldwide. At the time, the company comprised 800 workers and 15 subsidiaries in Israel and abroad.

The following are a number of positions held in the company prior to serving as CEO:

1995-1996 CEO of the Fertilizers Division – a division accounting for 70% of the company's activity.

1991-1994 CFO, in charge of strategic planning, M&A and IT systems.

1981-1990 Various positions in the Finance Department culminating in the position of company comptroller.

1974-1980 **CPA firm – accountant and senior portfolio manager**

### **Directorships:**

2014 – Present **Director at Gadot Chemicals Tankers & Terminals Ltd. (owned by Tene Investment Funds)**

2010 – 2019 **External director with accounting and financial specialty at Tiv Taam Ltd.** A member of the Financial Statements Review Committee, Audit Committee and Compensation Committee.

### **Education**

- BA in Economics and Accounting, University of Haifa.
- International Senior Management Program, Harvard University, USA.
- Numerous courses in various legal fields – labor laws, company laws, etc.

### **Miscellaneous**

- A Certified Public Accountant (Israel).
- Winner of the Israel Industry Prize (1999) for management and professional excellence, trailblazing in labor relations and nurturing human relations, and for the contribution to the plant's economic success and prosperity during the tenure as CEO of the Fertilizers Division and Company CEO.
- Owner of EEC passport and French citizenship.
- Languages – Hebrew and English – Full professional proficiency. French - (intermediate level) working proficiency.



### **Appendix C**

#### **Statement of a Candidate for the Office of Director in Bank Leumi of Israel Ltd. (Who is a Not an External Director pursuant to Proper Conduct of Banking Business Directive No. 301 or an External Director ("ED") Pursuant to the Companies Law)**

I the undersigned, Esther Dominissini, ID Number 060525441, address: 4 Derech HaGanim St., Kiryat Ono, hereby provide this statement as a candidate for the office of director at Bank Leumi of Israel Ltd. (hereinafter - "the **Bank**"), having been cautioned that I must state the truth and that I will be subject to penalties prescribed by law if I fail to do so, as set out below:

**1. Personal details**

1.1 Name: Esther Dominissini

1.2 Identification Number: 060525441

1.3 Date of Birth: April 22 1950

1.4 Address for service of court documents: 4 Derech HaGanim St., Kiryat Ono

1.5 Nationality: Israeli

1.6 Residency: Israeli

1.7 Is the candidate a relative of another interested party<sup>1</sup> in the Bank (and if s/he is – please provide details): No

2. I am not an employee of the Bank, any of its subsidiaries, related companies or of an interested party thereof; (if yes, specify the position or positions held by the candidate):

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**3. Eligibility**

I possess the qualifications required to serve as a director in the Bank and in particular, possess the education, knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, financing, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or any other area approved by the Banking Supervision Department, and I am able to dedicate the amount of time required to fulfill my role as a director of the Bank, taking into account the scope of the Bank's activity and its size.

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<sup>1</sup> **An interested party**- whoever holds 5% or more of the issued share capital of the corporation or voting rights therein, whoever is entitled to appoint one or more of the corporation's directors or its CEO, whoever serves as a director of the corporation or as its CEO, or a corporation in which such person holds 25% or more of its issued share capital or voting rights or is entitled to appoint 25% or more of its directors. For the purpose of this paragraph, a manager of a Fund for Joint Investments in Trust shall be deemed as the holder of the securities included in the fund's assets. If a person holds securities through a trustee, the trustee shall also be deemed to hold the said securities. For this purpose, "trustee" – will not include a nominee company and a party who held the securities only in its capacity as a trustee for an arrangement, as defined in Section 46(A)(2)(f) of the Securities Law, 1968, or a trustee for the allocation of shares to employees, as defined in Section 102 of the Income Tax Ordinance. Furthermore, a subsidiary of a corporation, other than a nominee company, shall also be deemed as an interested party.



My said qualifications are as follows:<sup>2</sup> (*education, qualifications, experience*):

### 3.1 Education

<b>Academic degree/certificate</b>	<b>Major subject/field</b>	<b>Name of academic institution</b>
B.A	Social Work (specializing in mental health) Cum Laude	Tel Aviv University
B.A	Sociology (including units in Psychology and Education)	The Hebrew University
M.A (completion of courses and requirements only)	Criminal Law and Criminology	Tel Aviv University

### 3.2 Professional certificates

- Civil Service Senior Executives course (as part of Joint ELKA)
- Directors in Government Companies Course (Israeli Center for Management)
- Advanced Administrative Officers Course/ Senior Officers Academy, Israel Police
- Social Work

### 3.3 List the main occupations **during the past five years**, and specify the corporations in which the candidate serves as a director (please specify the number of years of service in each position).<sup>3</sup>

August/2017-to date – Director, Bank Leumi le-Israel B.M. (Chairperson of the Resources Committee, member of the Risk Management Committee, IT and Technological Innovation Committee, Compensation Committee and the Procedure Committee.

August 2015-February 2019 – ED and Chairperson of the Audit Committee, Isramco Negev 2 Limited Partnership (I had to resign since the Company became a significant non-financial entity, and the law forbids serving at the same time as a director in a significant financial entity and in a significant non-financial entity).

June/2012-March/2021 – Chairperson of the Audit Committee at Mifal HaPais

June/2012-October 2014 – ED, member of the Compensation and Audit Committees, Harel Insurance Investments and Financial Services Ltd. I terminated my term in office in order to prevent conflict of interest with my appointment as CEO of the Directorate of Government Medical Centers.

<sup>2</sup> The candidate must attach a CV to this Appendix which must include, at the very least, the details of the candidate's education and employment during the past five years, as required.

<sup>3</sup> The candidate must attach a CV to this Appendix which must include, at the very least, a specification of the candidate's education and employment during the past five years, as required.





June/2012-October 2014 – ED, EMI Ezer Mortgage Insurance Company Ltd. (of the “Harel” Group). I terminated my term in office in order to prevent conflict of interest with my appointment as CEO of the Directorate of Government Medical Centers.

- 3.4 In view of my education, experience and past and present employment and skills, I am professionally eligible, as defined below – based on the aforementioned (Note – the assessment of whether a candidate is professionally eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed in Section 3.3 above, which are relevant to my education and experience and indicate that I meet the conditions and tests for being professionally eligible:

My six years of service as a director in Bank Leumi and its committees (previously (the Credit Committee, Strategy Committee, the Committee for the Implementation of the Shtrum Committee, and currently as the Chairperson of the Resources Committee (HR and Investments), a member in the Risk Management Committee, IT and Technological Innovation Committee, Compensation Committee and the Procedure Committee – and my senior roles as a civil servant – with an emphasis on my role as the Director General of the National Insurance Institute, dealing with a range of areas, such as collection, insurance, deciding entitlements, subrogation, investments and actuarial science, and my terms in officer in the directors of Harel and EMI (ED, member of the Audit Committee, Financial Statements Committee and Compensation Committee), Hadassah Medical Center (directors and later Chairperson of the Board), Isramco (ED and Chairperson of the Audit Committee), Mifal HaPais (Chairperson of the Audit Committee), provided me with extensive knowledge and experience in areas required for the role of a director in a banking corporation: in the fields of economic and business activity, reviewing and approving financial statements, risk management, strategic planning, work plans, regulatory compliance, information technology and HR, including work with employee unions. I also have in-depth knowledge and extensive experience in public services, legislation processes in the Knesset and government decision making (both on behalf on the employer and on behalf of the Labor Court). The Board of Directors in which I was a member have approved by professional qualifications.

My many roles required planning and execution capabilities, the capability to set qualitative and quantitative targets and metrics, implementing structural and procedural changes, regulatory compliance and enforcement plans, work relations and crisis management. I made extensive structural changes in the Israeli Employment Service and in the National Insurance Institute (which led to operational savings and to an improvement in customer satisfaction levels); this included replacing the core computer system (the “Tevel” system in the National Insurance Institute) with a forward-looking approach. I implemented – for the first time – a comprehensive assessment of the financial resilience of the National Insurance Institute based on actuarial models. My talents were also put into use in my membership in key committees in the Israel economy: The Locker Committee for assessing the budget of the Ministry of Defense, the committee for assessing the financial resilience of the National Insurance Institute (which was set up at my initiative and headed by me), the Trajtenberg Committee for social-economic change, the committee for assessing women’s retirement age and the Goren Committee for assessing disabled veterans eligibility for support from the rehabilitation division.

Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.



- 3.5 In view of my education, experience and past and present employment and skills, I possess committees accounting and financial expertise, as defined below, all on the basis of what is described above. (Note – the assessment of whether a candidate has an accounting and financial expertise will be made by the Board of Directors). Set forth below are further details in addition to those listed in Section 3.3 above, relevant to my education and experience, which indicate that I meet the conditions and tests for having such expertise:

My six years of service in Bank Leumi's Board of Directors and its committees, and by experience and qualifications working in roles at the top of the public serve and in Board of Directors of large-scale business corporations - Harel Insurance Investments and Financial Services Ltd., EMI – Ezer Mortgage Insurance Company Ltd., Isramco, the Hadassah Medical Center, Mifal HaPais and the National Insurance Institute. I am highly proficient and have extensive understanding in business-accounting matters and financial statements, that allow me to understand the Bank's financial statements. This includes, among other things, accounting issues, and accounting controls issues which are typical to the sector and to companies of similar scale and complexity, the duties of the independent auditor and its duties; preparation and approval of financial statements and their approval in accordance with the Companies Law and the Securities Law. I approved and signed the financial statements of the National Insurance Institute, Harel, Hadassah and Isramco – as a member of the committee for approval of the financial statements or Chairperson of the Board of Directors/CEO of those organizations, at a scope of billions of New Israel Shekels. The Board of Directors in which I served/still serve have approved my accounting-financial expertise.

I am highly knowledgeable in the field of risk management, by virtue of my role as Chairperson and member of the Audit Committee (in Isramco, Mifal HaPais and Harel), and by virtue of my role as CEO. I am well familiar with all of the risks listed in this category, including the Board of Directors' decisions and guidance as to risk appetite and capital adequacy, and, of course, market risks, operational risk, reputational risk and more. I was in charge of and deal with risk management in the National Insurance Institute, Isramco, Mifal HaPais, and the Directorate of Government Medical Centers. These are topics I dealt with and still deal with on a current basis.

- 3.6 In view of my education, experience and past and present employment and skills, I possess “proven IT knowledge and experience”<sup>4</sup>, all on the basis of what is described above. (Note – the assessment of whether a candidate is eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed in Section 3.3 above relevant to my education and experience, which indicate that I have the said expertise:

Both in the Israeli Employment Service and in the National Insurance Institute I lead the replacement of large-scale core computer system (hardware and software) (hundreds of millions of NIS), and I am highly knowledgeable in this topic. I led teams that dealt with the characterization, planning and procurement of core systems. However, the Board of Directors of Bank Leumi did not approve me as a director with information technology expertise.

Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.

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<sup>4</sup> As required pursuant to Proper Conduct of Banking Business Directive No. 301.



For the purpose of this Section above –

**“Professional qualification”** - an academic degree as required under one of the conditions stated in paragraphs (1) or (2) below, and experience as required under Section (3) below:

(1) An academic degree in one of the following subjects: economics, business administration, accounting, law and/or public administration; (2) Other academic degree or completion of other higher education studies, in an area which is relevant to the Bank's business or to the position; (3) at least five years of experience in one of the following, or accumulated experience of at least five years in two or more of the following: (a) senior position in the business management of a corporation with a substantial scope of business; or (b) senior public office or a senior position in the public service; or (c) senior banking position.

**“Director with accounting and financial expertise”** - is a person who, in the opinion of the Board of Directors, meets the following conditions: a director who by virtue of his/her education, experience and qualifications, possesses a high level of proficiency and understanding of business-accounting issues and financial statements, such that he or she has in-depth understanding of the Bank's financial statements and is able to raise issues relating to the manner in which financial data are presented therein. When assessing the accounting and financial skills of the candidate, the Board of Directors' considerations will include, among other things, the candidate's education, experience and knowledge in the following areas: (1) accounting issues and accounting control issues typical of the banking sector and to companies of the size and complexity of the Bank; (2) the functions and duties of the independent auditor; (3) financial statements preparation and approval processes under the Securities Law, 1968, and the Companies Law.

**"Banking experience":** One of the following – (a) A person who has served at least 3 years in a "senior position" (a manager reporting directly to a CEO, as well as a person who reports directly to a manager as stated above, including an internal auditor) in a bank or in a bank overseas and who engaged in the management or control of a core area or of a material risk to the banking corporation in which he/she serves as director; (b) Served as the partner responsible for audit engagement with a banking corporation, including knowledge of creating SOX processes for a cumulative period of at least 5 years in an independent auditing firm (subject to compliance with the rules of independence and the provisions of any law); (c) Served as director of a banking corporation for a cumulative period of at least 9 years or as chairman of the board of directors for a cumulative period of at least 3 years. A candidate who, in his/her opinion, does not have accounting and financial expertise is required to state whether he/she has the ability to read and understand financial statements – Yes / No [delete irrelevant information].

- 3.7 In view of my education, experience, past and present employment and my skills as described above, to the best of my knowledge, I possess "banking experience"<sup>5</sup>– No
4. During the past five years, I have not been convicted in a final judgment of an offense set forth in Section 226 of the Companies Law.
- 4.1. Offences under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 to the Penal Law, 1977 and under Sections 52c, 52d, 53 (A) and 54 to the Securities Law.

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<sup>5</sup> As required pursuant to Proper Conduct of Banking Business Directive No. 301 and as detailed above in this document.



- 4.2. Conviction in a court of law outside of Israel on offenses of bribery, fraud, corporate manager offenses or offenses involving the use of inside information.
- 4.3. Conviction in another offense which the court determined that due to its nature, severity or circumstances, I am not fit to serve as director in a public company. There is no pending indictment against me on such an offense.
5. I have not been charged by the Administrative Enforcement Committee<sup>6</sup> with enforcement measures prohibiting me from serving as director in a public company.
6. I am not a minor, I am not legally incompetent to stand trial, nor have I been declared bankrupt.<sup>7</sup>
7. My other duties or occupations do not create or might create a conflict of interest with my position as director with the Bank, nor do they impair my ability to serve as a director with the Bank.
8. All the conditions for my serving as director in a banking corporation without a controlling core have been met pursuant to the provisions of the Banking Ordinance, including:
- 8.1. I or my relatives do not hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "material holder", other than holding marketable shares at a percentage of no more than one quarter of one percent of the issued and paid up share capital of any of them

No

Please specify:

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8.2

- 8.2.1 In the two years preceding the date of the appointment or from the date of the appointment and thereafter, I, or a person who is in "close association" with me **have had** affiliation with the Bank or with a corporation under the Bank's control, with an office holder of the Bank or with a "material holder" [it is clarified that having served as director with the Bank and being a candidate for re-election as aforesaid does not constitute affiliation].

No

Please specify: The Bank's Audit Committee has confirmed that circumstances that may raise a concern regarding my alleged affiliations that do not constitute an affiliation pursuant to Section 11E(b) to the Banking Ordinance and subject to the position of the Banking Supervision Department, or, alternatively, constitute negligible connections, and therefore, do not constitute an affiliation. A summary of the Audit Committee's decisions is detailed in the General Meeting summons.

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<sup>6</sup> A committee appointed under Section 521b(a) to the Securities Law, 1968.

<sup>7</sup> As long as I have not been dismissed.



- 8.2.2 From the date of appointment and thereafter, I **have** an affiliation with a relative of a Bank office holder, a relative of a "material holder" or to a partner of a "material holder"; it is clarified that having served as director at the Bank and being a candidate for re-election as aforesaid does not constitute affiliation.

No

Please specify:

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- 8.3 I or anyone in "close association" with me, have business or professional relations with the Bank or with a corporation under the Bank's control, with a Bank office holder, or with a "material holder" who has nominated me as a candidate to serve as director with the Bank, even if such relations ,as aforesaid, are not permanent.

No

Please specify: Please specify: The Bank's Audit Committee has confirmed that circumstances that may raise a concern regarding my alleged affiliations that do not constitute an affiliation pursuant to Section 11E(b) to the Banking Ordinance and subject to the position of the Banking Supervision Department, or, alternatively, constitute negligible connections, and therefore, do not constitute an affiliation. A summary of the Audit Committee's decisions is detailed in the General Meeting summons

- 8.4 A director who was nominated by the Committee for the Appointment of Directors under Section 11D(a)(1) to the Banking Ordinance (hereinafter – the “**Committee**”) hereby adds and states that:

8.4.1 As of the appointment date, I have **no** affiliation with a Committee member;

8.4.2 I am not a minister, deputy minister or member of the Knesset, nor do I have a personal, business or political affiliation with a minister or deputy minister or government employee or an employee of a statutory corporation;

8.4.3 I have not been convicted of an offense which due to its nature, severity or circumstances renders me unfit to serve in the position, and no indictment for such an offense is pending against me.

Please provide specifics, as necessary:

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For the purpose of section 8 above:



**"Close association"** – A relationship between a person and his/her relative, partner, employer, to whom he/she is directly or indirectly subordinate, and a corporation in which he/she is the controlling shareholder;

**"Affiliation"**- employment relationship, regular business or professional relations, with the exception of negligible relations, as well as service as office holder; however, retail business relations between the corporation and a customer shall not be deemed an affiliation.

**"Material holder"**- A person who holds more than two and a half percent of a certain type of means of control in the banking corporation, a person who controls such holder, a person controlled by any of them, a member of a body of holders as defined by Section 11D(a)(3)(b), whoever controls such a member or a body of holders, and whoever is controlled by any of them. For a list of the Bank's material holders, please see the Bank's website at [www.leumi.co.il](http://www.leumi.co.il).

**"Office holder"**– As defined in the Companies Law, and any other employee reporting to them directly.

9. I hereby declare that there is no impediment or restriction whatsoever to my appointment as director with the Bank, including, among other things, under Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981, and/or under any law, including, among other things, due to serving in other corporations.
10. The Bank has provided me with all the information regarding the compensation of directors as practiced by the Bank and I agree to it.
11. If, and to the extent, that a change in the aforesaid will occur, including if I no longer meet conditions required by law to serve as a director in the Bank, I hereby undertake to inform the Bank Secretariat immediately.
12. This is my name, my signature and all of the above is true.

Date: June 29 2022 Signature of declarant: [Signature]

Confirmation:

I, the undersigned, Adv. Ronny Cohen, hereby confirm that Esther Dominissini, whom I know personally/who identified himself/herself to me with his/her ID card No. 060525441, after I cautioned him/her that he/she must state the truth and that he/she will be subject to penalties prescribed by law if he/she does not do so, confirmed his/her above declaration, and signed it in my presence.

Date June 29 2022 Name and Signature of attorney: [Seal and signature]  
Ronny Cohen, Adv.  
License No. 55499





**Conditions for Service as a Director in a Bank Without a Controlling Core**

Sections 11E(b)–(e) of the Banking Ordinance

(b)

(1) In a banking corporation without a controlling core, no person shall be appointed nor serve as director if one of the following is met:

(a) He or his relative holds means of control of any kind in the banking corporation, in a corporation controlled by the banking corporation or in a material holder other than the holding of marketable shares at a rate not exceeding one quarter of one percent of the issued and paid up share capital of any of the above.

(b) A person who in the two years preceding the date of the appointment or from the date of the appointment and thereafter, has, or a person to whom he is closely associated has, an affiliation to the banking corporation or a corporation controlled by the banking corporation, an office holder of the banking corporation or a material holder, and whoever, from the date of the appointment and thereafter has an affiliation to a relative of an office holder of the banking corporation, a relative of a material holder or a partner of a material holder; for this purpose, service as director in a banking corporation without a controlling core by a candidate for re-election as aforesaid shall not be deemed an affiliation.

(2) Without derogating from the provisions of Section (1)(b), an individual may not serve as a director if he, or a person with whom he has a close association has business or professional relations with the banking corporation or with a corporation controlled by the banking corporation, with an office holder of the banking corporation, or with a material holder who nominated that candidate to serve as a director, even if such relations are not regular, except for negligible relations;

(3) Without derogating from the provisions of Sections (1) and (2), a director who was nominated by the Committee under Section 11D(a)(1) shall not be appointed and shall not serve if any of the following applies to him:

(a) He has an affiliation to a member of the Committee at the time of the appointment;

(b) The provisions of Section 36B(b)(3) of the Banking (Licensing) Law apply to him;

(c) He was convicted of an offense which due to its nature, severity or circumstances renders him unfit to serve in the position, and there is an indictment pending against him for such an offense;

(d) The provisions of Section 240(c) of the Companies Law apply to him;

(4) A director who was nominated by the Committee under Section 11D(a)(1) shall have the professional qualifications or possess accounting and financial expertise, pursuant to the provisions of Section 240(a1) of the Companies Law.

(c) Notwithstanding the provisions of subsection (b), a director serving in a banking corporation on the eve of its becoming a banking corporation without a controlling core may continue to serve until the



end of his term in office even if the conditions prescribed in the said subsection do not apply to him, but no more than three years from the date on which the banking corporation became a banking corporation without a controlling core, whichever is earlier.

- (c1) The Banking Supervision Department may approve the appointment or service as a director of a person who, in the two years preceding the date of appointment or from the date of appointment and thereafter, had or a person with whom he is closely associated had an affiliation to a material holder, relative of a material holder or a partner of a material holder, even if this affiliation is not negligible, if the Banking Supervision Department finds that, under the circumstances, this affiliation does not give rise to a concern of conflict of interest in such office.
- (d) The provisions of this section shall prevail over any contradictory provision of the law.
- (e) In this section –

“General Meeting” “Special Meeting” and “Annual Meeting” – as defined in the Companies Law;

“Close association” – as defined in section 36B(a) of the Banking Law (Licensing);

“Affiliation” – employment relationship, regular business or professional relations – with the exception of negligible relations, as well as service as office holder; however, retail business relations between a corporation and a customer shall not be deemed an affiliation.

“Material holder” – a party holding more than two and one half percent of a particular type of means of control in the banking corporation; a party controlling such a holder, or controlled by any of them; a member of a body of holders as defined in Section 11D(a)(3)(b), a party who controls a member of such a body of holders, and a party controlled by any of them.



June 2022

**Curriculum Vitae - Esther Dominissini (Ret. Deputy Chief Constable)**

**Personal details**

Address: 4 Derech HaGanim St., Kiryat Ono, 5552115      Mobile phone no: 050-5579619  
Email: [estidom@gmail](mailto:estidom@gmail)

Married + 1

**Employment**

Management positions

**2014-2015    CEO of the Directorate of Government Centers**

In charge of setting up and managing a government agency to which government medical centers and related health corporations report. As part of my work as CEO, I focused on the setting up of the directorate and setting the rules relating to its work; in accordance with the Government's resolution, the directorate was supposed to coordinate all roles and powers pertaining to management and supervision of government medical centers. In that capacity, I was in charge of many aspects centers' activity, including economic, budgetary and financial aspects, services, human capital, procurement, etc.

Following the decision of the Deputy Minister of Health not to implement the government's resolution, I resigned from this role.

**2008-2012 Director General of the National Insurance Institute**

The National Insurance Institute is a statutory entity in charge of a NIS 100 billion financial operation; it provides services to millions of people. The institute's operational budget is approx. NIS 1.5 billion.

- The institute employs approx. 4,000 employees deployed nationwide. It operates 76 service centers across the country.
- The institute manages five funds for the development of social services in the community at the scope of millions of NIS, in collaborations with charities.
- The institute operates a systems of 300,000 medical committees per year, which determine disability rates through 1,700 physicians.
- The institute is in charge of an extensive team of attorneys, who represent it in the Labor Courts, deal with legislation, contracts and more.
- The institute is in charge of purchase, building, sale and management of assets at the total amount of millions of NIS.
- The institute is in charge of operating of the largest computer systems in Israel. During my term in office, I initiated and led the "Tevel" project for replacing the Institute of National Insurance's core computer systems at a cost of hundreds of millions of NIS.

**2003-2007    Director General of the Israeli Employment Service**

The Israeli Employment Service is a statutory entity reporting to the Ministry of Economy and Industry. As part of this role, I was in charge of the following:

- Operating 71 job centers deployed nationwide through 800 employees, and providing services to 500,000 job seekers per year, while meeting the unemployed on a regular basis.
- Development and operation of a large-scale IT infrastructure at the cost of millions of NIS, including introducing the use of biometric signing-in systems.

- Looking after many assets: sale, refurbishment, renting, etc.
- Developing initiatives for dealing with the unemployed and removing employment barriers, through: the assessment, consulting and assignment function, professional training, and more.

**2001-2003 Deputy Chief Constable, Head of the Community and Civil Guard of the Israel Police (equivalent to major general in the IDF)**

- In charge of recruiting, training and operation of 75,000 Civil Guard volunteers
- Integration of community policing and part of the plan for the setting up of 365 community policing centers.
- Creating partnerships with the public sector (heads of municipalities and government ministries), and the private sector (organizations and businesses) in order to promote projects with and for the community and raising significant amounts in funds.

**1996-2001 Deputy Chief Constable, Head of the HR Division of the Israel Police (equivalent to major general in the IDF)**

- In charge of setting the HR policy of the force and dealing with a workforce of 26,000 policemen and women and officers and 10,000 retirees, including recruitment, training, payroll and medical issues.
- Signing contracts with external parties in the fields of insurance, leisure, health and welfare.
- Heading two projects for the building of housing projects for members of the police force in Yavne and Modi'in, comprising hundreds of residential units.

**Membership in boards of directors**

01/2017-to date	Director, <b>Bank Leumi le-Israel Ltd.</b> (Chairperson of the Resources Committee, a member in the Risk Management Committee, IT and Technological Innovation Committee, Compensation Committee and the Investments Committee)
08/15-02/2019	ED and Chairperson of the Audit Committee <b>Isramco Negev 2 Limited Partnership</b> . I had to resign since the Company became a significant non-financial entity, and the law forbids serving at the same time as a director in a significant financial entity and in a significant non-financial entity.
06/2012-04/2021	Chairperson of the Audit Committee <b>Mifal HaPais</b>
12/2011-10/2013	Chairperson of the Board of Directors, the <b>Hadassah</b> Hospital
06/2012-10/2014	ED, member of the Compensation and Audit Committees, <b>Harel Insurance Investments and Financial Services Ltd.</b> I terminated my term in office in order to prevent conflict of interest with my appointment as CEO of the Directorate of Government Medical Centers.
12/2011-10/2013	ED, <b>EMI - Ezer Mortgage Insurance Company Ltd.</b> (of the "Harel" Group). I terminated my term in office in order to prevent conflict of interest with my appointment as CEO of the Directorate of Government Medical Centers.
10/2009-12/2011	Director, <b>Hadassah</b> hospitals

2001-2008	Member of Executive Committee, College of Law and Business Ramat Gan (The Academic Center for Law and Business.
1996-2000	Member of the Board of Directors, <b>Bank Yahav Advanced Study Fund for Policemen</b>

### **Employment - other**

03/2015-01/2019	<b>National Labor Court</b> , representative on behalf of the public
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### **Committees membership**

- **The Locker Committee** for assessing the budget of the Ministry of Defense (2014-2015)
- **The Committee for Appointment of the Supervisor of Banks** (2010, 2015)
- **Goren Committee** for assessing disabled veterans' entitlement for support from the Ministry of Defense's rehabilitation division (2009-2010)
- **the Trajtenberg Committee for social-economic change** (2011)
- **The committee for assessing women's retirement age** (2011)
- **Advisory council for the National Economic Council**, Prime Minister's Office (2012-2014)
- **The Committee for Promotion of Coopetition in Business** (2009)

### **Education**

1978-1980	B.A., Social Work, specializing in mental health, cum laude, Tel Aviv University
1977-1978	Completed requirements for M.A. in Criminology and Criminal Law (except for thesis), Tel Aviv University, Israel
1970-1973	B.A., Sociology with units in Psychology and Education, the Hebrew University

### **Training**

- Civil Service Senior Executives course (as part of Joint ELKA)
- Course for directors in government companies
- Directors in Government Companies Course (Israeli Center for Management)
- Advanced Administrative Officers Course/ Senior Officers Academy, Israel Police

## Appendix C

### Statement of a Candidate for the Office of Director (who is not an External Director or ED) at Bank Leumi le-Israel B.M.

I, the undersigned, Irit Shlomi, bearer of Identity Card No. 053992913, of 6 Moshe Hess Street, Ramat Hasharon

hereby provide this statement as a candidate for the office of director in Bank Leumi le-Israel B.M. (hereinafter - the "**Bank**"), after I have been warned that I am required to state the truth, and that I shall be subject to the penalties prescribed by law if I fail to do so, as detailed below:

#### 1. Personal information

- 1.1 Name: Irit Shlomi
- 1.2 ID number: 053992913
- 1.3 Date of birth: June 28, 1956
- 1.4 Address for serving court documents: 6 Moshe Hess Street, Ramat Hasharon
- 1.5 Citizenship: Israeli
- 1.6 Residency: Israeli
- 1.7 Is he/she a relative of another interested party<sup>1</sup> in the Bank (if yes - please specify):  
No

2. I am not an employee of the Bank, of a subsidiary thereof, of an affiliated company thereof or of an interested party thereof (if yes – specify the position/s filled by the candidate):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

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<sup>1</sup> **Interested party** – whoever holds 5% or more of the issued share capital of the corporation or of the voting power therein, whoever is entitled to appoint one or more directors of the corporation or its general manager, whoever serves as a director of the corporation or as its general manager or a corporation in which such a person holds 25% or more of its issued share capital or voting rights, or may appoint 25% or more of its directors. For the purpose of this paragraph, a mutual fund manager shall be considered as the holder of securities included in the fund's assets. If a person holds securities through a trustee, the trustee shall also be deemed to hold the said securities. For this purpose, "trustee" - excluding a nominee company and excluding a person who has held securities only by virtue of his position as trustee for an arrangement as defined in Section 46(a)(2)(f) of the Securities Law, 1968, or as trustee for the allotment of shares to employees as defined in Section 102 of the Income Tax Ordinance. In addition, a subsidiary of a corporation other than a nominee company.

### 3. **Competency**

I possess the qualifications necessary to serve as director of the Bank and, specifically, possess the knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, finance, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or another area approved by the Banking Supervision Department and I have the time required to fulfill my functions as director of the Bank, taking into consideration, among other things, the scope of activity and size of the Bank.

My qualifications are as follows:<sup>2</sup> [*education, training, experience*]

#### 3.1 **Education:**

<b>Degree / academic certificate</b>	<b>My profession / primary field</b>	<b>Name of the academic institution</b>
BA	in economics	Haifa University
	MBA	Reichman

#### 3.2 **Professional certificates:**

Advanced education courses in banking focusing on credit, foreign currency derivatives and risk management \_

#### 3.3 Specification of the main occupations during the **past five years**, detailing the corporations in which the candidate serves as director (please specify the number of years of service in each position):<sup>3</sup>

Acting – External Director at REIT1 (8 years), Director at Carasso Motors (7 years).  
Terms in office that concluded: Emilia Development, November 2011 to September 2018; Bank Otsar HaHayal, August 2006 to December 2018; Bank Massad, May 2011 to July 2019.

#### 3.4 In view of my education, experience, past and present employment and skills, I possess professional competency, as defined below, based on the aforementioned (note: the evaluation of the professional qualifications of a candidate to serve as director shall be made by the Board of Directors). Following is additional information to the Section 3.3 above regarding my education and experience, indicating that I have met the conditions and tests for my competency as aforesaid:

##### **Education:**

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<sup>2</sup> The candidate must attach to this appendix a CV which includes, at least, specification of their education and of their occupations in the past five years, as required.

<sup>3</sup> The candidate must attach to this appendix a CV which includes, at least, specification of their education and of their occupations in the past five years, as required.

BA in economics, extended single major program, from the University of Haifa  
MBA from the Herzliya Interdisciplinary Center, focusing on global strategy (in collaboration with Wharton)

## **Professional**

## **Experience**

Over 30 years of experience in banking, in a wide variety of areas: commercial and retail credit, the capital market (formerly, a consulting license holder), thorough familiarity with all areas of banking from field positions (branch management, regional management) to senior headquarters positions: Deputy Head of the Corporate and Commercial Division – MM Commercial Credit Management and Head of the Banking Division (as VP – executive), within which I was in charge of the entire branching system, direct (digital) banking, mortgages, collection, the retail subsidiaries, and the Bank's marketing and advertising function. I have been an executive at FIBI for 5 years. Proficiency and rich experience in risk management (credit risks, market risks, operational risks, etc.) Many years of experience as a director in banking companies and other companies, including as an external director and as the head of the audit committee and the financial statements committee.

Documents and certificates supporting my above statement in this section have been provided to the Bank Secretariat.

- 3.5 In view of my education, experience, past and present employment and skills, I possess accounting and financial expertise, as defined below, based on the aforementioned (note: the evaluation of the accounting and financial expertise of a candidate to serve as director shall be made by the Board of Directors). Following is additional information to the aforementioned regarding my education and experience, indicating that I have met the conditions and tests for my expertise as aforesaid:

For more details, please above.

- 3.6 In view of my education, experience, past and present employment, and skills, I/I do not [delete the unnecessary] possess "knowledge and proven experience in the information technology area"<sup>4</sup>, all based on the foregoing (note: the evaluation of a candidate to serve as director shall be made by the Board of Directors). Following is additional information to the aforementioned regarding my education and experience, indicating that I have the expertise as aforesaid:

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Documents and certificates supporting my above statement in this section have been provided to the Bank Secretariat.

For the purposes of this section above:

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<sup>4</sup> As required under Proper Conduct of Banking Business Directive No. 301.

**"Professional Competency"** - an academic degree as required in one of the terms and conditions stated in Paragraphs (1) or (2) below, as well as having experience as required in Paragraph (3) below:

(1) an academic degree in one of the following: economics, business administration, accounting, law and/or public administration; (2) another academic degree or has completed another form of higher education studies in the Bank's field of business or in an area which is relevant to his or her office; (3) at least five years of experience serving in two or more of the following: (a) a senior business management position in a corporation with a substantial scope of business; or (b) a senior public office of a senior position in the public sector; (c) a senior position in the field of banking.

**"Director with Accounting and Financial Expertise"** is a director who, in the opinion of the Board of Directors, has, by virtue of his or her education, experience and qualifications, a high level of proficiency in and understanding of business-accounting issues and financial statements, such that he or she is able to have in-depth understanding of the financial statements and hold a discussion as to the manner in which financial information is presented. When assessing accounting and financial expertise by the Board of Directors, the considerations shall include, among other things, the director's education, experience and knowledge on the following issues: (1) accounting issues and accounting control issues typical to the banking sector and to companies of the scale and complexity of the Bank; (2) the roles and duties of the independent auditor; (3) the process of preparing and approving financial statements in accordance with the Securities Law, 1968 and the Companies Law.

**"Experience in banking"**: one of the following – (a) anyone who has served at least 3 years in a "senior position" (a manager who reports directly to the CEO, and anyone reporting directly to a manager as stated above, including an internal auditor) in a bank or in a foreign bank, and who dealt with management or control of a core area or of a material risk of the banking corporation in which he/she serves as director; (b) Has served during a cumulative period of at least 5 years as an engagement partner at an auditing firm in charge of an audit of a banking corporation, including knowledge of setting up SOX processes (provided that the independence rules set in the provisions of any law have been met). (c) Has served as a director in a banking corporation during a cumulative period of at least 9 years or as Chairman of a board during a cumulative period of at least 3 years. A director who in his/her opinion does not have accounting and financial expertise is required to state whether he/she has the ability to read and understand financial statements - yes / no [delete the unnecessary].

3.7 In light of my education, experience, past and present employment, and my skills, as detailed above, to the best of my opinion, I have "banking experience"<sup>5</sup> - yes / no [delete the unnecessary].

4. I have not been convicted in the past five years in a final judgment of an offense set forth in Section 226 to the Companies Law:

4.1 Offenses under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 to the Penal Law, 1977 and under Sections 52c, 52d, 53 (a) and 54 to the Securities Law.

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<sup>5</sup> As required under Proper Conduct of Banking Business Directive No. 301, and as set forth above in this document.

- 4.2 Conviction in a court of law outside Israel on offenses of bribery, fraud, corporate manager offenses or offenses involving the use of inside information.
- 4.3 Conviction in another offense which the court determined that due to its nature, severity or circumstances, I am not fit to serve as director in a publicly-traded company. There is no pending indictment against me on such an offense.
5. I have not been charged by the Administrative Enforcement Committee<sup>6</sup> with enforcement measures prohibiting me from serving as director in a publicly-traded company.
6. I am not a minor, I am not incompetent to stand trial and I have not been declared bankrupt.<sup>7</sup>
7. My other duties or occupations do not create or are likely to create a conflict of interest with my position as director with the Bank, nor do they impair my ability to serve as a director with the Bank
8. All the terms and conditions for my serving as director in a banking corporation without a controlling core have been met pursuant to the provisions of the Banking Ordinance, including:
- 8.1 Neither I nor my relatives, hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "substantial holder", other than holding marketable shares at a percentage of no more than one quarter of one percent of the issued and paid up share capital of any of them.

Yes / no [delete the unnecessary]

Please

specify:

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8.2

- 8.2.1 In the two years preceding the date of the appointment or from the date of the appointment and thereafter, I, or a person who is in "close connection" with me have had no affiliation with the Bank or with a corporation under the Bank's control, with an officer of the Bank or with a "substantial holder" [it is clarified that having served as director at the Bank and being a candidate for re-election at this time does not constitute affiliation].

None

*The Bank's audit committee confirmed that the circumstances that give rise to concerns that I have apparent affiliations can be considered circumstances that do not constitute an affiliation under Section 11E(B) of the Banking Ordinance and subject to the Banking Supervision Department's position; and alternatively, that they comprise negligible connections at most, and so do not comprise an affiliation. A summary of the audit committee's decisions, as said, appears in the summons to the general meeting.*

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<sup>6</sup> A committee appointed under Section 521b(a) to the Securities Law, 1968.

<sup>7</sup> As long as I have not been dismissed.



8.2.2 From the date of appointment and thereafter, I have no affiliation with a relative of a Bank officer, a relative of a "substantial holder" or to a partner of a "substantial holder"; it is clarified that having served as director at the Bank and being a candidate for re-election at this time does not constitute affiliation.

None

*The Bank's audit committee confirmed that the circumstances that give rise to concerns that I have apparent affiliations can be considered circumstances that do not constitute an affiliation under Section 11E(B) of the Banking Ordinance and subject to the Banking Supervision Department's position; and alternatively, that they comprise negligible links at most, and so do not comprise an affiliation. A summary of the audit committee's decisions, as said, appears in the summons to the general meeting.*

I, or an individual with whom I have a "close connection", has a business or professional relationship with the Bank or a corporation under the Bank's control, with an officer of the Bank or with a "substantial holder" who has put forward my candidacy as director in the Bank, even if such relationships are not routine relationships.

No [delete the unnecessary]

*Elaborate: \_\_\_\_\_the Bank's audit committee confirmed that the circumstances giving rise to a concern of my apparent affiliations can be considered circumstances that do not constitute an affiliation under Section 11e(b) of the Banking Ordinance and subject to the Banking Supervision Department's position and Section 240 of the companies law; and alternatively, that they comprise negligible links at most under the Banking Ordinance and/or the Negligible Affiliation Regulations. A summary of the audit committee's decisions, as said, appears in the summons to the general meeting."*

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8.3 A director whose candidacy was proposed by the Committee for the Appointment of Directors under Section 11D(a)(1) to the Banking Ordinance (hereinafter - the "**Committee**") hereby adds and states that:

8.3.1 As of the appointment date, I have no an affiliation with a Committee member;

8.3.2 I am not a minister, deputy minister or member of the Knesset, nor do I have a personal, business or political affiliation with a minister or deputy minister or government employee or an employee of a statutory corporation;

- 8.3.3 I have not been convicted of an offense which by its nature, severity or circumstances renders me unfit to serve in the position, and no indictment for such an offense is pending against me.

If relevant, please specify:

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For the purposes of Section 8 above:

**"Close connection"** – A relationship between a person and his/her relative, partner, employer, to whom he/she is directly or indirectly subordinate, and to the corporation in which he/she is the controlling shareholder;

**"Affiliation"** - The existence of regular working relations or the existence of professional or business relations, with the exception of negligible relations, as well as appointment as officer; however, retail business relations between the corporation and a customer shall not be considered an affiliation;

**"substantial holder"** - A person who holds more than two and a half percent of a certain type of means of control in a banking corporation, a person who controls such holder, a person controlled by any of them, a member of a group of holders as defined by Section 11D(a)(3)(b), whoever controls a member or a group of holders as aforesaid, and whoever is controlled by any of them. For a list of substantial holders of the Bank, please see the Bank's website at **Error! Hyperlink reference not valid..**

**"Officer"** – As defined by the Companies Law, and every other employee reporting to them directly.

9. I hereby state that there is no impediment or limitation whatsoever to my appointment as director in the Bank, including, among other things, under: Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981; and/or under any law, including, among other things, due to my serving in other corporations.
10. The Bank has provided me with all the information regarding the directors' salary at the Bank and I agree thereto.
11. If, and to the extent, that a change in the aforesaid will occur, including a condition required by law to serve as director in the Bank cease to be met, I hereby undertake to inform the Bank Secretariat thereof effective immediately.
12. This is my name, this is my signature, and all of the above is true.

Date: \_\_\_\_\_

Affiant's signature

**Affirmation**

I, Adv. \_\_\_\_\_ hereby confirm that \_\_\_\_\_, who is personally familiar to me/ who identified himself to me with his ID card No. \_\_\_\_\_, after I had warned him/her that he/she must state the truth and that he/she will be liable to the penalties prescribed by law if he/she does not, confirmed his/her above statement and signed it before me.

Date: \_\_\_\_\_ Name and signature of the lawyer: \_\_\_\_\_

## **Terms of office as a director of a bank without a controlling core**

### **Sections 11E(b) - (e) to the Banking Ordinance**

(b)(1) In a banking corporation without a controlling core, the following persons shall not be appointed if he/she meets one of the following:

(a) He/she or a relative thereof holds any type of means of control in the banking corporation, in a corporation controlled by the banking corporation or in a substantial holder, excluding holding of marketable shares at a rate that does not exceed a quarter of a percent of the issued and paid up share capital of any of them;

(b) Anyone who, during the two years prior to the appointment date or as from the appointment date and thereafter, has an affiliation with the banking corporation or a corporation controlled by the banking corporation, has an association with an officer in the banking corporation or with a substantial holder, or anyone who is in a close relationship therewith, and anyone who as from the date of appointment and thereafter has an association with a relative of an officer in the banking corporation, a relative of a substantial holder or a partner of a substantial holder; for this purpose, the service as director of a candidate for an additional term as aforesaid in a banking corporation without a controlling core shall not be considered as an affiliation.

(2) Without derogating from the provisions of Section (1)(b), an individual who has a business or professional relationship with the banking corporation or with a corporation controlled by the banking corporation, or whoever is in a close relationship therewith, an officer in the banking corporation or a material holder who put forward that candidate for the office of director shall not serve as an individual director, even if such relationships are not routine relationships, except for negligible relationships;

(3) Without derogating from the provisions of Paragraphs (1) and (2), a director whose candidacy has been proposed by the Committee under Section 11D(a)(1) shall not be appointed or serve, if one of the following exists:

(a) As of the appointment date, he/she has an affiliation with a Committee member;

(b) He/she meets the provisions of Section 36B(b)(3) of the Banking (Licensing) Law;

(c) He/she has been convicted of an offense which, by its nature, gravity or circumstances, renders them unfit to fulfil the position, or such an offense is pending against them;

(d) The provisions of Section 240(c) of the Companies Law apply to them;

(4) A director whose candidacy was put forward by the Committee pursuant to Section 11D(a)(1) shall have professional competency or accounting and financial expertise, in accordance with the provisions of Section 240(a1) to the Companies Law.

(c) Notwithstanding the provisions of subsection (b), a director who serves in a banking corporation on the eve of becoming a banking corporation without a controlling core may continue to serve as such until the end of his/her term of office even if the conditions set forth in that subsection have not been met, but for no more than three years from the banking corporation becoming a banking corporation without a controlling core, whichever the earlier.

(c1) The Banking Supervision Department may approve the appointment or term of office of a director who, in the two years preceding the date of appointment or from the date of appointment onwards has, or a close contact of his/her has, an affiliation with a substantial holder, a relative of a substantial holder or a partner of a substantial holder, even if this affiliation is not negligible, if [the Banking Supervision Department] finds that in the circumstances of the case, this affiliation does not raise concern of a conflict of interest in the position.

(d) The provisions of this section shall prevail over any conflicting provision of law.

(e) In this section -

"General Meeting", "Extraordinary Meeting" and "Annual Meeting" - as defined by the Companies Law;

"Close Connection" - as defined in Section 36B(a) to the Banking (Licensing) Law;

"Affiliation" - The existence of regular working relations or the existence of professional or business relations, with the exception of negligible relations, as well as appointment as officer; however, retail business relations between the corporation and a customer shall not be considered an affiliation;

"Substantial holder" - A person who holds more than two and a half percent of a certain type of means of control in a banking corporation, a person who controls such holder, a person controlled by any of them, a member of a group of holders as defined by Section 11D(a)(3)(b), whoever controls a member or a group of holders as aforesaid, and whoever is controlled by any of them.

## **Irit Shlomi**

### **Curriculum Vitae and Employment**

**Contact details:** email: [irit@shlomi55.com](mailto:irit@shlomi55.com)

#### **Education:**

Extended B.A in Economics, University of Haifa

MBA specializing in Global Strategic Management – Interdisciplinary Center, in collaboration with Wharton

#### **Employment**

05/2011 and thereafter	Member in the Boards of Directors of REIT 1 (ED since August 2014), Carasso Motors Ltd. (independent director since January 2015), Bank Leumi (director since September 2019), Emilia Development (independent director until September 2018), Bank Otsar Ha-Hayal (August 2006 through December 2018), Bank Massad (until July 2019)				
2012-2015	Co-Founder and partner with Meitav Dash and others in a mortgage consulting company. Member of the non-negotiable credit committee at Harel. Mentoring MBA students in the Interdisciplinary Center – practicum in strategy Marketing-financial consulting to businesses.				
October 1980-May 2011	<b>First International Bank of Israel Ltd.</b> Key roles: <table><tr><td>August 2006-May 2011</td><td>VP, member of management - Head of the Retail Banking Division, in charge of retail activity, including branches, subsidiary retailers, advertising and marketing, direct banking, mortgages and more; until 2008 also served as director on behalf of the bank at Visa Cal.</td></tr><tr><td>March 2005- August 2006</td><td>Deputy Head of the Corporate Banking Division – in charge of commercial credit (including state funds). Chairman of International Leasing Ltd.</td></tr></table>	August 2006-May 2011	VP, member of management - Head of the Retail Banking Division, in charge of retail activity, including branches, subsidiary retailers, advertising and marketing, direct banking, mortgages and more; until 2008 also served as director on behalf of the bank at Visa Cal.	March 2005- August 2006	Deputy Head of the Corporate Banking Division – in charge of commercial credit (including state funds). Chairman of International Leasing Ltd.
August 2006-May 2011	VP, member of management - Head of the Retail Banking Division, in charge of retail activity, including branches, subsidiary retailers, advertising and marketing, direct banking, mortgages and more; until 2008 also served as director on behalf of the bank at Visa Cal.				
March 2005- August 2006	Deputy Head of the Corporate Banking Division – in charge of commercial credit (including state funds). Chairman of International Leasing Ltd.				

October 2002-March 2005      Regional Manager – North

Previously – various roles at the bank's branches.

2001-2011

Member of the Executive Committee of the Israeli Juvenile Diabetes Research Foundation (JRDF).

**As part of my various roles:**

- Extensive experience working in boards of directors, including as chairperson and board member in audit, risk management, credit and strategy committees; I possess accounting-financial expertise.
- In-depth knowledge and understanding of financing-related fields (corporate, commercial and retail credit), marketing and capital markets.
- Formerly in charge of managing First International Bank's entire marketing and advertising functions.
- Over 30 years of experience in management and management consultancy.
- Management of a workforce comprising 1,300 employees and managers.
- Extensive experience in leading strategic processes and implementing organizational changes.
- Broad knowledge in management of financial and operational risks, with an emphasis on credit risks.
- Practical experience in mergers and acquisitions.